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ORDER BACKLOG GROWS TO A RECORD HIGH – SRV'S FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2012

Reporting period 1 January – 31 December 2012 in brief:

- SRV's revenue was EUR 641.6 million (672.2 in January-December 2011), change -4.6%
- Operating profit was EUR 6.9 million (14.1), change -51.2%
- Profit before taxes was EUR 2.8 million (10.8), -74.3%
- The order backlog at the close of the review period was EUR 827.8 million (810.8), change +2.1%
- Equity ratio was 34.7 per cent (31.0%)
- Earnings per share were EUR 0.02 (0.17)
- Proposed dividend per share is EUR 0.06 (0.12)

Fourth quarter 1 October – 31 December 2012 in brief:

- Revenue amounted to EUR 175.4 million (266.7 in October – December 2011)
- Operating profit was EUR 2.4 million (13.2)
- Profit before taxes was EUR 2.2 million (12.4)
- Earnings per share were EUR 0.03 (0.24)

CEO Jukka Hienonen comments on SRV's result:

A year ago, we expected our financial performance in 2012 to be significantly more positive than the result we have now reported. The weaker result was particularly evident in domestic business, where profit was reduced by lower margin forecasts in a number of contracts. The change in operating profit was also affected by significant real estate sales that took place in the final quarter of the comparison year.

Naturally, we are not satisfied with last year's result. SRV's record of never returning a loss throughout its entire history was still maintained, however. We have honed our strategy, in which we focus on profitability instead of revenue growth. This is reflected in a change in contract structure and in the cutting of costs. An important component of reducing costs is exploiting economies of scale more effectively and assessing trends in input prices better.

We will participate more selectively in fixed-price competitive contracts, due to their narrower margins and also the risks relating to the development of input prices. We have focused on projects where we are able to influence the value chain over the longer term and in this way also to deliver added value to our customers. The change is already apparent in an improvement of the margin level of our order backlog. Our order backlog is the highest in the company's history.

The housing market continued to be buoyant throughout the year and is continuing still. In sales of apartments, we again recorded a new record last year. The housing market has also started the current year on a positive note, as the number of housing units under construction is on par with the last years level.

Particularly in the Helsinki Metropolitan Area, there is no sign of a decline in the price level of apartments. House prices will rise due to changes in value-added tax and capital transfer tax, increasing the already high costs to house buyers. Progress on SRV's spearhead projects will be slowed by the long process associated with appeals made about city plans.

The development of international business was on the right track last year. Revenue in particular grew rapidly, to nearly double. The primary source of this was our Pearl Plaza shopping centre project in the vicinity of St. Petersburg, but a commercial premises contract was also concluded in Estonia. Our Estonian subsidiary recorded a small profit last year. The long-standing losses in international business overall were halved due to restructuring. In the final quarter, we made a profit.

Obstacles are gradually being removed from the path of the Okhta Mall shopping centre project near to central St. Petersburg, and this year we will take significant steps forward in the project. Positive development in Russia's shopping centre market and SRV's accumulated expertise have led us to focus on this sector in St. Petersburg and Moscow. As these projects have progressed, we have also managed to revitalise our stagnant balance sheet.

The changes made to our strategic priorities as well as the positive development of our Russian business mean that we set out into the coming year from a better foundation.

Overall review

At the end of the financial year, SRV's order backlog had risen to EUR 827.8 million (810.8 on 31 December 2011). The average profit margin of the Group's order backlog improved.

The Group's revenue amounted to EUR 641.6 million (672.2 in January-December/2011), with strong growth in revenue from international operations. The Etmia II office property in Moscow and the Derby Business Park in Espoo remained unsold at the end of the financial year.

The Group's operating profit was EUR 6.9 million (14.1 in 1–12/2011). The Group's profitability has been affected by the project development nature of operations and the fact that its order backlog primarily consists of low-margin contracting. Operating profit was burdened by the weakening of the estimated margins of three contracts by a total of about EUR 7 million in Operations in Finland as well as EUR 1.1 million in non-recurring depreciation recorded in International Operations as a result of a fire that destroyed a warehouse building in January. Operating profit for the reference period was increased by the sale of shares of two underground car park companies and completion of a higher amount of developer contracting housing production. The Group's profit before taxes was EUR 2.8 million (10.8 in 1–12/2011). Financial expenses saw year-on-year growth. Financial items in the reference period were lower due to financial income from affiliates.

Revenue from Operations in Finland amounted to EUR 568.3 million (632.3 in 1-12/2011) and operating profit to EUR 14.8 million (27.9). The domestic order backlog was EUR 774.4 million (711.2 on 31 December 2011). The operational focus has been shifted to stepping up developer contracting and negotiated contracts. Far fewer new fixed-price contracts were signed during the financial year than in the reference period. The average profit margin of the order backlog has improved.

Revenue from domestic commercial construction fell. SRV posted higher revenue from commercial construction in the reference year due to the greater volume of contracting and the sale of the Kampin Luola and Kamppi Parkki car parks. The profitability of commercial construction has been impacted by the fact that the order backlog consists primarily of low-margin contracting. In order to improve profitability, SRV seeks to shift the focus of operations to its own project development. The order backlog for commercial construction grew to EUR 438.7 million (362.2 on 31 December 2011).

In domestic housing construction, revenue grew thanks to the rise in the volume of residential contracting. Total housing sales saw year-on-year growth. SRV sold a total of 745 housing units (680 in 1-12/2011), of which 477 (482) were developer-contracted and 268 (198) were sold to investors under negotiated contracts. SRV's ongoing housing construction at the end of the financial year amounted to 1,849 housing units (2,197 on 31 December 2011). More than 80 per cent of the housing units under construction have been sold, and about 70 per cent of production consists of rental and right-of-occupancy units. SRV has 586 developer-contracted housing units under construction. Based on advance marketing, the decision has been made to initiate the construction of 55 additional housing units. The order backlog for housing construction came to EUR 335.7 million (349.0).

Revenue from International Operations grew to EUR 73.1 million (39.0). Construction of the Pearl Plaza shopping centre, of which SRV owns 50 per cent, generated most of the revenue. Due to the project development nature of this business area, its result remained in the red. SRV aims to tap into the market potential in Russia through developer-contracted property development projects financed with the support of the Russia Invest investment company and the investment potential of the VTB and Ashmore property funds.

The Group's fourth-quarter revenue was EUR 175.4 million (266.7) and operating profit was EUR 2.4 million (13.2). Revenue and operating profit for the reference period were increased by the recognition of income from 351 housing units upon delivery during the fourth quarter (114 in 10-12/2012) and the sale of the Kampin Luola and Kamppi Parkki car parks. The decline in operating profit in the fourth quarter of 2012 was in part due to the weakening of the estimated profit margins of three contracts in Finnish operations by a further EUR 4 million.

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 development project for the vicinity of the Niittykumpu metro station in Espoo, and the Kalasatama Centre development project in Helsinki.

Group key figures (IFRS, EUR million)	**1-12/ 2012**	1-12/ 2011	change, MEUR	change, %	10-12/ 2012	10-12/ 2011
Revenue	**641.6**	672.2	-30.6	-4.6	175.4	266.7
Operating profit	**6.9**	14.1	-7.2	-51.2	2.4	13.2
Financial income and expenses, total	**-4.1**	-3.3	-0.8		-0.2	-0.8
Profit before taxes	**2.8**	10.8	-8.0	-74.3	2.2	12.4
Order backlog	**827.8**	810.8	16.9	2.1		
New agreements	**594.5**	811.6	-217.1	-26.7	248.0	196.1
Operating profit, %	**1.1**	2.1			1.4	4.9
Net profit, %	**0.1**	0.8			0.8	3.1
Equity ratio, %	**34.7**	31.0				
Net interest bearing debt	**267.9**	271.8				
Gearing, %	**126.2**	160.2				
Return on investment, %	**2.2**	4.5				
Return on equity, %	**0.5**	3.3				
Earnings per share, EUR	**0.02**	0.17			0.03	0.24
Equity per share, EUR	**4.62**	4.68				
Weighted average number of shares outstanding, million shares	**35.5**	35.0		1.4		

Key figures for the Segments

Revenue (EUR million)	**1-12/ 2012**	1-12/ 2011	change, MEUR	change, %	10-12/ 2012	10-12/ 2011
Domestic operations	**568.3**	632.3	-64.0	-10.1	157.2	248.9
International operations	**73.1**	39.0	34.2	87.6	18.1	17.5
Other Operations	**14.4**	12.7	1.7	13.8	3.4	3.2
Eliminations	**-14.3**	-11.8	-2.5		-3.3	-3.0
Group, total	**641.6**	672.2	-30.6	-4.6	175.4	266.7

Operating profit (EUR million)	**1-12/ 2012**	1-12/ 2011	change, MEUR	change, %	10-12/ 2012	10-12/ 2011
Domestic operations	**14.8**	27.9	-13.2	-47.2	1.6	17.9
International operations	**-3.2**	-8.3	5.1		2.4	-2.6
Other Operations	**-4.7**	-5.5	0.9		-1.7	-2.1
Eliminations	**0.0**	0.0	0.0		0.0	0.0
Group, total	**6.9**	14.1	-7.2	-51.2	2.4	13.2

Operating profit (%)	**1-12/ 2012**	1-12/ 2011	10-12/ 2012	10-12/ 2011
Domestic operations	**2.6**	4.4	1.0	7.2
International operations	**-4.4**	-21.3	13.3	-14.9
Group, total	**1.1**	2.1	1.4	4.9

Order backlog (EUR million)	31.12.12	31.12.11	change, MEUR	change %
Domestic operations	**774.4**	711.2	63.2	8.9
International operations	**53.4**	99.6	-46.3	-46.4
Group, total	**827.8**	810.8	16.9	2.1
- sold order backlog	610	596	14	2.3
- unsold order backlog	218	215	3	1.5

Earnings trends of the Segments

Domestic operations (EUR million)	1-12/ 2012	1-12/ 2011	change, MEUR	change, %	10-12/ 2012	10-12/ 2011
Revenue	**568.3**	632.3	-64.0	-10.1	157.2	248.9
- business construction	**305.3**	379.6	-74.3	-19.6	83.5	135.9
- housing construction	**263.0**	252.8	10.2	4.0	73.7	113.0
Operating profit	**14.8**	27.9	-13.2	-47.2	1.6	17.9
Operating profit, %	**2.6**	4.4			1.0	7.2
Order backlog	**774.4**	711.2	63.2	8.9		
- business construction	**438.7**	362.2	76.5	21.1		
- housing construction	**335.7**	349.0	-13.3	-3.8		

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

Revenue from Operations in Finland amounted to EUR 568.3 million (632.3 in 1-12/2011), and accounted for 89 per cent of the Group's revenue (94). Operating profit was EUR 14.8 million (27.9), generating an operating profit margin of 2.6 per cent (4.4). SRV posted higher revenue from commercial construction in the reference year due to the greater volume of contracting and the sale of shares of two underground car park facilities. Revenue from housing construction increased due to the growth in contract production volumes in step with the decline in revenue from developer contracting of housing because fewer residential units were completed during the financial year. The major factors behind the decline in operating profit were the weaker profit margin estimates of many contracts, the lower share of revenue accounted for by developer contracting and properties that have remained unsold. The order backlog stood at EUR 774.4 million (711.2 on 31 December 2011).

Fourth-quarter revenue amounted to EUR 157.2 million (248.9 in 10-12/2011) and operating profit to EUR 1.6 million (17.9). Revenue from both commercial and housing construction declined from the reference period. During the fourth quarter, 114 developer-contracted housing units were completed (351 in 10-12/2011). As income is recognised upon delivery, revenue from housing construction was lower than in the reference period declining also the operating profit. In the reference period, revenue was increased by the sale of the Kampin Luola and Kamppi Parkki car parks. The major factors behind the decline in operating profit were also the weaker profit margin estimates of many contracts and properties that remained unsold. In the fourth quarter, a total of 207 housing units (129) were sold to consumers and investors.

Commercial construction

Revenue from commercial construction came to EUR 305.3 million (379.6 in 1-12/2011). The order backlog was EUR 438.7 million (362.2 on 31 December 2011). Competition for new contracts remained tight.

The renovation works that were completed during the financial year included the basic renovation of the Viikki laboratory building and the Kaisa Building, which were carried out as project management contracts for University of Helsinki Property Services. The Kaisa Building will house the University's City Centre Campus Library. In Vantaa, SRV completed the renovation of the city hall as well as the construction of a day care centre. In Espoo, SRV finished the extension of the car park of the Jorvi Hospital, which was started up in the first half of the year. Of the renovation projects ordered by Kesko, the Ruoholahti shopping centre and Imatra Citymarket were completed.

New construction projects completed included a new building for a hospital school for Jyväskylän Tilapalvelut Oy, the Paavola bridge in Lohja, Kumpus Kungsgården in Vaasa, a marine sign factory in Joensuu for Meritaito Oy and the 35,000 m2 Willa shopping centre in Hyvinkää. In Turku, SRV completed a pharmaceutical warehouse for TYKS, the VW-Center, Turun Starkki Skanssi and business premises for Autofenno Oy.

The commercial development projects completed by SRV included the STC Tuupakka logistics centre for the Tapiola General Mutual Insurance Company, the STC Tahkotie logistics centre for Pohjola Insurance Ltd, the S-market grocery store in Juvankartano, Espoo, owned by Pohjola Insurance Ltd, and storage facilities in Nurmijärvi for the Finnish National Opera.

During the financial year, new contracts worth EUR 324.5 million were signed with external clients. Renovation works that were started up included the renovation and extension of the Merituuli shopping centre for Kesko in Espoo and the now-completed renovation of the Ruoholahti shopping centre in Helsinki. At the Itis shopping centre, where SRV already has renovation works in progress, the company also agreed on the renovation of Stockmann's premises. SRV will renovate Laboratory Building F in Viikki for the University of Helsinki, and signed an agreement with Sponda on an additional contract for the renovation of the Kaivokatu tunnel in the centre of Helsinki. SRV will renovate a parish hall in the centre of Oulu, a healthcare centre in Laukaa and the Brondankulma property in the centre of Helsinki. In addition, the Office of the President commissioned the basic renovation of the Presidential Palace at the end of the report year. The works will take about two years and will be completed by independence day in 2014.

As a new construction project, an agreement was signed for a 27-floor tower hotel with more than 300 rooms in the centre of Tampere, next to the railway station. The client is Pension Fennia insurance company and the hotel operations will be run by Sokotel Oy, a subsidiary of SOK. SRV will construct the new Huslab building on Haartmaninkatu in Helsinki for the University of Helsinki, a water reservoir for Helsinki Water in Pitkäkoski and a healthcare centre for the city of Äänekoski. In addition, towards the end of the year, the Finnish Transport Agency ordered an interior decoration contract for the airport station building, the largest station on the Ring Rail Line.

Due to an appeal filed against the city plan, SRV decided to downscale the construction of the Kalasatama Centre in Sörnäinen, Helsinki, in order to put the brakes on the amount of capital tied into the project. Project planning and commercialisation are proceeding as planned. In Perkkaa, Espoo, SRV is building a developer-contracted project for commercial premises that will be completed in 2012–2013, consisting of three office buildings with a total floor area of 20,000 m2.

The first phase was completed in August 2012. The next two phases are slated for completion in late summer 2013. There, SRV will build headquarters for both itself and Siemens Osakeyhtiö. Total occupancy rate of the project is already 88%. SRV estimates that annual rental income from the project will amount to about EUR 4.3 million once it has been fully leased out. Project sales efforts are in progress, and the objective is to sell the project to investors during 2013.

Housing construction

Revenue from housing construction amounted to EUR 263.0 million (252.8 in 1–12/2011). The order backlog was EUR 335.7 million (349.0 on 31 December 2011). At the end of the financial year, SRV had a total of 1,849 units under construction (2,197). In addition, SRV is renovating 300 housing units in Helsinki. Of the housing units under construction, 81 per cent were contracted housing units or own sold production.

The contract sites completed during the financial year included Vanhalinna, a 309-unit rental housing project for the Tapiola Group in Itäkeskus, Helsinki, and 118 housing units built on Välimerenkatu, Helsinki, for Alkuasunnot. In addition, the following projects were completed in the Greater Helsinki area: 66 units built for VVO on Agronominkatu street in Helsinki, 58 units built for Asokodit on Klariksentie in Espoo, 62 units built for Espoonkruunu in conjunction with the assisted-living facility in Kauklahti, and 86 units built in Saunalahti and 96 in Vanttila for Tarveasunnot. SRV completed a total of 129 units for YH-Länsi in Kangasala, Ylöjärvi, Kaarina and Turku.

During the review period, housing construction contracts worth EUR 126.4 million were signed with external clients. A total of 647 housing units will be completed in these sites. A residential block featuring 133 units, both owner-occupied and rental, will be built for Sato in the Kalasatama district of Helsinki. A contract agreement for 56 housing units in Maununkatu, Nokia, 42 units in Sorakuopankatu, Tampere, and 16 units in Turku was concluded with YH-Länsi. In addition, a 58-unit apartment building will be built for VVO in Suurpelto, Espoo.

26 housing units in Vanttila, Espoo and 35 units in Länsi-Toppila, Oulu will be constructed for Tarveasunnot. The apartment building to be constructed in Oulu is SRV’s first project in the new Satamaranta residential area, where the company holds building rights for a total of approximately 70,000 square metres of floor area. Three projects, featuring a total of 144 housing units, to be built on SRV’s own lots, were sold to IceCapital. The properties are located in Tikkurila and Viertola in Vantaa, and in Kannelmäki, Helsinki. In addition, a project to build 67 units on a plot previously owned by SRV in Myyrmäki, Vantaa, was sold to Sato. Under a contractual alliance with the University of Helsinki, SRV will construct a residential project with 26 new units on Vuolukiventie in Helsinki. In addition, 300 units will be renovated.

During the financial year, SRV launched the construction of 415 developer contracting housing units that will be sold to consumers within the framework of the RS system. In Helsinki, the 65-unit Emmy will be built in Etu-Töölö and the 51-unit Kesäheila in Vallila. In Espoo, SRV will build 35 apartments in the seaside district of Soukanniemi, and the 60-unit Artesaani in Matinkylä, in the immediate vicinity of the Iso Omena shopping centre and the future metro station. Projects launched in Tampere included the Neitoperhonen terraced house featuring 26 housing units and the 26-unit Herttua apartment building in Rahola. In addition, SRV will build the 39-unit Pirkkalan Pähkinäpolku apartment building in Pirkkala, the 35-unit Oulun Satamaranta in Toppila, Oulu, the 29-unit Lahden Tyyne in Lahti, the 25-unit Jyväskylän Graniitti in Seppälä, Jyväskylä, and the 24-unit Kaarinan Kantele in Kaarina. In addition to the projects started up during the financial period, SRV has taken decisions to initiate developer-contracted projects for a total of 55 housing units. 37 of them will be built in Joensuu and 18 in Helsinki.

In total, 477 (482) of the developer-contracted housing units within the scope of the RS system were sold during the review period. An additional 268 (198) units were sold to investors under negotiated contracts. At the end of the period, 586 (622) housing units for the consumer market were under construction; of these, 356 (427) had not yet been sold. There were 99 (90) completed but unsold residential units. A total of 451 (533) developer-contracted residential units were completed during the review period. The number of completed units in the Greater Helsinki area was 237, in Pirkanmaa 122, in Jyväskylä 34, in Saarijärvi 26 and in Kaarina 32. Based on the current completion schedules, SRV estimates that a total of 505 developer-contracted residential units will be completed by the end of 2013, and 124 during the first quarter.

Housing production in Finland	**1-12/ 2012**	1-12/ 2011	change, MEUR	10-12/ 2012	10-12/ 2011
Developer contracting					
Start-ups	**415**	579	-164	95	191
Sold	**477**	482	-5	140	100
Completed	**451**	533	-82	114	351
Completed and unsold	**99**	90	9		
Under construction, total 1)	**1 849**	2 197	-348		
- negotiation and construction contracts 1))	**1 263**	1 575	-312		
- developer contracting 1)	**586**	622	-36		
- of which sold 1)	**230**	195	35		
- of which unsold 1)	**356**	427	-71		

1)at the end of the period

The order backlog for housing construction came to EUR 335,7 million (349.0 in 12/2011), with contracts and negotiated contracts accounting for EUR 129 million (160). Of the housing production order backlog, EUR 188 million (208) was sold. The completed but unsold order backlog was EUR 28 million (26). The developer-contracted unsold order backlog under construction amounted to EUR 119 million (115).

Order backlog, housing construction in Finland (EUR million)	**31.12.12**	31.12.11	change, MEUR
Negotiation and construction contracts	**129**	160	-31
Under construction, sold developer contracting	**59**	49	10
Under construction, unsold developer contracting	**119**	115	4
Completed and unsold developer contracting	**28**	26	2
Total	**336**	**349**	**-13**

SRV and Stora Enso, in cooperation with the City of Helsinki, organised an architectural design competition for Wood City, a project that will be constructed in the Jätkäsaari district in Helsinki. The goal of the project is to create a world-class urban quarter that is ecologically sustainable and represents cutting-edge Finnish wood construction technology. At year’s end, the proposal submitted by Anttinen Oiva Architects – “Stories” – was announced as the winner.

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 objective of the programme is to create a business model and an operational culture that utilise information modelling and support sustainable development for the built environment. SRV's research project deals with developing a general information model process that supports the progress of construction projects through modelling and facilitates optimal cooperation.

SRV was the developer of the Derby Business Park, which won the title of the best Finnish building information modelling project in the Tekla BIM Awards competition. Information modelling was particularly used in the structural and building unit engineering, and in site production control. Other key priority areas included energy efficiency and environmental care. Representing energy efficiency class A, the Derby Business Park is applying for LEED Gold Certification.

SRV is also 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.

SRV joined the Nordic Built Charter initiative, which is a Nordic trade and industry policy programme aiming at green growth. The programme is running from 2012 to 2014 and it 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)	**1-12/ 2012**	1-12/ 2011	change, MEUR	change, %	10-12/ 2012	10-12/ 2011
Revenue	**73.1**	39.0	34.2	87.6	18.1	17.5
Operating profit	**-3.2**	-8.3	5.1		2.4	-2.6
Operating profit, %	**-4.4**	-21.3			13.3	-14.9
Order backlog	**53.4**	99.6	-46.3	-46.4		

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

Revenue from International Operations amounted to EUR 73.1 million (39.0 in 1-12/2011) and accounted for 11 per cent of the Group's revenue (6). Construction of the OOO Pearl Plaza shopping centre generated most of the revenue. Operating loss was EUR -3.2 million (-8.3). Revenue grew thanks to the higher level of activity. Factors affecting operating profit included the project development nature of operations, the elimination of a proportion equivalent to SRV's ownership from the profit margin of the construction of the shopping centre, and the EUR 1.1 million non-recurring depreciation recorded for a warehouse destroyed in SRV's Septem City block in St. Petersburg in January, and. capital gains of EUR 2 million from the sale of a development project company in Ekaterinburg and the reimbursement of EUR 0.5 million in value-added taxes in Estonia. The order backlog was EUR 53.4 million (99,6 on 31 December 2011).

Fourth-quarter revenue amounted to EUR 18.1 million (17.5 in 10-12/2011) and operating profit to EUR 2.4 million (-2.6). Financial performance is affected by the project development nature of operations, the elimination of a proportion equivalent to SRV's ownership from the profit margin of the construction of the shopping centre and capital gains from the sale of a development project company and the reimbursement of EUR 0.5 million in value-added taxes in Estonia.

Russia

Investment analysis for the Russia Invest investment company, established in September 2011 by SRV, Ilmarinen, Sponda, Etera and Onvest, continued actively in Moscow and St. Petersburg. SRV is responsible for the project development of Russia Invest, and acts as the project management contractor for projects approved by the investment company. Shareholders have committed to investing a total of EUR 95.5 million, of which SRV's stake is EUR 26 million. The capital will be tied up when investments have been identified and investment decisions finalised. Development projects are otherwise financed with project-specific bank loans, which means that the total investment might reach approximately EUR 300 million. The stakeholders' objective is to withdraw from developed projects within roughly three years after their completion.

Construction of the OOO 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 20 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. The topping out ceremony was held in September, in conjunction with a press conference organised with the future tenants. In line with the project management contractor agreement, SRV is responsible for planning, constructing, developing and leasing out the site. The total value of SRV's projects at the site exceeds EUR 100 million. The site received a building permit at the end of September 2011. The shopping centre will be completed in 2013. The first anchor tenant agreement regarding the lease of 7,600 square metres of hypermarket space to Prisma was signed with SOK. Interest for site rentable premises has been good, a testament to the strength of the shopping centre market in St. Petersburg and the regional appeal of Pearl Plaza. Approximately 70 per cent of the premises have already been rented and after closing current last stage negotiations approximately 90 per cent of the premises will be reserved. SRV estimates that the annual rent income from the shopping centre will rise to approximately EUR 18.4 million once it has been fully leased out.

In St. Petersburg, SRV continued the development of the massive Septem City project, which comprises 8.5 hectares of land in the Ohta region. The plans for the area include constructing a 400,000 m2 complex, including 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. In January, a fire at the site destroyed a building that had been used as a warehouse. The fire will not impact the development of the site. The warehouse is located in the area included in the first phase, and demolition work on the warehouse was completed in the summer. Capital invested in the land area and site development amounts to EUR 70.8 million. Further investment in land acquisition by SRV is estimated at EUR 2.4 million. Based on the current plans, the first phase will involve the construction of the Okhta Mall shopping centre, measuring about 140,000 m2, estimated leasable premises totalling approximately 75.000 m2 and two underground parking levels. SRV is finalising the concept design for the project and is engaged in financing and investor negotiations in order to secure financing. The investment budget for the project is about EUR 250 million. Construction is slated to begin in 2013. The search for anchor tenants has begun and future tenants have shown strong interest in the project. Preliminary lease agreements have already been signed for 25 per cent of the leasable premises.

Analysis of the VTBC-Ashmore Real Estate Partners I 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. During the first half of the year, part of the parking garage was converted into office premises that, together with the additional premises completed in the summer, have been fully leased out. 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. Project sales efforts are in progress, and the objective is to sell the project to investors during 2013.

Development of the St. Petersburg Eurograd logistics area has been temporarily discontinued due to the financing difficulties of the local partner. 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 a third of the premises. This is expected to speed up the progress of financing negotiations as well. 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 Aeroport hotel at Moscow's Sheremetyevo airport was completed during the period, as were the renovation works of the Pulkovskaya hotel in St. Petersburg and the Pribaltiskaya hotel's Aquapark.

The second apartment building of SRV's Papula residential area project in Vyborg was completed during the period. 21 apartments were sold during the period (19 in 1-12/2011). At the end of the review period, 8 completed apartments remained unsold and 38 apartments were under construction, of which 11 were unsold. Three apartments have been reserved.

In the future, SRV will focus on developer-contracted shopping centre projects in St. Petersburg and Moscow. The shopping centre market still lags clearly behind the European average. As part of the focusing of its operations, SRV sold its holding in the plot company of a 50-50-owned development project in Ekaterinburg.

Estonia

On 8 March 2012, an agreement was signed for the construction of a new bakery building for an Estonian subsidiary of the VAASAN Group. Construction at the site commenced immediately, and the plant will be completed in spring 2013. In connection with the contract, SRV sold the site's lot to VAASAN Baltic AS. The value of the construction project exceeds EUR 10 million. In Estonia, 9 residential units were sold during the period (3 in 1-12/2011). All in all, there were 5 (14) completed but unsold units at the end of the period. In June, SRV decided to withdraw from the Latvian real estate market and to focus its Baltic operations on Estonia. The operations of the Latvian subsidiary have been terminated. Priit Sauk (M.Sc. Eng.) was appointed CEO of the Estonian subsidiaries effective as of 1 July 2012.

Other Operations (EUR million)	**1-12/ 2012**	1-12/ 2011	change, MEUR	change, %	10-12/ 2012	10-12/ 2011
Revenue	**14.4**	12.7	1.7	13.8	3.4	3.2
Operating profit	**-4.7**	-5.5	0.9		-1.7	-2.1

Other Operations mainly consist of the operations of SRV Group Plc and SRV Kalusto Oy.

Revenue from Other Operations during the review period totalled EUR 14.4 million (12.7 in 1-12/2011) and operating loss was EUR -4.7 million (-5.5). Revenue growth was driven by higher volume of operations. During the period, development costs expensed for SRV's projects amounted to EUR 3.1 million (4.2). Fourth-quarter revenue amounted to EUR 3.4 million (3.2 in 10-12/2011) and operating loss came to EUR -1.7 million (-2.1).

Group project development

SRV and Stora Enso, in cooperation with the City of Helsinki, organised an architectural design competition for Wood City, a project that will be constructed in the Jätkäsaari district in Helsinki. The goal of the project is to create a world-class urban quarter that is ecologically sustainable and represents cutting-edge Finnish wood construction technology. At year's end, the proposal submitted by Anttinen Oiva Architects – "Stories" – was announced as the winner. Project implementation entails city plan changes. This process is under way. The construction of Wood City is planned to be started in early 2014. A residential building and car park will be built first. It is estimated that they will be completed in late 2015. The office and hotel complex is slated for completion by the end of 2016.

The City Board approved the city plan of the Kalasatama Centre on 6 June 2012. An appeal has been lodged against the city plan and it is currently under review at the administrative court. Project development has continued, particularly on the shopping centre concept and the housing and parking solutions. Work on public-sector contracts is still ongoing at the site. However, work on private contracts cannot be continued until the city plan has been confirmed.

The Trade and Competitiveness Division of the Espoo City Board extended the planning reservation for the Niittykumpu metro station area until 30 June 2014. SRV's partners in this project are Mutual Pension Insurance Company Varma and Sato Corporation. The City Planning Committee approved the viewing of the plan proposal for the first phase of the project in December. The aim is to achieve readiness to start up construction in 2014.

Kiinteistö Oy Perkkaantalo, a joint venture co-owned by SRV, Sato Corporation and Ilmarinen, is developing a new residential area in the Perkkaa district in Espoo. The plan is to build about 100,000 square metres of floor area on the site owned by the joint venture. The parties' objective is to have the City Planning Committee discuss the viewing of the proposed city plan for the project in spring 2013. The aim is to achieve readiness to start up construction in 2014.

SRV and Orion are developing a residential area on a property owned by Orion in the Ylä-Mankkaa district in Espoo. The City Planning Committee made the plan proposal for the project available for viewing in December. The total scope of the project is about 48,000 square metres of floor area. The aim is to achieve readiness to start up construction in 2014.

Vantaa City Council has approved the alteration of the city plan required for the Pressi Business Park and Pressi Logistics projects. The alteration permits more flexible project implementation and will improve transport connections in the region. The Pressi projects are located on land owned by SRV, near the Vantaankoski railway station on the new Ring Rail Line. The total scope of the projects is about 66,000 square metres of floor area.

The developer responsibilities for business premises in the Airut eco block to be constructed in Jätkäsaari were transferred from Sitra to SRV. SRV previously shared developer responsibility with VVO for the residential buildings to be constructed on the block. The Airut block design objectives include minimising the carbon footprint and ensuring that energy consumption in the buildings meets the principles of sustainable development.

Financing and financial position

Net operational cash flow was EUR –33.2 million (-45.2 in 1-12/2011). The Group's inventories were EUR 431.2 million (360.4), the share of land areas and plot-owning companies being EUR 175.0 million (193.8). The Group's invested capital amounted to EUR 513.3 million (454.0).

In June, SRV signed a long-term binding EUR 100 million revolving credit facility with a Nordic banking consortium. The loan replaces a syndicated revolving credit facility signed in 2007. The maturity date of the new credit facility is 31 December 2015. The terms of the loan correspond to the terms of SRV's other loans, and 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. SRV's equity ratio based on percentage of completion was 36.8 per cent (on 31 December 2012).

In December, SRV issued a EUR 45 million domestic hybrid bond (equity bond). The coupon rate of the bond is 9.5 per cent per annum. The bond has no set maturity date but the company may exercise an early redemption option after four years. The settlement date of the bond is 28 December 2012. The hybrid bond strengthens SRV's capital structure and financial position. The bond was offered to selected institutional investors as a private placement in Finland.

At the end of the review period, the Group's financing reserves were EUR 154.9 million with the Group's cash assets amounting to EUR 33.1 million, and open-ended account limits and committed undrawn financing reserves to EUR 121.8 million. In addition to its financing reserves, the Group had EUR 18 million in binding credit facilities.

Investments in SRV's developer-contracted housing and commercial construction projects in Finland, both completed and under construction, total EUR 202.8 million. SRV estimates that the completion of these projects requires another EUR 68 million. Undrawn housing corporation loans and receivables for housing construction projects and undrawn commercial construction financing amounted to EUR 72 million. In addition, approximately EUR 33 million is tied up in the construction of infrastructure in the Kalasatama Centre. Investments in completed international projects amount to EUR 37.0 million, of which EUR 0.4 million relates to unsold residential projects in Estonia, EUR 1.4 million to unsold housing projects in Vyborg, and EUR 35.2 million to the Etmia office project.

Equity ratio was 34.7 per cent (31.0%). The change in the equity ratio was affected by the hybrid bond issue. The Group's shareholders' equity totalled EUR 212.3 million (169.7 on 31 December 2011). The Group's net interest-bearing liabilities were EUR 267.9 million (271.8). Net financing expenses were EUR -4.1 million (-3.3). Return on investment was 2.2 per cent (4.5%) and return on equity 0.5 per cent (3.3%).

Investments

The Group's investments totalled EUR 3.7 million (10.2), consisting mostly of investments in funds and the acquisition of machinery and equipment.

Land reserve 31.12.2012	Business construction	Housing construction	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights*, m^2	**265 000**	**301 000**	**886 000**	**1 452 000**
Land development agreements				
Building rights*, m^2	**549 000**	**286 000**	**52 000**	**887 000**

* 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 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 Estonia. SRV Group Plc, the Group's parent company, is responsible for the Group's management, treasury, finance and administrative functions. The Property Development and Building Systems units support and serve all of the Group's business operations.

SRV's business areas are Operations in Finland, International Operations, and Other Operations. The Operations in Finland business area consists of SRV's property development and construction operations in Finland. Operations in Finland are divided into housing construction and commercial construction, which comprises retail, office, logistics, earthworks and rock construction operations. International Operations comprise SRV's construction activities and property development business in Russia and Estonia. Other Operations mainly consist of the operations of SRV Group Plc and SRV Kalusto Oy.

Personnel

SRV had an average payroll of 989 (880) employees, of whom 728 (634) were salaried employees. The parent company had an average staff of 55 (46) salaried employees. At the close of the review period, the Group had 951 (933) employees, of whom 54 (50) were employed by the parent company. 169 (181) employees were employed by international subsidiaries. SRV's operations in Finland employed a total of 48 (43) students in work training and working on their thesis or diploma.

SRV's human resources strategy is designed to secure the availability and high motivation of personnel, and to ensure continued competence and leadership development. The objective of the "One SRV" programme is to promote the competence of the leading industry experts, to improve internal cooperation and rewarding practices, to promote internal mobility and to deploy SRV's strategy. The performance of supervisors in their supervisory tasks and in communicating the strategy was measured with means such as a fully revised personnel survey. Development discussion practices were overhauled. Particular attention was paid to the management of occupational wellbeing by providing training to more than 100 supervisors. To prepare for future recruitment needs, SRV offered more summer jobs and traineeships to students and pursued its efforts to cooperate with educational institutes – particularly universities and universities of applied sciences – providing education related to the construction industry. SRV also offered a larger number of construction industry students the opportunity to continue working for SRV part time after the summer under the SRV training programme.

Personnel by business area	**31.12.2012**	31.12.2011	Share of Group personnel, 31.12.2012, %
Domestic operations	**685**	651	72,0
International operations	**179**	191	18,8
Other Operations	**87**	91	9,1
Group, total	**951**	**933**	100,0

On 4 September 2012, the Board of Directors of SRV approved a new share-based incentive scheme for the Group's key personnel. The purpose of the scheme is to align the objectives of shareholders and key personnel in order to increase the company's value and to enhance key personnel's commitment to the company. The scheme covers 28 key SRV employees. Key indicators in the scheme are the Group's operating profit, return on equity and equity ratio. In addition, other business-specific indicators specified for 2012–2013 will affect the bonus earned.

When the indicators are fulfilled, the bonus will be paid quarterly, partly in the company's shares and partly in cash. The scheme involves the conveyance of a maximum of 404,000 SRV Group shares held by the company and a cash payment for tax purposes corresponding to the value of the conveyed shares. The total recognised IFRS value of shares conveyed over the lifetime of the incentive scheme will be approximately EUR 1.8 million, with the addition of the cash payments. The Black & Scholes model, applied in the pricing of options, is used to calculate the theoretical market value of the shares, with the following assumptions: share price EUR 3.60, risk-free interest rate 0.58 per cent and volatility 37 per cent.

Personnel covered by the scheme must hold at least half of the shares received on the basis of the scheme until 31 December 2014 and at least half until 31 December 2015. If a key employee's employment ends during the above restriction period, he/she must hand over all shares to the company without compensation.

Outlook for construction

The prolonged crisis in Europe and the sluggishness of the world economy also weaken the outlook of the Finnish economy. Estimates for Finland's economic growth in 2012 are close to zero. It is estimated that the number of building construction start-ups in 2012 declined by about 12 per cent compared with 2011. The number of start-ups is predicted to decline further in 2013, but only slightly. The rise in building costs has levelled out.

Coupled with high apartment price levels, the general uncertainty has caused the demand for housing units to slacken somewhat. In 2012, housing unit start-ups amounted to about 27,000. It is expected that approximately 26,500 units will be started up in 2013. 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 the decrease in demand and increase in supply put pressure on the utilisation rates of offices in the Greater Helsinki area. However, there is some demand for state-of-the-art facilities in prime locations with good traffic connections. The number of commercial and office construction start-ups is expected to decrease in 2013.

Further stable growth is expected in renovation construction. Growth of the building stock, the ageing of existing buildings, and the modernisation needs ushered in by today’s technical standards will support renovation construction in the future. The outlook for infrastructure construction is weakening, particularly due to the decline in works in new building construction.

It is estimated that Estonia’s GNP growth in 2012 was about 2.5 per cent; a slight improvement is foreseen for 2013.

The Russian economy grew by 4.5 per cent in the first half of 2012 thanks to the high price of oil, strong private consumption and pre-election public contributions. However, the growing global economic uncertainty, fall in oil prices and major reductions in crop yields due to drought will hold back future growth. GNP growth in both 2012 and 2013 is expected to be around 3.5 per cent.

Risks, risk management and corporate governance

General economic trends and changes in customers’ operating environments have an immediate effect on the construction and property markets: they may impact on the development of SRV’s order backlog and operational profitability, and lengthen the periods of time and increase the amount of SRV’s capital invested in 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 climate is unstable, and the international country-level financing crisis adds to the economic uncertainty. Property values are under pressure. General economic uncertainty and difficulties in securing financing have kept the number of property transactions at a low level and delayed the start-up of new large-scale projects in particular. Demand for property investments has remained weak.

Compared to the time before the recession, financing from banks is more difficult to obtain, bank regulation continues to become stricter, and loan margins are clearly higher and still climbing. 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 continue to 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 income is based mainly on the completed contract method, and recognition depends on the percentage of sold premises in delivered projects. The delivery schedule of developer-contracted projects can have a material impact 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-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. After a quick contraction, the Finnish housing market has recovered, but the uncertainty of the economy and the planned tax hikes weaken the outlook for apartment sales. According to the Government budget proposal for 2013, the asset transfer tax on the transfer of shares in a housing corporation will be raised to 2.0 per cent starting on 1 January 2013, and the tax will also be applicable to the corporate loan included in the shares. The margins on loans banks grant to homebuyers, and on the housing corporation loans for housing construction, have been climbing steeply in the past year. Key risks affecting housing unit demand include developments in consumer confidence, availability of financing, and significantly higher interest rate levels.

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 heightened accuracy from administration. Warranty and liability obligations related to construction can span 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 as well as their progress. Competition for new orders in the construction sector is fierce, which may affect the volume and profitability of SRV's new order backlog. Contracts concerning construction have a significant value. Agreements set specific terms and schedules for the agreed parties concerning achievement of set targets and adhering to agreed procedures. In particular, execution of additional works and alterations may involve financial risks that grow when the economic situation is poor. Contract receivables may involve additional and alteration works involving customer complaints or disputes concerning the payment obligations of the client. Based on business operation directors' estimations adequate provisions have been made and receivables don't include need for depreciations. If the project parties cannot arrive at a mutual understanding on payment obligations during the final financial review, the company may have enter into legal proceedings against the client. The outcomes of legal proceedings involve uncertainties. At the end of the period receivables on the balance sheet included EUR 19.1 million in receivables from seven contract agreements that involve customer complaints or disputes on the payment obligation for additional and alteration works. SRV has started legal proceedings against some of these parties because the issues could not be resolved by way of negotiation during the final financial reviews. SRV has initiated arbitration proceedings against the real estate company Espoontori pertaining to the renovation contract of the Espoontori shopping centre. Real estate company Espoontori is owned by Citycon Oyj. The financial value of the dispute, including VAT, is approximately EUR 4.6 million. SRV and Kiinteistö Oy Primulan Herkkupaja, owned by Varma Mutual Pension Insurance Company, concluded a contract agreement on the construction of a bakery building in Järvenpää. The tenant company Järvenpään Herkkutehdas Oy filed for bankruptcy in November 2011, and its parent company Oy Primula Ab was declared bankrupt in

May 2012. Differing views of the contracting parties over the liability to pay the costs for the additional work and alterations have been identified to EUR 3.8 million including VAT. In May 2012, SRV filed an application for a summons with the Tuusula District Court regarding the payment liability. SRV’s management believes that neither these cases nor their outcomes will have a significant impact on SRV’s financial standing.

Besides land acquisition risks, property projects face other challenges, such as those related to the outcome of zoning, soil conditions, financing, liquidity of the funding based on financing commitments, commercialisation of projects, partners, and the geographical location and type of project. In line with the IFRS requirements, SRV measures its land reserves at acquisition cost. If the acquisition cost, added with construction costs, is lower than the fair value of the planned project, the value of the property 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 the progress and start-up decisions of development projects. SRV’s goal is to carry out large development projects with project funding and in co-operation with real estate investors. The decline in the availability of investor and project funding may increase SRV's own share of project funding, lowering the Group’s equity ratio, reducing Group liquidity, and hindering the availability of other funding.

The financial risks related to SRV’s operations consist of interest rate, currency, liquidity, capital structure and contractual party risks, which are discussed 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 of equity in the consolidated figures.

Liquidity risks may have an effect on the Group’s earnings and cash flow if the Group is unable to ensure sufficient financing for its operations. SRV maintains adequate liquidity by means of efficient management of cash flows and solutions linked to it, such as binding lines of credit that are valid until further notice. The company has a long-term liquidity arrangement (EUR 100 million), part of 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.

The capital structure risk may impact on the availability of financing for the Group if the equity ratio falls too low. The Group does not have an official credit rating from a credit rating institution. In order to maintain its capital structure, the Group can adjust its dividend payments, issue new shares or float equity bonds. In order to maintain its equity ratio, the Group may have to downscale its operations and adjust its use of capital. The equity ratio may be affected by the profitability of business operations, the postponement of the delivery and sales of developer-contracted projects, plot investments and other growth in the balance sheet. The Group monitors the capital structure through its equity ratio. The Group aims to keep the share of the balance sheet total less advances received accounted for by the Group’s shareholders’ equity at no less than 30 per cent. On 28 December 2012, SRV issued a EUR 45 million domestic hybrid bond (equity bond). The bond has no set maturity date but the company may exercise an early redemption option after four years. The interest on the bond will increase after the first redemption 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.

Account of SRV's risks, risk management and corporate governance policies will be published in the 2012 Annual Report and Notes to the Financial Statements. The report and Annual Report will be available from the company website www.srv.fi on week 8.

Environmental issues

The Group seeks to minimise the adverse environmental impacts of its operations and to promote sustainable development in the built environment. SRV wants to be a pioneer in the development and implementation of attractive living and working environments that encourage people to adopt ecological lifestyles. SRV builds housing in locations with good access to public transport. In the Greater Helsinki area, the company makes use of the metro and railway. SRV seeks to reduce the waste volumes of its sites and to increase the recycling rate. The company keeps track of both indicators in its environmental reporting system. SRV has joined the Nordic Built project, which seeks to develop construction innovations that are sustainable for the environment, people and the economy.

SRV is also involved in numerous R&D projects dealing with sustainable urban environments and living solutions. SRV is developing the Wood City project in Jätkäsaari, Helsinki, in co-operation with Stora Enso Oyj and is participating in the Energizing Urban Ecosystem RYM SHOK research programme. SRV is seeking environmental certification for projects. One of them, the company's own headquarters in Derby Business Park, already gained LEED Gold certification in the review of the design phase.

Corporate governance and resolutions of general meetings

The Annual General Meeting (AGM) of SRV Group Plc was held on 14 March 2012. 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 0.12 per share was declared. The dividend was paid on 26 March 2012. 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 Ilkka Salonen were elected to seats on the Board. The firm of public accountants Ernst & Young Oy was elected as the company's auditor. Mikko Rytilahti, authorised public accountant, 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 without consideration or 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 15 March 2011.

In its organisational meeting on 14 March 2012, the Board of Directors elected Olli-Pekka Kallasvuo vice chairman of the Board and chairman of the Audit Committee, Minna Alitalo 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. On 16 November 2012, Ilkka Salonen requested to be relieved of his membership of SRV Group Plc's Board of Directors. Salonen was appointed CEO of the Russia-based Uralsib bank in September 2012 and thus felt he would not be able to participate fully in the work of SRV's Board of Directors over and above his own duties as CEO.

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 5,797 shareholders on 31 December 2012.

The closing price of SRV's share on OMX Helsinki at the end of the financial year was EUR 3.26 (EUR 4.00 on 31 December 2011, change -18.5%). SRV's equity per share on 31 December 2012 was EUR 4.62. The highest share price in the financial year was EUR 4.89 and the lowest was EUR 3.00. During the same period, the all-share index of the Helsinki Stock Exchange (OMX Helsinki) was up 8.3 per cent, and the OMX Construction and Materials index 22.9 per cent. At the end of the financial year, the company's market capitalisation was EUR 115.7 million, excluding the Group's treasury shares. 2.9 million shares were traded during the period and the trade volume was EUR 11.3 million.

At the end of the financial year, SRV and Nordea had a derivative contract (Total Return Swap) for 552,833 SRV shares at a price of EUR 4.45 per share (totalling EUR 2.5 million). These shares are considered to be equivalent 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. At the end of the review period, the market capitalisation of the shares was EUR 1.8 million.

At the end of the review period, SRV held 1,270,273 SRV Group Plc shares, taking the derivative contract with Nordea Bank AB into consideration (3.5 per cent of the total number of the company's shares and combined number of votes). On 12 February 2013, taking the derivative contract into consideration, the Group held 1,270,273 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 strategy period, SRV will focus on improving profitability instead of growth
- International Operations will account for more than 20 per cent of Group revenue
- Operating profit margin will reach 6 per cent
- Return on equity will be at least 15 per cent
- Equity ratio will stay above 30 per cent
- The target is to pay dividends 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 needed.

Events after the reporting period

In February, SRV and VVO signed a construction contract to build two apartment houses to Nihtisilta, Espoo. Construction of the 88 free market rental apartment unit project will begin at March 2013 and it will be completed in October 2014. The project is based on SRV's own project development.

In February, SRV acquired Russian partner's 12.5 per cent share of the Septem City project by a share transaction. With the transaction, SRV now owns 100 per cent of the project.

Outlook for 2013

The volume and the completion schedules of developer-contracted housing production, trends in the margin of the order backlog, the number of new construction contracts, and the materialisation of planned project sales all have an effect on the trends and allocation of revenue and profitability in 2013. Developer-contracted housing production is recognised as income upon delivery. Based on the available completion schedules, SRV estimates that a total of 505 developer-contracted residential units will be completed in 2013. SRV's full-year earnings can be significantly affected by the timing of the sale of the Etmia II office property in Moscow and the Derby Business Park in Espoo. The general uncertainty seen in the financial markets has had a negative effect on real estate markets.

The Group's result before taxes is expected to exceed the previous year's level and full-year revenue is estimated to be at least on a par with the previous year's level, even if the office property sales are not completed during this year.

Espoo, 12 February 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.

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Key figures:

		1-12/ 2012	1-12/ 2011	10-12 2012	10-12/ 2011
Revenue	EUR million	641.6	672.2	175.4	266.7
Operating profit	EUR million	6.9	14.1	2.4	13.2
Operating profit, % of revenue	%	1.1	2.1	1.4	4.9
Profit before taxes	EUR million	2.8	10.8	2.2	12.4
Profit before taxes, % of revenue	%	0.4	1.6	1.2	4.6
Net profit attributable to equity holders of the parent company	EUR million	0.8	5.9	1.3	8.2
Return on equity	%	0.5	3.3		
Return on investment	%	2.2	4.5		
Invested capital	EUR million	513.3	454.0		
Equity ratio	%	34.7	31.0		
Net interest-bearing debt	EUR million	267.9	271.8		
Gearing ratio	%	126.2	160.2		
Order backlog	EUR million	827.8	810.8		
New agreements	EUR million	594.5	811.6		
Personnel on average		989	880		
Property, plant and equipment investments	EUR million	3.7	10.2	1.7	6.4
Property, plant and equipment investments, % of revenue	%	0.6	1.5	1.0	2.4
Earnings per share, share issue adjusted	EUR	0.02	0.17	0.03	0.24
Earnings per share, share issue adjusted, diluted	EUR	0.02	0.17	0.03	0.24
Equity per share, share issue adjusted	EUR	4.62	4.68	-	-
Dividend per share, share issue adjusted *)	EUR	0.06	0.12	-	-
Dividend payout ratio	%	300.0	70.6	-	-
Dividend yield	%	1.8	3.0	-	-
Price per earnings ratio		163.0	23.5	-	-
Share price development				-	-
Share price at the end of the period	EUR	3.26	4.00	-	-
Average share price	EUR	3.76	5.88	-	-
Lowest share price	EUR	3.00	3.83	-	-
Highest share price	EUR	4.89	7.43	-	-
Market capitalisation at the end of the period	EUR million	115.7	142.0	-	-
Trading volume	1,000	2 937	8 759	-	-
Trading volume	%	8.3	25.0	-	-
Weighted average number of shares outstanding	1,000	35 499	35 023	-	-
Weighted average number of shares outstanding (diluted)	1,000	35 532	35 023		
Number of shares outstanding at the end of the period	1,000	35 498	35 503	-	-

*) Board of Directors' proposal for the distribution of profits of 2012

Calculation of key figures:

Gearing ratio, %	=	100 x	Net interest-bearing debt / Total equity
Return on equity, %	=	100 x	Net result for the financial year / Total equity, average
Return on investment, %	=	100x	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 hybrid bond investors	=		Hybrid bond interest / Average number of shares outstanding
Earnings per share attributable to hybrid bond investors (diluted)	=		Hybrid bond interest / Average diluted number of shares outstanding
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 outstanding
Earnings per share attributable to equity holders of the parent company (diluted)	=		Result for the period - non-controlling interest - hybrid bond interest / Average diluted number of shares outstanding
Equity per share	=		Equity attributable to equity holders of the parent company / Number of shares outstanding at the end of the period
Price per earnings ratio (P/E-ratio)	=		Share price at the end of the 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 the end of the 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 in relation to the weihted average number of shares outstanding

SRV Group Plc Financial Statements Report 1.1. - 31.12.2012: 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. - 31.12.2012

SRV Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid on 31 December 2012. The figures in the tables have been rounded which should be noted when counting the total sums. The condensed consolidated financial statement information has been prepared in accordance with the accounting policies set out in the IAS 34 standard, and the information disclosed for the periods January - December 2012 and January - December 2011 is audited and the information disclosed for the periods October - December 2012 and October December 2011 is unaudited. The consolidated financial statements have been prepared based on a historical cost basis, except for available-for-sale investments, financial assets and liabilities measured at fair value through income statement and derivative contracts measured at fair value as well as share-based payments which are measured at fair value.

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 have been applied as from the accounting period beginning on 1 January 2012:

- 2011 Annual improvements to IFRS. Amendments have not been material impact to the consolidated financial statements.
- Amendment to IFRS 7 Financial instruments: Disclosures – Transfers of Financial Assets. Amendment has not been material impact to the consolidated financial statements.

The application of the following standards, amendments and interpretations is mandatory as from the accounting period beginning on or after 1 January 2013 (effective date). The Group is reviewing the impact of future standards, amendments and interpretations.

- IFRS 7 Financial Instruments: Disclosures (effective for financial periods beginning on or after 1 January 2013). IASB has disclosed in December 2011 an amendment to IFRS 7 regarding the disclosures about the financial assets and financial liabilities which have been offset.
- IAS 32 Offsetting Financial Assets and Financial Liabilities (effective for annual periods on or after 1 January 2014). These amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and when offsetting happens simultaneously in order to be able offset receivable and payable.
- IFRS 9, Classification and measurement of financial assets and liabilities (effective for annual periods beginning on or after 1 January 2015). Upon adoption, the standard will eventually replace IAS 39 to a large extent, and it will amend the classification of both financial assets and liabilities (EU has not endorsed).
- IFRS 10, Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013). The amended standard clarifies the concept of control in decisions on whether an organisation should be consolidated in the consolidated financial statement.
- IFRS 11, Joint Arrangements (effective for annual periods beginning on or after 1 January 2013). The amended standard focuses on the rights and obligations of the joint arrangement rather than its legal form. Additionally, the standard requires that equity method be used in the reporting of joint arrangements.
- IFRS 12, Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013). The amended standard sets new disclosure requirements for reporting the entity's holdings in other entities.

- IFRS 13, Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013). The Standard establishes a single framework for measuring fair value that is required by other Standards.
- IAS 1, Presentation of Financial Statements (effective for annual periods beginning on or after 1 July 2012). Amendments revise the way comprehensive income items are presented.
- IAS 28, Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013). Amendment sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures due to publishing IFRS 11.
- IAS 19 Employee benefits (effective for annual periods beginning on or after 1 January 2013). Revised standard contains several changes in order to harmonize treatment of defined benefit plans and enhance comparability.
- Annual improvements (2009 – 2011 Cycle). Annual improvements are reflected by following standards; IFRS1, IAS1, IAS 16, IAS 32, IAS 34. (The EU has not approved standards).

Consolidated income statement (EUR million)	**1-12/ 2012**	1-12/ 2011	change, MEUR	change, %	10-12/ 2012	10-12/ 2011
Revenue	**641.6**	**672.2**	**-30.6**	-4.6	**175.4**	**266.7**
Other operating income	4.6	4.5	0.1	3.2	1.9	1.0
Change in inventories of finished goods and work in progress	61.6	6.1	55.5	911.2	18.1	-43.4
Use of materials and services	-617.7	-593.2	-24.5	4.1	-170.6	-189.2
Employee benefit expenses	-63.2	-55.7	-7.6	13.6	-16.5	-16.3
Share of results of associated companies	-0.7	-1.1	0.4	-34.4	-0.6	-0.6
Depreciation and impairments	-4.5	-3.8	-0.7	18.7	-1.2	-1.2
Other operating expenses	-14.8	-15.0	0.2	-1.1	-4.1	-3.8
Operating profit	**6.9**	**14.1**	**-7.2**	-51.2	**2.4**	**13.2**
Financial income	4.0	5.4	-1.4	-25.1	1.5	1.3
Financial expenses	-8.1	-8.7	0.5	-6.2	-1.7	-2.1
Financial income and expenses, total	-4.1	-3.3	-0.8	25.1	-0.2	-0.8
Profit before taxes	**2.8**	**10.8**	**-8.0**	-74.3	**2.2**	**12.4**
Income taxes	-1.9	-5.5	3.6	-65.9	-0.8	-4.2
Net profit for the period	**0.9**	**5.3**	**-4.4**	-82.9	**1.4**	**8.2**
Attributable to						
Equity holders of the parent company	0.8	5.9			1.3	8.2
Non-controlling interests	0.1	-0.5			0.0	0.0
Earnings per share calculated on the profit attributable to equity holders of the parent company	0.02	0.17			0.03	0.24
Earnings per share calculated on the profit attributable to equity holders of the parent company, diluted	0.02	0.17			0.03	0.24

Statement of comprehensive income (EUR million)	**1-12/ 2012**	1-12/ 2011	10-12/ 2012	10-12/ 2011
Net profit for the period	**0.9**	**5.3**	**1.4**	**8.2**
Other comprehensive income:				
Foreign currency translation differences for foreign operations	0.0	0.1	0.0	0.1
Gains and losses on remeasuring available-for-sale financial assets	0.0	0.0	0.0	0.0
Income tax relating to components of other comprehensive income	0.0	0.0	0.0	0.0
Total comprehensive income for the period, net of tax	**0.0**	**0.0**	**0.0**	**0.0**
Total comprehensive income for the period	**1.0**	**5.4**	**1.4**	**8.2**
Profit for the period attributable to:				
Equity holders of the parent company	0.9	5.9	1.4	8.3
Non-controlling interests	0.1	-0.5	0.0	0.0

Consolidated balance sheet (EUR million)	**31.12.12**	31.12.11	change, %
ASSETS			
Non-current assets			
Property, plant and equipment	13.7	15.2	-10.1
Goodwill	1.7	1.7	0.0
Other intangible assets	0.6	0.5	27.8
Other financial assets	10.9	10.8	0.8
Receivables	1.4	1.2	-35.4
Loan receivables from associated companies and joint ventures	11.9	13.0	-8.3
Deferred tax assets	8.1	5.0	63.9
Non-current assets, total	**48.4**	**48.4**	0.0
Current assets			
Inventories	431.2	360.4	19.6
Accounts and other receivables	127.1	133.5	-4.8
Loan receivables from associated companies and joint ventures	31.6	32.0	-1.1
Current tax receivables	4.0	1.5	166.3
Cash and cash equivalents	33.1	12.5	164.5
Current assets, total	**626.9**	**539.9**	16.1
ASSETS, TOTAL	**675.4**	**588.3**	14.8

Consolidated balance sheet (EUR million)	**31.12.12**	31.12.11	change, %
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	3.1	3.1	0.0
Invested free equity fund	92.2	92.1	0.1
Translation differences	0.0	-0.1	-73.9
Other reserve	0.0	0.0	
Retained earnings	68.9	71.0	-3.0
Equity attributable to equity holders of the parent company, total	**164.2**	**166.2**	-1.2
Non-controlling interests	**3.5**	**3.5**	1.5
Hybrid bond	**44.6**	**0.0**	
Equity, total	**212.3**	**169.7**	25.1
Non-current liabilities			
Deferred tax liabilities	4.1	1.0	314.7
Provisions	6.3	5.4	16.0
Interest-bearing liabilities	118.5	90.1	31.5
Other liabilities	0.0	7.8	-99.5
Non-current liabilities, total	**129.0**	**104.4**	23.6
Current liabilities			
Accounts and other payables	147.6	113.6	29.9
Current tax payables	0.3	2.6	-88.4
Provisions	3.7	3.9	-6.4
Interest-bearing liabilities	182.5	194.2	-6.0
Current liabilities, total	**334.1**	**314.3**	6.3
Liabilities, total	**463.1**	**418.7**	10.6
EQUITY AND LIABILITIES	**675.4**	**588.3**	14.8

Consolidated cash flow statement (EUR million)	1-12/2012	1-12/2011
Cash flows from operating activities		
Net profit for the period	**0.8**	**5.3**
Adjustments:		
Depreciation and impairments	4.4	3.8
Non-cash transactions	0.4	3.9
Financial income and expenses	4.1	3.3
Capital gains on sales of tangible and intangible assets	0.1	0.0
Income taxes	1.9	5.5
Adjustments, total	**10.9**	**16.4**
Changes in working capital:		
Change in loan receivables	22.7	-18.9
Change in accounts and other receivables	-14.2	-45.6
Change in inventories	-68.8	-30.7
Change in accounts and other payables	26.3	40.1
Changes in working capital, total	**-34.0**	**-55.1**
Interest paid	-8.0	-9.0
Interest received	3.8	3.1
Dividends received	0.0	0.0
Income taxes paid	-6.7	-5.9
Net cash flow from operating activities	**-33.2**	**-45.2**
Cash flow from investing activities		
Acquisition of subsidiaries, net of cash	0.0	-0.8
Purchase of property, plant and equipment	-3.2	-3.1
Purchase of intangible assets	-0.3	-0.2
Purchase of other financial assets	-0.2	-6.1
Sale of property, plant and equipment and intangible assets	0.4	0.0
Sale of financial assets	0.1	0.5
Net cash used in investing activities	**-3.2**	**-9.7**
Cash flows from financing activities		
Proceeds from loans	48.3	29.0
Repayments of loans	-23.1	-11.5
Hybrid bond	44.6	0.0
Change in loan receivables	0.0	0.0
Change in housing corporation loans	32.9	1.5
Change in credit limits	-41.5	35.0
Purchase of treasury shares	0.0	10.3
Dividends paid	-4.3	-4.1
Net cash from financing activities	**57.0**	**60.3**
Net change in cash and cash equivalents	**20.6**	**5.4**
Cash and cash equivalents at the beginning of period	12.5	7.1
Cash and cash equivalents at the end of period	**33.1**	**12.5**

Statement of changes in Group equity 1.1. - 31.12.2012

(EUR million)	Equity attributable to the equity holders of the parent company: Share capital	Invested free equity fund	Trans- lation differ- ences	Fair value reserve	Retained earnings	Total	Non- controll- ing interests	Hybrid bond	Total equity
Equity on 1.1.2012	**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 31.12.2012	**3.1**	**92.2**	**-0.1**	**0.0**	**68.9**	**164.2**	**3.5**	**44.6**	**212.3**

Statement of changes in Group equity 1.1. - 31.12.2011

(EUR million)	Equity attributable to the equity holders of the parent company: Share capital	Invested free equity fund	Trans- lation differ- ences	Fair value reserve	Retained earnings	Total	Non- controll- ing interests	Total equity
Equity on 1.1.2011	**3.1**	**87.8**	**-0.1**	**0.0**	**63.8**	**154.5**	**2.7**	**157.2**
Total income and expenses for the financial year	**0.0**	**0.0**	**0.1**	**0.0**	**5.9**	**5.9**	**-0.5**	**5.4**
Dividends paid	0.0	0.0	0.0	0.0	-4.1	**-4.1**	0.0	**-4.1**
Share based incentive plan	0.0	0.0	0.0	0.0	0.9	**0.9**	0.0	**0.9**
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Sale of treasury shares	0.0	4.4	0.0	0.0	5.9	**10.3**	0.0	**10.3**
Other changes*	0.0	0.0	0.0	0.0	-1.4	**-1.4**	1.3	**-0.1**
Equity on 31.12.2011	**3.1**	**92.1**	**-0.1**	**0.0**	**71.0**	**166.2**	**3.5**	**169.7**

* Other changes includes the loss of acquisition of non-controlling interests EUR 1.3 million.

Commitments and contingent liabilities EUR million	**31.12.12**	31.12.11	change, %
Collateral given for own liabilities			
Real estate mortgages given	**338.0**	234.3	44.3
Pledges given	0.0	0.0	
Other commitments			
Guarantees given for liabilities on uncompleted projects	**0.0**	0.0	
Investment commitments given	**15.0**	15.2	-1.1
Plots purchase commitments	**120.5**	129.6	-7.0

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	**12/2012**		12/2011	
(EUR million)	Fair Values		Fair Values	
	Positive	Negative	Positive	Negative
Hedge accounting not applied				
Foreign exchange forward contracts	**0.0**	**0.0**	0.0	0.0
Interest rate swaps	**0.0**	**1.2**	0.0	1.4

Nominal values of derivative instruments	**12/2012**	12/2011
Foreign exchange forward contracts	**0.0**	0.0
Interest rate swaps	**30.0**	50.0

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)	**10-12/12**	7-9/12	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11
Revenue	**175.4**	155.8	169.7	140.7	266.7	136.3	136.6	132.6
Operating profit	**2.4**	-0.4	3.1	1.8	13.2	0.2	-0.3	1.0
Financial income and expenses, total	**-0.2**	-1.8	-0.6	-1.5	-0.8	-1.7	-1.4	0.7
Profit before taxes	**2.2**	-2.1	2.5	0.3	12.4	-1.5	-1.7	1.7
Order backlog [1)]	**827.8**	747.1	746.3	760.7	810.8	862.3	673.5	702.2
New agreements	**248.0**	138.5	142.5	65.5	196.1	304.6	90.6	220.2
Earnings per share, eur	**0.03**	-0.04	0.04	-0.01	0.24	-0.06	-0.06	0.05
Equity per share, eur [1)]	**4.62**	4.58	4.61	4.56	4.68	4.44	4.51	4.49
Share price, eur [1)]	**3.26**	3.44	3.30	4.23	4.00	4.48	6.00	6.75
Equity ratio, % [1)]	**34.7**	28.5	29.7	31.9	31.0	30.9	31.7	33.2
Net interest bearing debt [1)]	**267.9**	311.3	288.0	259.5	271.8	269.5	263.5	246.4
Gearing, % [1)]	**126.2**	187.7	172.3	156.9	160.2	167.3	162.2	159.1

1) In the end of period

Revenue (EUR million)	**10-12/12**	7-9/12	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11
Domestic operations	**157.2**	139.7	150.8	120.7	248.9	128.3	131.2	123.9
- business construction	**83.5**	78.9	80.9	61.9	135.9	82.0	86.4	75.3
- housing construction	**73.7**	60.7	69.9	58.7	113.0	46.3	44.8	48.8
International operations	**18.1**	16.1	18.9	20.1	17.5	7.8	5.3	8.4
Other Operations	**3.4**	3.6	3.7	3.7	3.2	3.1	3.1	3.3
Eliminations	**-3.3**	-3.6	-3.7	-3.7	-3.0	-2.9	-2.9	-3.0
Group, total	**175.4**	**155.8**	**169.7**	**140.7**	**266.7**	**136.3**	**136.6**	**132.6**

Operating profit (EUR million)	**10-12/12**	7-9/12	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11
Domestic operations	**1.6**	1.9	5.8	5.4	17.9	2.4	3.3	4.4
International operations	**2.4**	-1.1	-1.9	-2.6	-2.6	-1.4	-1.9	-2.4
Other Operations	**-1.7**	-1.1	-0.9	-1.1	-2.1	-0.8	-1.7	-1.0
Eliminations	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group, total	**2.4**	**-0.4**	**3.1**	**1.8**	**13.2**	**0.2**	**-0.3**	**1.0**

Operating profit (%)	10-12/12	7-9/12	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11
Domestic operations	**1.0**	1.3	3.9	4.5	7.2	1.9	2.5	3.5
International operations	**13.3**	-7.0	-9.9	-13.0	-14.9	-18.1	-36.2	-28.4
Group, total	**1.4**	**-0.2**	**1.8**	**1.2**	**4.9**	**0.2**	**-0.2**	**0.8**

Order backlog (EUR million)	31.12.12	30.9.12	30.6.12	31.3.12	31.12.11	30.9.11	30.6.11	31.3.11
Domestic operations	**774.4**	676.2	661.7	658.3	711.2	745.8	564.8	589.8
- business construction	**438.7**	312.1	325.4	329.4	362.2	371.5	233.3	277.7
- housing construction	**335.7**	364.2	336.4	328.8	349.0	374.2	331.5	312.0
International operations	**53.4**	70.9	84.5	102.4	99.6	116.5	108.7	112.4
Group, total	**827.8**	**747.1**	**746.3**	**760.7**	**810.8**	**862.3**	**673.5**	**702.2**
- sold order backlog	**610**	517	551	570	596	710	530	569
- unsold order backlog	**218**	230	195	191	215	153	143	133

Order backlog, housing construction in Finland (EUR million)	31.12.12	30.9.12	30.6.12	31.3.12	31.12.11	30.9.11	30.6.11	31.3.11
Negotiation and construction contracts under construction	**129**	153	155	153	160	164	124	131
Developer contracting under construction, sold	**59**	52	56	57	49	98	94	78
Developer contracting under construction, unsold	**119**	133	103	92	115	95	92	71
Developer contracting completed and unsold	**28**	26	21	27	26	18	21	32
Housing construction, total	**336**	**364**	**336**	**329**	**349**	**374**	**332**	**312**

Invested capital (EUR million)	31.12.12	30.9.12	30.6.12	31.3.12	31.12.11	30.9.11	30.6.11	31.3.11
Domestic operations	**297.4**	286.2	270.2	228.8	249.2	233.3	248.7	215.6
International operations	**200.2**	200.7	198.5	198.6	210.8	194.0	193.3	182.7
Other and eliminations	**15.7**	3.4	3.3	7.8	-6.0	14.9	4.4	12.3
Group, total	**513.3**	**490.3**	**472.0**	**435.1**	**454.0**	**442.2**	**446.5**	**410.6**

Residential production in Finland (units)	10-12/12	7-9/12	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11
Developer contracting								
Start-ups	**95**	125	171	24	191	61	205	122
Sold	**140**	85	154	98	100	92	143	147
Completed	**114**	116	122	99	351	74	41	67
Completed and unsold [1)]	**99**	100	85	102	90	43	53	86
Under construction [1)]	**1 849**	2 126	2 060	2 188	2 197	2 504	2 243	1 956
- negotiation and construction contracts [1)]	**1 263**	1 521	1 464	1 641	1 575	1 693	1 419	1 296
- developer contracting [1)]	**586**	605	596	547	622	811	824	660
- of which sold [1)]	**230**	205	221	206	195	428	420	350
- of which unsold [1)]	**356**	400	375	341	427	383	404	310

1) at the end of the period

3. Segment information

Assets (EUR million)	31.12.12	31.12.11	change, MEUR	change, %
Domestic operations	**422.9**	376.0	46.9	12.5
International operations	**233.7**	228.2	5.4	2.4
Other Operations	**311.8**	324.2	-12.4	-3.8
Eliminations	**-293.0**	-340.1	47.1	
Group, total	**675.4**	588.3	87.0	14.8

Liabilities (EUR million)	31.12.12	31.12.11	change, MEUR	change, %
Domestic operations	**370.4**	324.6	45.8	14.1
International operations	**235.2**	228.9	6.3	2.8
Other Operations	**123.3**	177.8	-54.6	-30.7
Eliminations and other adjustments	**-265.8**	-312.7	46.9	
Group, total	**463.1**	418.7	44.4	10.6

Invested capital (EUR million)	31.12.12	31.12.11	change, MEUR	change, %
Domestic operations	**297.4**	249.2	48.2	19.4
International operations	**200.2**	210.8	-10.6	-5.0
Other and eliminations	**15.7**	-6.0	21.7	
Group, total	**513.3**	454.0	59.3	13.1

Return on investment, %	1-12/12	1-12/11
Domestic operations	**5.6**	13.6
International operations	**-0.2**	-2.6
Group, total	**2.2**	**4.5**

Inventories (MEUR)	**31.12.12**	31.12.11	change, MEUR
Land areas and plot-owning companies	**175.0**	**193.8**	**-18.7**
Domestic operations	74.6	95.5	-21.0
International operations	100.5	98.2	2.3
Work in progress	**159.3**	**97.0**	**62.4**
Domestic operations	150.9	93.2	57.7
International operations	8.4	3.8	4.6
Shares in completed housing corporations and real estate companies	**53.8**	**30.8**	**22.9**
Domestic operations	51.9	27.9	24.0
International operations	1.8	2.9	-1.1
Other inventories	**43.1**	**38.9**	**4.2**
Domestic operations	7.2	6.4	0.8
International operations	35.8	32.5	3.4
Inventories, total	**425.2**	**354.4**	**70.7**
Domestic operations	284.6	223.0	61.6
- Share of associated companies	1.5	0.8	0.7
International operations	140.6	131.4	9.2
- Share of associated companies	34.3	29.6	4.7

4) Events after the end of the reporting period

In February, SRV and VVO signed a construction contract to build two apartment houses to Nihtisilta, Espoo. Construction of the 88 free market rental apartment unit project will begin at March 2013 and it will be completed in October 2014. The project is based on SRV’s own project development. In February, SRV acquired Russian partner’s 12.5 per cent share of the Septem City project by a share transaction. With the transaction, SRV now owns 100 per cent of the project.