

**SRV GROUP GREW IN ALL BUSINESS AREAS AND OPERATIONAL PROFITABILITY IMPROVED**

- SRV's revenue was EUR 561.4 million (EUR 479.5 in 2006)
- Operating profit was EUR 15.1 million (EUR 24.6 million). Operating profit exclusive of the arbitration tribunal's decision was EUR 25.1 million
- Net profit for the financial period was EUR 7.6 million (EUR 15.3 million)
- The order backlog at the close of the review period was EUR 528.7 million (EUR 453.7 million)
- The return on investment was 9.7 per cent (15.9%) and the return on equity 6.9 per cent (27.3%)
- The equity ratio was 55.4 per cent (31.7%)
- Earnings per share were EUR 0.22 (EUR 0.56)
- The proposed dividend is EUR 0.12 per share (EUR 0.12)

"For SRV, the year 2007 was two-edged. The company had strong growth in all business areas and revenue for the whole group grew by 17.1 per cent. Operational profitability showed favourable development, but the decision of the arbitration tribunal in Stockholm, which was announced at the end of the year, ordered SRV to pay compensation of USD 11.0 million for the loss of appreciation in value. This decimated the financial outcome of the group. Following the decision of the arbitration tribunal, SRV is the sole owner of the hotel operating in Ekaterinburg. SRV aims to sell the hotel during 2008 and to cover the compensation costs".

"SRV's order backlog remained very strong, which creates good business opportunities for 2008. The overheated construction market has levelled off. This enables the even more effective implementation of the strong order backlog. Last year SRV worked on several projects in Finland and Russia. Listing on the stock exchange and share issue support the development of business operations enabling the utilisation of company's wide know-how in property development. The logistics project in St.Petersburg is a good example of the possibilities rendered to the business potential in the growing Russian market by the combination of capital and property development. Moreover, we have re-organised our production resources, this helps us to focus our best expertise more effectively also in projects outside Finland".

"Positive development of SRV's revenue and operations has continued. The profit margin in the order backlog has improved. We have maintained our strong position as a builder of business premises. We have also enhanced our operations in the strategic growth areas; 18 per cent in housing in Finland and 19 per cent in international operations compared to the previous year, estimates Eero Heliövaara, president and CEO of SRV.

**SRV's Group structure**

SRV is Finland's leading project management contractor. The Group builds and develops retail and commercial premises, residential units as well as infrastructure and logistics projects. Apart from Finland, the company operates in Russia and the Baltic countries. SRV Group Plc is the Group's parent company, and it is responsible for the Group's management, treasury, finance and administrative functions. The Property Development

and Building Systems Engineering units support and serve all the Group's business operations.

SRV's business areas are Business Premises, Housing and International as well as Other Operations. The Business Premises business area comprises the operations of SRV Viitaset Oy. Housing comprises the operations of SRV Westerlund Oy and the regional subsidiaries. The SRV International subgroup carries on international operations. Other Operations consist primarily of the SRV Group Plc and SRV Kalusto Oy businesses.

### **SRV Group's strategic objectives**

SRV's mid-term objective is to reach an average annual consolidated revenue growth of about 15 per cent, with average annual revenue growth in international operations of over 30 per cent. SRV will seek to increase the level of operating profit and achieve an 8 per cent operating profit margin over the medium and long term. In addition, the company will aim to maintain an equity ratio of over 30 per cent.

### **Revenue up 17.1 per cent and order backlog increases by 16.5 per cent**

The SRV Group's revenue in 2007 grew by 17.1 per cent to EUR 561.4 million (EUR 479.5 million in 2006). The share of revenue coming from Finland was 91 per cent (91 %), whereas 9 per cent (9 %) came from Russia and the Baltic countries.

Business Premises had revenue growth of 16.3 per cent to EUR 345.4 million (EUR 297.0 million). Housing posted a revenue increase of 18.1 per cent to EUR 163.1 million (EUR 138.1 million), with developer contracting projects progressing according to plans. The International business area reported revenue growth of 19.4 per cent to EUR 53.2 million (EUR 44.6 million).

The order backlog was EUR 528.7 million at 31 December 2007 (EUR 453.7 million). The 16.5 per cent increase in the order backlog was attributable to the rise in orders booked by both the Business Premises and the International business areas.

### **Arbitration tribunal decision on the ZAO Nordrus Hotel contractual dispute**

SRV built the Park Inn hotel in Ekaterinburg, which was opened in March 2007. SRV has been the defendants in arbitration proceedings before the Arbitration Institute of the Stockholm Chamber of Commerce, in which the plaintiff is the Danish company Nordrus Hotel Holdings A/S ("Nordrus"). The dispute concerns the form of property registration, whereby Nordrus did not accept the delivery of the works specified in the purchase agreement and did not remit the purchase price claimed.

According to the decision of the arbitration tribunal, SRV was ordered to pay Nordrus compensation of USD 11.0 million for the loss of appreciation in value with interest and court costs. EUR 10.0 million of this was charged to operating profit and EUR 1.0 million to interest expense.

The arbitration tribunal's decision confirmed SRV's holding in the hotel property. The company estimates that the appreciation in value of the hotel property and the proceeds that may be obtained from a future sale will cover the damages awarded by the arbitration tribunal.

### **Expense recorded on arbitration decision cuts into operating profit**

Operating profit was EUR 15.1 million (EUR 24.6 million) and net profit for the financial period EUR 7.6 million (EUR 15.3 million). The operating profit margin was 2.7 per cent (5.1%).

The Housing business area reported an increase in operating profit to EUR 10.7 million (EUR 5.1 million). Operating profit generated by Business Premises declined to EUR 18.0 million, whereas in the comparative period operating profit (EUR 25.0 million) included a gain of about EUR 16 million on sales of premises and operating assets in the Kamppi office building and shopping centre complex. Operating loss of EUR 10.2 million in the International Operations was caused by a charge of EUR 10.0 million for the arbitration decision connected with the construction of the hotel property. The volume of construction operations and housing sales in Estonia declined. In Russia, developer contracting projects are under way, which will be recorded as income when the projects are sold.

Net profit for the financial period was EUR 7.6 million (EUR 15.3 million) and earnings per share were EUR 0.22 (EUR 0.56). The fall in net profit and earnings per share were significantly affected by the arbitration decision on construction of the hotel property.

### **SRV wins important merit awards**

The worksite of the Flamingo recreational centre which SRV builds in Vantaa won the best construction site 2007 contest arranged by *Rakennuslehti (Construction Magazine)*. The panel of judges included a representative of the industry's professional organisation, a representative of the Construction Consultants Organisation and representatives of the Uusimaa County Labour Protection District, the Helsinki University of Technology and *Construction Magazine*. Among the project's outstanding merits, the panel singled out management of the entire construction process on a large and demanding worksite, production planning and the use of a product model as well as the level of occupational safety and tidiness at the site. The site received a special mention for its compliance with the Client Liability Act.

The biannual Steel Design Award of the European Convention for Constructional Steelwork went to the Kamppi Centre for innovative steel construction. The award was made to the architects and structural engineers who designed the project as well as to the developers and builders. An award for acting as the general contractor and developer of the Kamppi project went to SRV.

<b>SRV Group key figures</b> (EUR million)	<b>IFRS</b> <b>2007</b>	IFRS 2006	change, MEUR	change, %
Revenue	<b>561.4</b>	479.5	81.9	17.1
Operating profit	<b>15.1</b>	24.6	-9.6	-38.8
Profit before taxes	<b>11.5</b>	20.7	-9.1	-44.1
Net profit for the period	<b>7.6</b>	15.3	-7.6	-50.0
Order backlog	<b>528.7</b>	453.7	75.0	16.5
Operating profit, %	<b>2.7</b>	5.1		
Profit before taxes, %	<b>2.1</b>	4.3		
Net profit, %	<b>1.4</b>	3.2		
Equity ratio, %	<b>55.4</b>	31.7		

Return on investment, %	<b>9.7</b>	15.9	
Return on equity, %	<b>6.9</b>	27.3	
Earnings per share, EUR 1)	<b>0.22</b>	0.56	-60.4

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

## **Outlook for construction**

The world economy continued to enjoy good growth during 2007. The economic growth in the United States slowed down towards the end of the year, but proceeded favourably in the growing markets, including Russia. Gauging the business cycle as we move forward is complicated by the increased uncertainties in the economy and the crisis of confidence prevailing in the financial markets. In the Eurozone, the boom has probably peaked. The Finnish Ministry of Finance estimates that growth in the area's output will slow from 2.5 per cent to 2 per cent.

The Finnish economy grew at an annual rate of 4.4 per cent in 2007. Economic growth in 2008 is expected to slow down, but to exceed the growth figures for Europe. The Ministry of Finance estimates GDP growth at 3.3 per cent.

The boom in construction and the property market is expected to hold up in 2008, though the pace of growth will slow. The credit crunch that has hit the USA will add to uncertainty in the markets. The construction industry is forecasting a decline in residential construction in Finland in 2008 to a level of about 31,000 units. Construction of business premises is expected to remain at a good level, although the number of project starts may decrease. The good business climate in conjunction with completion of the Vuosaari harbour will underpin brisk logistics and construction of storage facilities, especially in the Greater Helsinki area.

Even after the summer, there was a shortage of skilled labour, particularly in the growth centres in southern Finland. Strong demand also made it difficult to obtain certain products. The availability of subcontractors and materials improved towards the end of the year.

Following several years of growth, the Estonian economy is slackening. The Estonian Central Bank estimated that economic growth had come in at 7.3% in 2007 and is forecasting growth of 4.3% for 2008 and 5.7% for 2009. The situation in the Estonian housing market has weakened, and lower demand has led to a fall in the level of house prices. The Latvian Central Bank estimated that economic growth had been over 10% in the period. Estimates of economic growth in the Baltic countries as a whole nevertheless involve elements of uncertainty. Russia's gross domestic product grew at an estimated rate of about 8 per cent in the period. The Russian construction market is estimated to grow by about 10% a year. The rise in the level of costs and a shortage of skilled personnel nonetheless pose challenges for operations in Russia. Demand for both business premises and housing is estimated to remain good in Russia.

## **Key figures for the business area**

<b>Revenue</b> (EUR million)	<b>IFRS</b> <b>2007</b>	IFRS 2006	change, MEUR	change, %
Business Premises	<b>345.4</b>	297.0	48.4	16.3

Housing	<b>163.1</b>	138.1	25.0	18.1
International	<b>53.2</b>	44.6	8.6	19.4
Other Operations	<b>11.2</b>	6.0	5.2	86.0
Eliminations	<b>-11.4</b>	-6.2	-5.3	
Group, total	<b>561.4</b>	479.5	81.9	17.1

<b>Operating profit</b> (EUR million)	<b>IFRS</b> <b>2007</b>	IFRS 2006	change, MEUR	change, %
Business Premises	<b>18.0</b>	25.0	-6.9	-27.7
Housing	<b>10.7</b>	5.1	5.6	109.1
International	<b>-10.2</b>	-3.6	-6.7	
Other Operations	<b>-3.1</b>	-4.4	1.3	
Eliminations	<b>-0.4</b>	2.5	-2.9	-114.2
Group, total	<b>15.1</b>	24.6	-9.6	-38.8

<b>Order backlog at 31 Dec.</b> (EUR million)	<b>IFRS</b> <b>2007</b>	IFRS 2006	change, MEUR	change, %
Business Premises	<b>302.8</b>	287.7	15.1	5.2
Housing	<b>174.6</b>	154.4	20.2	13.1
International	<b>51.3</b>	11.6	39.7	341.3
Group, total	<b>528.7</b>	453.7	75.0	16.5

### Earnings trends of the operating business areas

<b>Business Premises</b> (EUR million)	<b>IFRS</b> <b>2007</b>	IFRS 2006	change, MEUR	change, %
<b>Revenue</b>	<b>345.4</b>	297.0	48.4	16.3
<b>Operating profit</b>	<b>18.0</b>	25.0	-6.9	-27.7
<b>Order backlog at end of period</b>	<b>302.8</b>	287.7	15.1	5.2

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

Revenue in the Business Premises business area grew by 16.3 per cent. The Kamppi office building and shopping centre complex accounted for about EUR 100 million of revenue in the comparative period. Operating profit was EUR 18.0 million (EUR 25.0). Operating profit in the comparative period included about EUR 16 million on sales of properties and operating assets in the Kamppi office and shopping centre complex. The order backlog grew by 5.2 per cent to EUR 302.8 million (EUR 287.7 million).

Among the projects completed in the financial period were a logistics centre built for Kaukokuolinta in Tuusula, the KaraPhone East Business Premises project for Nokia in the Karamalmi district of Espoo, new business premises for PartnerTech Oy in Vantaa, Teknos powder coating plant in Rajamäki, the first part of the Helsinki City service tunnel, the Autotalo Laakkonen car dealership and retail facilities for IBI in the Kuninkaanportti district of Porvoo. Other projects completed included a renovation of the Sähköotalo electrical utility building in Helsinki, Hotel Katajanokka, renovation of Phase 2 of Aktia-Forum, renovation of the Valimokuja 2 property into a commercial centre for A-Vakuutus Oy insurance company, the Etola Technologies production facilities that were built in Vantaa

and the Ämmässuo landfill service tunnel that was built for YTV (Helsinki Metropolitan Area Council) in Espoo.

A contract was signed in early 2007 with the Neste Oil Pension Fund for the construction and sale of a third office block in Keilaniemi, Espoo. In August, an agreement was made with MEAG of Germany concerning the sale and construction of the remaining three HTC Keilaniemi office blocks. Other projects that got under way were the Logistics Centre in Tuupakka, Vantaa, the renovation of the TRIO Shopping Centre in Lahti, the Etra, Sjaelso Finland, Koti-idea and Vepsäläinen projects in Kuninkaanportti, Porvoo, business premises for SGN in Vantaa, renovation of the Pasila postal centre, renovation of the Hakaniemenranta 6 office building as well as retail premises for Plantagen in Suomenoja, Espoo. A number of rock construction projects are in progress in the centre of Helsinki. An interior works contract agreement was signed on the Helsinki City service tunnel in the last quarter of the year.

In December 2007, a settlement was reached with Kamppi Center Investment Oy in the dispute regarding the amount of administrative costs for the purchase agreement on the shares in Helsingin Kamppi Center Oy, which owns the Kamppi Center, along with other commercial liabilities connected with the purchase agreement. On the basis of the settlement agreement, SRV recorded a charge of EUR 0.5 million in the 2007 financial statements.

<b>Housing</b> (EUR million)	<b>IFRS</b> <b>2007</b>	IFRS 2006	change, MEUR	change, %
<b>Revenue</b>	<b>163.1</b>	138.1	25.0	18.1
<b>Operating profit</b>	<b>10.7</b>	5.1	5.6	109.1
<b>Order backlog at end of period</b>	<b>174.6</b>	154.4	20.2	13.1

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

Revenue in the Housing business area grew by 18.1 per cent, with developer contracting projects moving ahead according to plans. Operating profit improved markedly and was EUR 10.7 million (EUR 5.1 million). The order backlog was EUR 174.6 million (EUR 154.4 million).

The construction of 363 developer contracting housing units was started during the year (490), of which 241 were started in the Greater Helsinki area, 54 in the Tampere area, 18 in the Turku area and 50 in the Jyväskylä area. In addition, contract agreements to a total of EUR 51.6 million were signed with external clients. A total of 288 developer contracting housing units were sold in 2007 (374). At the end of the financial period, 415 residential units were under construction (571). There were 80 completed but unsold residential units (14). A total of 519 residential units were completed during the year, 388 of which were completed during the last two quarters.

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

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

<b>International Operations</b> (EUR million)	<b>IFRS</b> <b>2007</b>	IFRS 2006	change, MEUR	change, %
<b>Revenue</b>	<b>53.2</b>	44.6	8.6	19.4
<b>Operating profit</b>	<b>-10.2</b>	-3.6	-6.7	
<b>Order backlog at end of period</b>	<b>51.3</b>	11.6	39.7	341.3

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

International Operations increased its revenue by 19.4 per cent, but reported an operating loss of EUR 10.2 million (a loss of EUR 3.6 million). Operating profit was lowered by an EUR 10 million charge to earnings in connection with the decision of an arbitration tribunal concerning the construction of a hotel property. Operations in Russia in the second half of the year were geared towards expanding and improving developer contracting projects. The volume of construction activities and sales of housing units in Estonia declined. The order backlog was EUR 51.3 million (EUR 11.6 million).

## Russia

SRV has started renovation of the Pulkovskaya and Pribaltiskaya hotels operated by the Rezidor Group in St Petersburg. The Etmia II office and parking facility in the heart of Moscow is estimated to be completed by the end of 2008. SRV's role in the project is as a co-owner with a 50 per cent stake and responsibility for acting as the project management contractor. Construction of the Papula residential area in the city of Vyborg started in June and the apartments included in the project got ready for sale at the end of 2007. In the first phase, 38 units are to be built, and they are estimated to reach completion by the end of 2008. Four of the project's units have been sold.

In March, an important shopping centre project was announced, that will be realised in the Moscow area together with Vicus Oy, a real estate investment company. The shopping centre's design, preparations for construction and the search for tenants have started, and the construction is scheduled to get under way in 2008. The ensemble will have about 100,000 square metres of gross floor area. SRV is involved in the project as an owner, with a 25 per cent stake, and will act as the project management contractor. The design portion of the work on the shopping centre is included in the order backlog.

Construction of a glass fibre plant for Ahlström was continued in Tver. The project will be completed in early 2008. An annex to the Lenexpo fair centre in St Petersburg was built and handed over in the first part of 2007.

## **Baltic countries**

A partnership project with Facio Ehitus was started in Tartu, Estonia. SRV owns a plot for 7 high-rise apartment buildings, on one of which construction was started in the summer.

Starts of 46 new developer housing units (81) were made in Estonia during 2007. A total of 5 units were sold during the 2007 period (124) and, all in all, 46 were up for sale at the end of the period (3), 4 of which were in already-completed projects (0).

In Estonia, a preliminary agreement was signed on 28 November 2007 concerning the sale of the logistics centre that was leased to Oriola KD. The property was completed in December. The sale was finalised in January 2008. Agreements were concluded on a vehicle dealership for Inchcape Motors and for enlarging the Mercantile logistics centre. Design work on these projects is in progress. The office premises of Veikko Laine Oy were completed in the early part of the year.

In Latvia, the implementation of previously signed agreements was continued for HRX, Beweship and Latvijas Finieris. A Kesko Agro store was handed over to the client in Riga in early 2007.

<b>Other Operations</b> (EUR million)	<b>IFRS 2007</b>	IFRS 2006	change, MEUR	change, %
<b>Revenue</b>	<b>11.2</b>	6.0	5.2	86.0
<b>Operating profit</b>	<b>-3.1</b>	-4.4	1.3	

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

Other Operations generated revenue of EUR 11.2 million (EUR 6.0 million) and operating loss was EUR 3.1 million (a loss of EUR 4.4 million).

### **Financing and financial position**

The Group's interest-bearing liabilities were EUR 64.6 million at 31 December 2007 (EUR 79.5 million). Net financial expenses were EUR 3.5 million (EUR 4.0 million). The Group's liquid assets at the end of the financial period amounted to EUR 21.4 million (EUR 14.9 million). The growth in liquid assets and the decrease in debt were due to the initial public offering.

SRV signed an EUR 100 million syndicated loan arrangement on 22 December 2007. The agreement is for a 5-year loan facility, in addition to which the company has an option on a 2-year extension.

The return on investment was 9.7 per cent (15.9%) and the return on equity 6.9 per cent (27.3%). The equity ratio was 55.4 per cent (31.7%).

### **Investments and M&A arrangements**

The Group's investments totalled EUR 5.4 million (EUR 3.3 million) and consisted mainly of spending on machinery and equipment.

### **Unbuilt land areas and land acquisition commitments**

<b>31 Dec 2007</b>	<b>Business Operations</b>	<b>Housing</b>	<b>International Operations</b>	<b>Total</b>
<b>Unbuilt land areas and land acquisition commitments</b>				
Building rights*, m <sup>2</sup>	117 000	222 000	359 000	698 000
Capital invested incl. commitments, EUR million	23	45	32	100
<b>Land development agreements</b>				
Building rights*, m <sup>2</sup>	408 000	122 000	100 000	630 000

\* Building rights include the share of estimated zoning potential and the share of land acquisition commitments

SRV purchased a 6.3 hectare land area in Vantaa near the Hämeenlinna motorway and Ring Road III in June. The building rights for the area are for 66,000 m<sup>2</sup> of gross floor area, and will make possible the construction of a wide range of business premises in the fast-developing Vantaankoski district.

In June, SRV signed a preliminary property purchase agreement for land and buildings owned by Parker Hannifin Oy in the Pakkala district of Vantaa, where application will be made for an alteration to the town plan. The objective is to build residential units totalling 5,800 m<sup>2</sup> of floor area on the plot. Concurrently, an agreement was made on constructing a new operations centre with about 4,000 m<sup>2</sup> of floor space for Parker Hannifin Oy in the Koivuhaka district of Vantaa.

In August, SRV concluded a preliminary property purchase agreement on obtaining alterations to the town plan of a plot located in the Seppälä district of Jyväskylä and its development for commercial and residential use. SRV's objective is to construct a commercial building with 15,000-16,000 m<sup>2</sup> of gross floor area in the area as well as 8,000-9,000 m<sup>2</sup> of residential buildings when the town plan change has been made.

A plot purchase for the first phase of the Asunto Oy Helsingin Oscar condominium was signed on 27 June 2007. The plot has building rights for 5,800 m<sup>2</sup> of floor area. A plot purchase for the second phase was signed on 30 November 2007. The plot has building rights for 6,400 m<sup>2</sup> of floor area.

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

The economic cycle and changes in customers' operating environment have a direct impact on the construction and property market. Changes in the general level of interest rates have direct effects on both the cash flow on SRV's mainline operations and on financing costs.

SRV's revenue comes from construction projects, and the company's earnings are dependent on the profitability and progress of individual projects. The time of recognising income from developer contracting projects also depends on the percentage of premises sold. Construction involves significant cost risks relating to subcontracting and procurements. In managing these risks, there is a pronounced need for good long-term planning. The operating model based on project management calls for an adequate supply of skilled and competent staff. Post-construction warranty and liability obligations can last up to 10 years.

Constructions risks are monitored continually at both Group level and for individual projects. SRV carries out engineering design and implementation, drawing on solutions that have been well proven in the industry and making use of SRV's long years of experience. Project implementation and profitability is regularly tracked monthly. Risk management across all business units is carried out in line with the Group's operations system, and control is exercised in line with the Group strategy approved by the Board of Directors and the parent company. The Group's President and CEO has overall responsibility for risk management covering line operations. SRV also endeavours to cover operational risks by taking out insurance policies and in the terms of the contracts it enters into.

The financial risks connected with SRV's operations are interest rate, currency, liquidity and contractual party risks, which are discussed in the Notes to the 2007 Financial Statements.

A discussion of SRV's main risks, risk management and corporate governance principles was published in the 2006 Annual Report and is also given in the 2007 Annual Report as well as in the Notes to the Financial Statements.

## **Environmental compliance**

The Group endeavours in all its operations to observe the principles of sustainable development and to minimise harmful environmental impacts connected with the life cycle of buildings. The main activities relate to the management of environmental aspects of both the design and worksite phases of buildings. In Finland, the Group also makes use of a waste reporting system at its construction sites. Since the beginning of 2008, SRV has strengthened the resources it allocates to managing the Group's environmental compliance.

## **Changes in Group management**

Mr Juha-Veikko Nikulainen took up his duties as Executive Vice President in charge of the Housing business area on 26 January 2007 and Mr Jussi Ollila became Senior Vice President in charge of Communications and Marketing on 1 February 2007.

## **Personnel**

SRV had an average payroll of 761 employees (668), of whom 537 were white-collar (461). The parent company had an average staff of 62 white-collar employees (60). At the close of the financial period, the Group had 752 employees (707), of whom 59 were employed by the parent company (66). An average of 9 per cent of the employees work at subsidiaries abroad (10%).

SRV develops cooperation with universities and colleges as part of its effort to cover staffing needs for recruitment and the holiday seasons. During the review period, SRV had a total of 27 trainees working in the Group's operations in Finland.

Personnel by business area	<b>31 Dec 2007</b>	31 Dec 2006	Share of Group personnel, 31 Dec 2007, %
Business Premises	<b>295</b>	236	39
Housing	<b>257</b>	293	34
International	<b>114</b>	87	15
Other Operations	<b>86</b>	91	12
Group, total	<b>752</b>	707	100

SRV Group's salaries and remuneration in 2007 totalled EUR 33.1 million (EUR 29.3 million).

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

The extraordinary General Meeting held on 2 April 2007 resolved to increase the number of the company's shares twenty-fold (split) and to transfer the share premium reserve to share capital. At the same time, the Extraordinary General Meeting passed amendments to the Articles of Association. The resolutions were entered in the Trade Register on 11 April 2007.

The Annual General Meeting was held on 23 April 2007. The AGM adopted the financial statements for 2006 and granted release from liability to the members of the Board of Directors and the President and CEO. A dividend of EUR 0.12 per share was declared.

The AGM set the emolument of the Chairman of the Board at EUR 5,000, the emolument of the Vice Chairman at EUR 4,000 and the emoluments of the directors at EUR 3,000 per month. In addition, an EUR 500 meeting fee is paid for meetings of the Board of Directors and its committees.

Mr Ilpo Kokkila was elected Chairman of the Board of Directors and Mr Eero Heliövaara, Mr Matti Mustaniemi, Mr Markku Sarkamies, Mr Jukka Hienonen and Mr Lasse Kurkilahti were elected to seats on the Board. Of the members of the Board of Directors, Mr Jukka Hienonen's and Mr Lasse Kurkilahti's term of office began and Mr Eero Heliövaara's term ended on 13 June 2007 when the company's shares were admitted to public trading on the OMX Nordic Exchange Helsinki. The Board of Directors elected Mr Lasse Kurkilahti Chairman of the Board on 13 June 2007, Mr Matti Mustaniemi Chairman of the Audit Committee and Mr Ilpo Kokkila Chairman of the Nominations and Remunerations Committee.

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

On 23 April 2007, the Annual General Meeting authorised the Board of Directors to issue a maximum of 11,500,000 new shares, to decide on the issuance of up to 1,500,000 shares directed at SEB Enskilda to cover possible oversubscriptions and to purchase the above-mentioned maximum amount of 1,500,000 shares directly from SEB Enskilda.

### **Initial Public Offering**

The Board of Directors decided on 25 May 2007 to offer ca. 11,500,000 new shares for subscription by Finnish and International institutional investors, by retail investors in Finland and by the Board of Directors, management and employees of SRV in Finland. SRV submitted to the OMX Nordic Exchange in Helsinki an application for listing of its shares on 25 May 2007.

The institutional offering commenced on 28 May 2007 and expired on 11 June 2007. The retail offering commenced on 29 May 2007 and was suspended due to oversubscription on 5 June 2007. The employee offering commenced on 29 May 2007 and expired on 9 June 2007. The offer price range was EUR 8.00 to EUR 9.75 per share. The Board of Directors decided to set the offer price at EUR 9.00 for the institutional and retail offerings and EUR 8.10 for the employee offering.

The Board of Directors decided on 11 June 2007 to issue 11,500,000 new shares, of which 9,907,300 shares were allocated to domestic and institutional investors, 1,150,000 shares to retail investors in Finland and 442,700 to the employees. In addition, the Company issued 1,500,000 shares to SEB Enskilda to cover over-allotments. Based on the share allocation, the institutional offering was approximately 8.1 times subscribed and the retail offering was approximately 4.6 times subscribed. In total, around 6,400 investors participated in the offering. Approximately 54 per cent of the demand in the institutional offering came from Finnish investors and approximately 46 per cent from international investors. The size of the offering was confirmed on 15 June 2007 at 13,000,000 shares.

The shares issued represent approximately 33.3 per cent of the total number of shares in SRV after the offering.

The gross proceeds to SRV from the offering were approximately EUR 117 million and the net proceeds after deduction of commissions and fees related to the transaction were approximately EUR 112 million. SRV intends to use the proceeds to further develop its operations, primarily through increasing the proportion of developer contracting and development projects, both in residential and non-residential construction, and by accelerating the expansion of its international business, with an emphasis on Russia.

### **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. The presented per-share figures have been adjusted to a comparable basis so as to reflect the increase in the number of shares which came in effect on 11 April 2007 (split), the rights issue on 11 June 2007 and the share issue carried out on 28 September 2007 in connection with the merger plan of SRV Henkilöstö Oy employee fund as well as the cancellation of own shares (treasury shares).

SRV's shares were admitted to public trading on the OMX Nordic Exchange Helsinki Pre List on 12 June 2007 and on the Main List on 15 June 2007. SRV had a total of 6,626 shareholders at 31 December 2007. The offer price in the IPO was set at EUR 9.00. At the close of the first trading day 12 June 2007, the share closed at EUR 9.90 and at the end of 2007 the share price was EUR 5.02 (-49.2%). The high for the share in 2007 was EUR 10.79 and the low was EUR 4.72. The change in the Helsinki Stock Exchange All Share Index (OMX Helsinki) during the corresponding period was 3.2%, and the OMX Industrials Index registered -14.4%.

At the end of 2007, the company had a market capitalisation of EUR 184.6 million. About 22.5 million shares were traded on the Helsinki Stock Exchange in 2007 and the trade volume was EUR 187.8 million.

### **Merger of SRV Henkilöstö Oy employee fund**

The Boards of Directors of SRV Group Plc and the SRV Henkilöstö Oy employee fund signed a merger plan on 27 April 2007 according to which SRV Henkilöstö Oy was to merge into SRV. The Extraordinary General Meeting of SRV Group Plc approved the merger plan on 24 May 2007. An Extraordinary General Meeting of SRV Henkilöstö Oy approved the merger on 6 June 2007.

On 25 September 2007, SRV's Board of Directors confirmed the number of shares to be issued as merger consideration at 10,216,468. For each SRV Henkilöstö Oy share, about 16.33 new SRV shares were given as merger consideration. The execution date of the merger was 28 September 2007. The 12,512,000 SRV shares held by SRV Henkilöstö Oy were cancelled on 28 September 2007 without reducing the share capital. The merger decreased SRV's non-restricted equity by EUR 20,659,925.02.

### **Merger of subsidiary**

SRV Teräsbetoni merged into SRV Group Plc on 31 July 2007. SRV Teräsbetoni Oy's business operations were transferred to SRV Viitoset Oy, SRV Kalusto Oy and SRV Kaakkois-Suomi Oy on 31 December 2006.

### **Events after the balance sheet date**

The SRV Housing business area decided to establish in Oulu a regional office, which will start operations in early March 2008. On 14 January 2008, the Espoo City Council approved SRV's planning reservation application for the design of four 27-28 storey residential towers to be built atop Karhusaarentie-road. According to initial plans, the area includes about 50,000 square meters of residential building volume, and the total number of apartments would be around 370.

The sale of the logistics centre that had been leased to Oriola KD in Estonia was completed on 15 January 2008. Revenue of EUR 5 million and operating profit of EUR 1.7 million were recorded on the sale in the first quarter.

On 8 February 2008 SRV acquired 32 per cent share in Russian enterprise OOO "Olgino-4", which will buy a land territory of 24.9 hectares, located north of Saint Petersburg in close vicinity to the Ring Road. During spring 2008 SRV will raise its ownership in the enterprise aiming at majority stockholding by summer 2008. Over 100,000 m<sup>2</sup> of logistics facilities will be built on the site in several stages during next few years. SRV intends to commence construction works of the first stage by the end of 2008.

### **Near-term outlook**

The high level of the order backlog provides a solid basis for a good trend in revenue and earnings in 2008. The Group will seek to sell the Park Inn hotel located in Ekaterinburg during 2008.

Housing demand is estimated to decline, and selling periods are expected to lengthen in Finland, particularly for properties located outside growth centres. The outlook for construction of business premises is estimated to remain positive in Finland. Russia's strong economic growth is set to support the trend in the order backlog and revenue within International Operations.

Revenue in 2008 is expected to increase on the previous year. Operating profit in 2008 is anticipated to exceed operating profit in 2007 by a substantial margin.

### **Board of Directors' Proposal for the distribution of profits**

The parent company's distributable funds at 31 December 2007 are EUR 127,675,240.51  
of which net profit for the financial year is EUR 14,088,539.93

The Board of Directors proposes to the Annual General Meeting that the distributable equity be allocated as follows:

A dividend of EUR 0.12 per share be paid to shareholders, thus	EUR 4,412,216.16
The remainder be transferred to retained earnings	EUR 123,263,024.35

No material changes have taken place in the company's financial position after the close of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not compromise the company's solvency.

Espoo, 12 February 2008

SRV Group Plc  
Board of Directors

Distribution:  
OMX Nordic Exchange Helsinki  
Principal media  
[www.srv.fi](http://www.srv.fi)

**Key figures:**

		2007 IFRS	2006 IFRS	2005 IFRS	2004 FAS
Revenue	MEUR	561.4	479.5	422.0	403.2
Operating profit	MEUR	15.1	24.6	21.8	17.2
Operating profit, % of revenue	%	2.7	5.1	5.2	4.3
Profit before extraordinary items	MEUR	11.5	20.7	21.7	16.2
Profit before extraordinary items, % of revenue	%	2.1	4.3	5.1	4.0
Profit before taxes	MEUR	11.5	20.7	21.7	16.2
Profit before taxes, % of revenue	%	2.1	4.3	5.1	4.0
Net profit for the financial year attributable to equity holders of the parent company	MEUR	7.2	14.5	12.6	11.6
Return on equity, %	%	6.9	27.3	34.0	35.3
Return on investment, %	%	9.7	15.9	19.1	26.2
Equity ratio, %	%	55.4	31.7	19.8	22.6
Property, plant and equipment investments	MEUR	5.4	3.3	2.7	2.0
Property, plant and equipment investments, % of revenue	%	1.0	0.7	0.6	0.5
Order backlog	MEUR	528.7	453.7	251.8	345.9
Personnel on average		761	668	671	603
Invested capital	MEUR	222.9	141.7	182.5	81.9
Net interest-bearing debt	MEUR	43.2	64.6	108.9	2.2
Gearing ratio, %	%	27.3	103.9	218.7	43.5
Earnings per share, share issue adjusted *	EUR	0.22	0.56	0.48	0.44
Equity per share, share issue adjusted *	EUR	4.22	2.22	1.76	1.44
Dividend per share, share issue adjusted	EUR	0.12 1)	0.12	0.08	0.04
Dividend payout ratio, %	%	54.6	21.4	16.7	9.1
Dividend yield, %	%	2.4	-	-	-
Price per earnings ratio		22.8	-	-	-
Share price development					
Share price at the end of the period	EUR	5.02	-	-	-
Average share price	EUR	8.40	-	-	-
Lowest share price	EUR	4.72	-	-	-
Highest share price	EUR	10.79	-	-	-
Market capitalisation at the end of the period	MEUR	184.60	-	-	-
Trading volume	1 000	22 514	-	-	-
Trading volume, %	%	68.8	-	-	-
Weighted average number of shares outstanding	1 000	32 703	26 064	26 064	26 064
Number of shares outstanding at the end of the period	1 000	36 768	26 064	26 064	26 064

\* The Extraordinary General Meeting of SRV Group Plc decided on 2 April 2007 to increase the number of shares of SRV Group Plc twenty fold (split). Before the change in nominal value the number of shares was 1,303,200 and after the change the number of shares was 26,064,000. SRV Group Plc arranged its Initial Public Offering in June 2007. In the Offering 13,000,000 shares were subscribed. After the Offering the number of shares was 39,064,000. The plan to merge SRV Henkilöstö Oy into SRV Group Plc was executed on 28 September 2007. At the same time 10,216,468 new shares of SRV Group Plc were issued without raising the share capital. In connection with the merger SRV Group Plc received the 12,512,000 shares held by SRV Henkilöstö Oy. After the merger the number of shares was 36,768,468.

1) The Board of Directors' proposal for the dividend

**Calculation of key figures:**

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

## **SRV Group Plc Financial statements bulletin 1 January - 31 December 2007: 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) Segment information

### **1. Group financials 1 January – 31 December 2007**

#### IFRS-standards and operating segments

SRV Group (SRV) adopted International Financial Reporting Standards (IFRS) on 1 January 2006. In preparing financial statements bulletin, SRV has applied the same accounting principles as in its year-end financial statements for 2006. The financial statements bulletin has been prepared in accordance with the accounting policies set out in the IAS 34 standard and the information disclosed is audited for the periods 1 January – 31 December 2007 and 11 January – 31 December 2006 and unaudited for the Q3 periods 1 October – 31 December 2007 and 1 October – 31 December 2006.

The following standards, amendments and interpretations have been applied as from the accounting period beginning on 1 January 2007:

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements; Capital Disclosures
- IFRIC 8 Scope of IFRS 2
- IFRIC 10 Interim Financial Reporting and Impairment

These standards, amendments and interpretations do not have an effect on the Group's financial position. They have effect to the notes of the consolidated financial statements to some extent.

The following standard has been applied before the effective date:

- IFRS 8 Operating Segments

This standard does not have an effect on the Group's financial position. It has effect to the notes of the consolidated financial statements to some extent.

The following standards, amendments and interpretations have been applied as from the accounting period beginning on 1 January 2007 but they are not significant to the Group:

- IFRIC 7 Applying the Restatement Approach under IAS 29; Financial Reporting in Hyperinflationary Economies
- IFRIC 9 Reassessment of Embedded Derivatives

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

EUR million	IFRS 1-12/2007	IFRS 1-12/2006	change, MEUR	change, %	IFRS 10-12/2007	IFRS 10-12/2006
<b>Revenue</b>	<b>561.4</b>	<b>479.5</b>	<b>81.9</b>	17.1%	<b>165.5</b>	<b>157.2</b>
Other operating income	1.1	3.7	-2.6	-69.7%	0.4	1.7
Change in inventories of finished goods and work in progress	18.3	27.2	-8.8	-32.6%	12.3	12.1
Use of materials and services	-509.7	-434.0	-75.7	17.4%	-165.9	-143.5
Employee benefit expenses	-41.6	-36.8	-4.8	12.9%	-11.5	-10.4
Depreciation and impairments	-1.9	-2.0	0.1	-5.7%	-0.5	-0.7
Other operating expenses	-12.6	-12.8	0.2	-1.8%	-3.1	-4.6
<b>Operating profit</b>	<b>15.1</b>	<b>24.6</b>	<b>-9.6</b>	-38.8%	<b>-2.9</b>	<b>11.8</b>
Financial income	2.6	2.6	0.0	0.8%	1.3	0.6
Financial expenses	-6.1	-6.6	0.4	-6.4%	-3.7	-1.9
Financial income and expenses, total	-3.5	-4.0	0.4	-11.2%	-2.3	-1.3
<b>Profit before taxes</b>	<b>11.5</b>	<b>20.7</b>	<b>-9.1</b>	-44.1%	<b>-5.2</b>	<b>10.4</b>
Income taxes	-3.9	-5.4	1.5	-27.5%	0.1	-2.7
<b>Net profit for the period</b>	<b>7.6</b>	<b>15.3</b>	<b>-7.6</b>	-50.0%	<b>-5.1</b>	<b>7.7</b>
<b>Attributable to</b>						
Equity holders of the parent company	7.2	14.5			-5.1	7.4
Minority interest	0.5	0.8			0.0	0.4
Earnings per share calculated on the profit attributable to equity holders of the parent company (undiluted and diluted) 1)	0.22	0.56		-60.4%	-0.14	0.28

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

Consolidated balance sheet EUR million	IFRS 12/2007	IFRS 12/2006	change, %
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8.0	5.5	46.2%
Goodwill	0.7	0.7	0.0%
Other intangible assets	0.6	0.9	-28.8%
Other financial assets	2.9	2.3	26.4%
Receivables	2.7	5.6	-51.5%
Deferred tax assets	1.1	0.2	593.4%
<b>Non-current assets, total</b>	<b>16.1</b>	<b>15.2</b>	6.3%
<b>Current assets</b>			
Inventories	196.4	134.5	46.0%
Trade and other receivables	94.2	65.4	43.9%
Current tax	3.4	1.4	140.5%
Cash and cash equivalents	21.4	14.9	43.9%
<b>Current Assets Total</b>	<b>315.4</b>	<b>216.3</b>	45.8%
<b>ASSETS TOTAL</b>	<b>331.6</b>	<b>231.4</b>	43.3%

Consolidated balance sheet EUR million	IFRS 12/2007	IFRS 12/2006	change, %
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	3.1	1.3	135.0%
Share premium reserve	0.0	1.8	-100.0%
Invested free equity account	87.3	0.0	
Translation differences	0.0	0.0	
Fair value reserve	0.0	0.1	-100.0%
Retained earnings	64.7	54.7	18.2%
<b>Equity attributable to equity holders of the parent company, total</b>	<b>155.1</b>	<b>57.9</b>	<b>167.8%</b>
<b>Minority interest</b>	<b>3.2</b>	<b>4.2</b>	<b>-23.8%</b>
<b>Equity, total</b>	<b>158.3</b>	<b>62.2</b>	<b>154.7%</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	0.1	1.0	-86.3%
Provisions	5.9	4.8	22.4%
Interest-bearing liabilities	37.7	48.4	-21.2%
Other liabilities	0.4	0.0	
<b>Non-current liabilities, total</b>	<b>44.1</b>	<b>54.2</b>	<b>-18.6%</b>
<b>Current liabilities</b>			
Trade and other liabilities	96.9	80.1	20.9%
Current tax	1.6	0.2	867.4%
Provisions	4.1	3.6	11.9%
Interest-bearing liabilities	26.5	31.2	-14.9%
<b>Current liabilities, total</b>	<b>129.1</b>	<b>115.1</b>	<b>12.2%</b>
<b>Liabilities, total</b>	<b>173.2</b>	<b>169.3</b>	<b>2.3%</b>
<b>EQUITY AND LIABILITIES</b>	<b>331.6</b>	<b>231.4</b>	<b>43.3%</b>

## Statement of changes in Group equity 1 Jan - 31 Dec 2007

IFRS EUR million	Equity attributable to the equity holders of the parent company							Minority interest	Total equity
	Share capital	Share premium reserve	Non- restricted equity reserve	Trans- lation differ- ences	Fair value reserve	Retai- ned earnings	Total		
<b>Equity on 1 Jan 2007</b>	<b>1.3</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>54.7</b>	<b>57.9</b>	<b>4.2</b>	<b>62.2</b>
Translation differences				0.0			0.0		
Net gains on available- for-sale financial assets					-0.1		-0.1		
Other changes						0.1	0.1		
<b>Net income recorded directly in equity</b>	<b>1.8</b>	<b>-1.8</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.0</b>		
Net profit for the period						7.2	7.2		
<b>Total recognized income and expenses</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.2</b>	<b>7.2</b>		
Dividends paid						-3.1	-3.1		
Transfer from share premium reserve to share capital	1.8	-1.8					0.0		
Share issue and employee offering			116.6			0.4	117.0		
Share issue and employee offering deductions						-3.2	-3.2		
Purchase and cancellation of treasury shares			-29.3			8.6	-20.7		
<b>Equity on 31 Dec 2007</b>	<b>3.1</b>	<b>0.0</b>	<b>87.3</b>	<b>0.0</b>	<b>0.0</b>	<b>64.7</b>	<b>155.1</b>	<b>3.2</b>	<b>158.3</b>

## Statement of changes in Group equity 1 Jan - 30 Sep. 2006

IFRS EUR million	Equity attributable to the equity holders of the parent company							Minority interest	Total equity
	Share capital	Share premium reserve	Non- restricted equity reserve	Trans- lation differ- ences	Fair value reserve	Retai- ned earnings	Total		
<b>Equity 1 Jan 2006</b>	<b>1.3</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>42.5</b>	<b>45.9</b>	<b>3.9</b>	<b>49.8</b>
Translation differences				0.0			0.0		
Amount of available-for- sale financial assets removed from equity and recognised in the income statement					-0.4		-0.4		
Net gains on available- for-sale financial assets					0.1		0.1		
Other changes						0.0	0.0		
<b>Net income recorded directly in equity</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>	<b>-0.3</b>	<b>0.0</b>	<b>-0.2</b>		
Net profit for the financial period						14.5	14.5		
<b>Total recognized income and expenses</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>	<b>0.0</b>	<b>14.5</b>	<b>14.5</b>		
Dividends paid						-2.2	-2.2		
<b>Equity on 31 Dec 2006</b>	<b>1.3</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>54.7</b>	<b>57.9</b>	<b>4.2</b>	<b>62.2</b>

<b>Consolidated cash flow statement</b>	<b>IFRS</b>	<b>IFRS</b>
EUR million	<b>1-12/2007</b>	<b>1-12/2006</b>
<b>Cash flows from operating activities</b>		
<b>Net profit for the period</b>	<b>7.6</b>	<b>15.3</b>
Adjustments:		
Depreciation	1.9	2.0
Non-cash transactions	1.5	2.8
Financial income and expenses	3.5	4.0
Capital gains on sales of tangible and intangible assets	-0.1	-0.4
Income taxes	3.9	5.4
<b>Adjustments total</b>	<b>10.6</b>	<b>13.8</b>
Changes in working capital:		
Change in loan receivables	-2.7	31.5
Change in trade and other receivables	-23.0	18.4
Change in inventories	-62.8	-33.9
Change in trade and other liabilities	16.4	11.3
<b>Working capital total</b>	<b>-72.1</b>	<b>27.3</b>
Interest paid	-6.4	-8.2
Interest received	2.8	8.2
Dividends received	0.0	0.0
Income taxes paid	-6.3	-9.0
<b>Net cash flow from operating activities</b>	<b>-63.7</b>	<b>47.4</b>
<b>Cash flow from investing activities</b>		
Property, plant and equipment	-4.2	-1.6
Intangible assets	-0.1	-0.6
Other financial assets	-1.0	-1.0
Sale of property, plant and equipment and intangible assets	0.7	2.3
Sale of investments	0.3	0.0
<b>Net cash used in investing activities</b>	<b>-4.3</b>	<b>-0.9</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issue	113.4	0.0
Proceeds from long-term loans	19.1	24.0
Repayments of long-term loans	-13.5	-77.9
Change in loan receivables	0.2	1.5
Change in housing corporation loans	-21.8	-11.2
Change in short-term loanlimits	0.9	10.8
Purchase of treasury shares	-20.7	0.0
Dividends paid	-3.1	-2.2
<b>Net cash from financing activities</b>	<b>74.5</b>	<b>-55.1</b>
<b>Net change in cash and cash equivalents</b>	<b>6.5</b>	<b>-8.6</b>
Cash and cash equivalents at the beginning of period	14.9	23.5
<b>Cash and cash equivalents at the end of period</b>	<b>21.4</b>	<b>14.9</b>

<b>Inventories</b> EUR million	<b>IFRS</b> <b>12/2007</b>	IFRS 12/2006	change, %
Raw materials and consumables	<b>0.0</b>	0.3	
Work in progress	<b>86.7</b>	51.8	67.2
Land areas and plot-owning companies	<b>64.3</b>	46.8	37.5
Shares in completed housing corporations and real estate companies	<b>30.3</b>	14.8	105.0
Advance payments	<b>6.5</b>	13.5	-51.7
Other inventories	<b>8.7</b>	7.4	16.5
<b>Inventories, total</b>	<b>196.4</b>	134.5	46.0

<b>Commitments and Contingent Liabilities</b> EUR million	<b>IFRS</b> <b>12/2007</b>	IFRS 12/2006	change, %
<b>Collateral given for own liabilities</b>			
Real estate mortgages given	<b>69.9</b>	87.4	-20.1%
Pledges given	<b>5.2</b>	10.8	-52.4%
<b>Other commitments</b>			
Guarantees given on liabilities on uncompleted projects	<b>71.4</b>	48.0	
Investment commitments given	<b>4.7</b>	3.8	67.0%

<b>Fair and nominal value of derivative instruments</b> EUR million	<b>IFRS</b> <b>12/2007</b>		IFRS 12/2006	
	Fair Values		Fair Values	
	Positive	Negative	Positive	Negative
<b>Hedge accounting not applied</b>				
Foreign exchange forward contracts	0.0	0.0	0.0	0.0
	<b>IFRS</b> <b>12/2007</b>		IFRS 12/2006	
<b>Nominal values of derivative instruments</b>				
Foreign exchange forward contracts	8.5		7.6	

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

## 2. Segment information

<b>Revenue</b> EUR million	<b>IFRS</b> <b>1-12/2007</b>	IFRS 1-12/2006	change, MEUR	change, %	IFRS 10-12/2007	IFRS 10-12/2006
Business Premises	<b>345.4</b>	297.0	48.4	16.3	103.2	88.7
Housing	<b>163.1</b>	138.1	25.0	18.1	43.5	46.9
International Operations	<b>53.2</b>	44.6	8.6	19.4	18.8	15.9
Other Operations	<b>11.2</b>	6.0	5.2	86.0	2.7	0.4
Eliminations	<b>-11.4</b>	-6.2	-5.3		-2.7	5.2
Group total	<b>561.4</b>	479.5	81.9	17.1	165.5	157.2

<b>Operating profit</b> EUR million	<b>IFRS</b> 1-12/2007	IFRS 1-12/2006	change, MEUR	change, %	IFRS 10-12/2007	IFRS 10-12/2006
Business Premises	<b>18.0</b>	25.0	-6.9	-27.7	4.7	10.9
Housing	<b>10.7</b>	5.1	5.6	109.1	2.8	3.7
International Operations	<b>-10.2</b>	-3.6	-6.7		-9.4	-1.0
Other Operations	<b>-3.1</b>	-4.4	1.3		-1.1	-2.2
Eliminations	<b>-0.4</b>	2.5	-2.9	-114.2	0.0	0.3
Group total	<b>15.1</b>	24.6	-9.6	-38.8	-2.9	11.8

<b>Operating profit</b> (%)	<b>IFRS</b> 1-12/2007	IFRS 1-12/2006	IFRS 10-12/2007	IFRS 10-12/2006
EUR million	<b>5.2</b>	8.4	4.5	12.3
Business Premises	<b>6.5</b>	3.7	6.5	7.9
Housing	<b>-19.2</b>	-8.0	-49.9	-6.3
Group total	<b>2.7</b>	5.1	-1.8	7.5

<b>Assets</b> EUR million	<b>IFRS</b> 12/2007	IFRS 12/2006	change, MEUR	change, %
Business Premises	<b>117.2</b>	111.9	5.3	4.7%
Housing	<b>113.4</b>	74.2	39.2	52.9%
International Operations	<b>114.3</b>	65.6	48.7	74.2%
Other Operations	<b>162.0</b>	71.7	90.3	126.0%
Eliminations	<b>-175.4</b>	-92.0	-83.4	
Group total	<b>331.6</b>	231.4	100.1	43.3%

<b>Liabilities</b> EUR million	<b>IFRS</b> 12/2007	IFRS 12/2006	change, MEUR	change, %
Business Premises	<b>83.9</b>	72.2	11.7	16.3
Housing	<b>93.8</b>	61.0	32.8	53.8
International Operations	<b>104.9</b>	54.3	50.6	93.0
Other Operations	<b>31.5</b>	45.1	-13.6	-30.1
Eliminations	<b>-140.9</b>	-63.3	-77.6	
Group total	<b>173.2</b>	169.3	3.9	2.3

<b>Invested capital</b> EUR million	<b>IFRS</b> 12/2007	IFRS 12/2006	change, MEUR	change, %
Business Premises	<b>33.4</b>	37.9	-4.5	-11.9
Housing	<b>81.5</b>	35.6	45.9	128.9
International Operations	<b>101.3</b>	33.0	68.3	206.7
Other Operations and eliminations	<b>6.7</b>	35.1	-28.4	
Group total	<b>222.9</b>	141.7	81.3	57.4

<b>Return on investment</b> (%)	<b>IFRS</b> <b>2007</b>	IFRS 2006
Business Premises	<b>52.4</b>	60.3
Housing	<b>16.7</b>	16.5
International Operations	<b>-11.3</b>	-7.8
Group total	<b>9.7</b>	15.9

<b>Order backlog</b> EUR million	<b>IFRS</b> <b>12/2007</b>	IFRS 12/2006	change, MEUR	change, %
Business Premises	<b>302.8</b>	287.7	15.1	5.2
Housing	<b>174.6</b>	154.4	20.2	13.1
International Operations	<b>51.3</b>	11.6	39.7	341.3
Group total	<b>528.7</b>	453.7	75.0	16.5

<b>Business Premises</b> EUR million	<b>IFRS</b> <b>1-12/2007</b>	IFRS 1-12/2006	change, MEUR	change, %
<b>Revenue</b>	<b>345.4</b>	297.0	48.4	16.3
<b>Operating profit</b>	<b>18.0</b>	25.0	-6.9	-27.7
<b>Segment's assets 31.12.</b>				
Non-current assets	<b>1.0</b>	0.7	0.2	31.4
Current assets	<b>116.2</b>	111.2	5.0	4.5
<b>Total assets</b>	<b>117.2</b>	111.9	5.3	4.7
<b>Segment's liabilities 31.12.</b>				
Non-current liabilities	<b>1.2</b>	14.0	-12.8	-91.5
Current liabilities	<b>82.7</b>	58.1	24.6	42.3
<b>Total liabilities</b>	<b>83.9</b>	72.2	11.7	16.3
<b>Invested capital 31.12.</b>	<b>33.4</b>	37.9	-4.5	-11.9
Return on investment, %	<b>52.4</b>	60.3		
<b>Order backlog 31.12.</b>	<b>302.8</b>	287.7	15.1	5.2

<b>Housing</b> EUR million	<b>IFRS</b> <b>1-12/2007</b>	IFRS 1-12/2006	change, MEUR	change, %
<b>Revenue</b>	<b>163.1</b>	138.1	25.0	18.1
<b>Operating profit</b>	<b>10.7</b>	5.1	5.6	109.1
<b>Segment's assets 31.12.</b>				
Non-current assets	<b>2.6</b>	1.1	1.4	125.0
Current assets	<b>110.9</b>	73.1	37.8	51.7
<b>Total assets</b>	<b>113.4</b>	74.2	39.2	52.9
<b>Segment's liabilities 31.12.</b>				
Non-current liabilities	<b>28.1</b>	25.5	2.7	10.5
Current liabilities	<b>65.7</b>	35.5	30.2	85.0
<b>Total liabilities</b>	<b>93.8</b>	61.0	32.8	53.8
<b>Invested capital 31.12.</b>	<b>81.5</b>	35.6	45.9	128.9
Return on investment, %	<b>16.7</b>	16.5		
<b>Order backlog 31.12.</b>	<b>174.6</b>	154.4	20.2	13.1
<b>International Operations</b> EUR million	<b>IFRS</b> <b>1-12/2007</b>	IFRS 1-12/2006	change, MEUR	change, %
<b>Revenue</b>	<b>53.2</b>	44.6	8.6	19.4
<b>Operating profit</b>	<b>-10.2</b>	-3.6	-6.7	
<b>Segment's assets 31.12.</b>				
Non-current assets	<b>2.4</b>	0.4	2.0	473.9
Current assets	<b>111.8</b>	65.2	46.6	71.6
<b>Total assets</b>	<b>114.3</b>	65.6	48.7	74.2
<b>Segment's liabilities 31.12.</b>				
Non-current liabilities	<b>14.8</b>	17.5	-2.7	-15.2
Current liabilities	<b>90.1</b>	36.9	53.2	144.3
<b>Total liabilities</b>	<b>104.9</b>	54.3	50.6	93.0
<b>Invested capital 31.12.</b>	<b>101.3</b>	33.0	68.3	206.7
Return on investment, %	<b>-11.3</b>	-7.8		
<b>Order backlog 31.12.</b>	<b>51.3</b>	11.6	39.7	341.3