SRV GROUP PLC INTERIM REPORT 7 MAY 2013 at 8:30 AM

REVENUE AND ORDER BACKLOG AT A HEALTHY LEVEL – SRV'S INTERIM REPORT 1 JANUARY–31 MARCH 2013

Reporting period 1 January–31 March 2013 in brief:

- SRV's revenue was EUR 158.4 million (EUR 140.7 million in Q1/2012), change +12.6%
- Operating profit was EUR 1.2 million (EUR 1.8 million), change -31.5%
- Result before taxes was EUR 0.7 million (EUR 0.3 million)
- The order backlog at the close of the review period was EUR 726.7 million (EUR 760.7 million), change -4.5 %
- Equity ratio was 34.3 per cent (31.9%)
- Earnings per share were EUR -0.03 (EUR -0.01)

SRV's outlook for 2013 remains unchanged. The Group's full-year revenue is estimated to reach at least the same level as in the previous year (EUR 641.6 million) and the result before taxes is forecast to exceed that of the previous year (EUR 2.8 million), even if planned sales of office properties do not occur this year.

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

CEO Jukka Hienonen comments on SRV's result:

The construction market in Finland has followed a downward trend in the early part of the year. The outlook was unpromising at the turn of the year, and the spring has not brought any significant signs of improvement. The number of granted building permits suggests that construction volume this year will be around three per cent down on last year.

Our long-term effort to grow our business in Russia is beginning to bear fruit. We have increasingly focused our strategy on building and developing shopping centres, particularly in St. Petersburg and Moscow. Over 90 per cent of the premises in the Pearl Plaza shopping centre, which opens in St. Petersburg in August, have already been reserved and the centre's construction has proceeded according to plan. We are confident that we will be able to replicate the experience we have acquired also in the St. Petersburg Septem City project, which is next on the planning table. We aim to launch the construction of the first stage of the Okhta Mall shopping centre immediately after the opening of Pearl Plaza. Although the timing of the profitability of our international business is affected by the project development nature of the business and revenue is recognised according to the completion of projects, we believe that we will achieve a positive operating profit this year.

SRV's order backlog is strong. This will act as a buffer in the current uncertain economic situation. Progress with the construction of projects has resulted in a net reduction of around EUR 100 million in our order backlog from the record EUR 825 million level at the turn of the year, because intake of new orders has been typically weak in the first quarter of the year. There are signs however, orders will pick-up during May and June.

Activity in January–February was buoyed by a change in the capital transfer tax on home sales and business volume in the two months was at a record high. From the beginning of March, business as expected took a downturn, but the deteriorating economic climate and tax decisions that reduce buying power have also undermined consumers' enthusiasm to make purchases. It remains to be seen whether the situation will return to normal during the early summer.

Our stock of new completed housing units is smaller than usual. Our housing stock under construction has also been marked by excellent advance sales. Many funds specialising in housing investment have entered the market. SRV has made agreements with these funds for the sale of both whole housing corporations and separate housing units. Although on the housing front business has slowed, we do not consider that there is cause for concern with respect to the situation of our unsold housing stock.

The Finnish government has adopted a number of policies aimed at easing the shortage of rental housing and changing regulations in order to reduce the price of apartments, particularly in the Helsinki Metropolitan Area. Nevertheless, increasing the capital transfer tax and also extending it to housing corporation loans as well as raising value-added tax by one percentage point are having the effect of increasing house prices. We estimate that after these changes, the proportion of indirect and direct taxes in the price of a new home will rise this year to 45 per cent.

In construction, the first quarter is usually modest in terms of financial performance, as every effort is made to complete projects before the turn of the year. Our first quarter was weak in terms of profitability; despite revenue growth, our operating profit fell. Our domestic business was undermined by setbacks in a number of projects, and as a result our operating profit fell short of last year's level. To improve our profitability, we have consciously reduced the amount of competitive contracting. Losses in our international business have been continually falling for two years now. We expect that our revenue for the full year will be at least at the previous year's level and that our full-year result will exceed last year's figure.

Overall review

SRV's order backlog remained strong at EUR 726.7 million (EUR 760.7 million on 31 March 2012), and its margin improved.

Due to growth in revenue from both domestic and international operations, the Group's revenue grew by 12.6 per cent to EUR 158.4 million (EUR 140.7 million Q1/2012). The Group's operating profit was EUR 1.2 million (EUR 1.8 million). Profitability has been impacted by the project development nature of operations and the composition of the order backlog, which mainly contains low-margin contracting. The profitability of international operations improved, while the operating profit of domestic operations decreased. The Group's profit before taxes was EUR 0.7 million (EUR 0.3 million). The result for the period was favourably affected by a fall in financial expenses and an increase in financial income.

The Group's equity ratio was 34.3 per cent (31.9%). The EUR 45 million hybrid bond that SRV issued on 28 December 2012 contributed to this growth in the equity ratio.

Revenue from Domestic Operations was EUR 135.0 million (EUR 120.7 million Q1/2012) and the operating profit was EUR 3.4 million (EUR 5.4 million Q1/2012). Operating profit was impacted by EUR 3.4 million of profit margin decrease recognised for one ongoing and three completed projects. The domestic order backlog rose to EUR 686.9 million (EUR 658.3 million). In order to improve profitability, the company will now be focusing on increasing developer contracting and negotiated contracts. Fixed-price contracting now accounts for a smaller percentage of the order backlog, and the order backlog's mean margin has increased.

Favourable trends were seen in housing sales in Finland and SRV sold a total of 223 units (133 Q1/2012). SRV currently has 1,633 rental and owner-occupied units under construction (2,188 on 31 March 2012). The volume of competitive contracting has been decreased and over half of SRV's output was developer contracting or rental housing units that were sold to investors. 83 per cent of residential units under construction have been sold, and 68 per cent of production consists of rental and right-of-occupancy units. SRV has 517 developer-contracted residential units under construction. Based on advance marketing, the decision has been made to initiate the construction of 117 additional residential units.

Revenue from the International Operations segment rose to EUR 23.5 million (EUR 20.1 million). Construction of the Pearl Plaza shopping centre, 50%-owned by SRV, generated most of the revenue. Profitability noticeably improved, even though the result remained in the red due the project development nature of this business. Operating profit was EUR -0.8 million (EUR -2.6 million). In the future, SRV will be focusing on shopping centre development projects in St Petersburg and Moscow. To support financing for these projects, the company will be harnessing the investment potential of the investment firm Russia Invest and the investment fund VTBC Ashmore.

SRV's major international projects include the construction of the Pearl Plaza shopping centre in St Petersburg, which is already in full swing. The shopping centre is scheduled for completion in August 2013 and over 90 per cent of its premises have either been leased or a lease is in the final stages of negotiation. Projects in Finland include the construction of the Derby Business Park in the Perkkaa district of Espoo. The second phase of this project is scheduled for completion in August 2013 and 90 per cent of the premises have been leased.

SRV's own project development operations are paving the way for increased operating volumes in Finland. These projects require long-term development work and are being 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 residential project, the Kalasatama Centre in Helsinki, and a project to develop the area adjacent to the Niittykumpu metro station in Espoo.

Group key figures (EUR million)	**1-3/ 2013**	1-3/ 2012	change, MEUR	change, %	**1-12/ 2012**
Revenue	**158.4**	140.7	17.7	12.6	**641.6**
Operating profit	**1.2**	1.8	-0.6	-31.5	**6.9**
Financial income and expenses, total	**-0.5**	-1.5	1.0		**-4.1**
Profit before taxes	**0.7**	0.3	0.4	152.5	**2.8**
Order backlog	**726.7**	760.7	-34.0	-4.5	**827.8**
New agreements	**40.0**	65.5	-25.5	-38.9	**594.5**
Operating profit, %	**0.8**	1.2			**1.1**
Net profit, %	**0.1**	-0.3			**0.1**
Equity ratio, %	**34.3**	31.9			**34.7**
Net interest-bearing debt	**277.7**	259.5	18.21	7.0	**267.9**
Gearing, %	**135.6**	156.9			**126.2**
Return on investment, % 1)	**1.7**	2.1			**2.2**
Return on equity, % 1)	**0.3**	-1.0			**0.5**
Earnings per share, EUR	**-0.03**	-0.01	-0.02		**0.02**
Equity per share, EUR	**4.50**	4.56	-0.07	-1.5	**4.62**
Share price at end of period, EUR	**3.36**	4.23	-0.87	-20.6	3.26
Weighted average number of shares outstanding, millions	**35.5**	35.5		0.0	**35.5**

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

Key figures for the Segments

Revenue (EUR million)	**1-3/ 2013**	1-3/ 2012	change, MEUR	change, %	**1-12/ 2012**
Domestic Operations	**135.0**	120.7	14.4	11.9	**568.3**
International Operations	**23.5**	20.1	3.4	16.8	**73.1**
Other Operations	**3.3**	3.7	-0.3	-9.5	**14.4**
Eliminations	**-3.4**	-3.7	0.3		**-14.3**
Group, total	**158.4**	140.7	17.7	12.6	**641.6**

Operating profit (EUR million)	**1-3/ 2013**	1-3/ 2012	change, MEUR	change, %	**1-12/ 2012**
Domestic Operations	**3.4**	5.4	-2.0	-36.6	**14.8**
International Operations	**-0.8**	-2.6	1.8		**-3.2**
Other Operations	**-1.4**	-1.1	-0.3		**-4.7**
Eliminations	**0.0**	0.0	0.0		**0.0**
Group, total	**1.2**	1.8	-0.6	-31.5	**6.9**

Operating profit (%)	**1-3/2013**	1-3/2012	**1-12/2012**
Domestic Operations	**2.5**	4.5	**2.6**
International Operations	**-3.6**	-13.0	**-4.4**
Group, total	**0.8**	1.2	**1.1**

Order backlog (EUR million)	**3/2013**	3/2012	change, MEUR	change, %	**12/2012**
Domestic Operations	**686.9**	658.3	28.6	4.3	**774.4**
International Operations	**39.8**	102.4	-62.6	-61.1	**53.4**
Group, total	**726.7**	760.7	-34.0	-4.5	**827.8**
- sold order backlog	532	570	-37	-6.6	610
- unsold order backlog	194	191	3	1.8	218

Earnings trends of the Segments

Domestic Operations (EUR million)	**1-3/ 2013**	1-3/ 2012	change, MEUR	change, %	**1-12/ 2012**
Revenue	**135.0**	120.7	14.4	11.9	**568.3**
- business construction	**67.5**	61.9	5.6	9.0	**305.3**
- housing construction	**67.5**	58.7	8.8	15.0	**263.0**
Operating profit	**3.4**	5.4	-2.0	-36.6	**14.8**
Operating profit, %	**2.5**	4.5			**2.6**
Order backlog	**686.9**	658.3	28.6	4.3	**774.4**
- business construction	**389.9**	329.4	60.5	18.4	**438.7**
- housing construction	**296.9**	328.8	-31.9	-9.7	**335.7**

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

Revenue for Domestic Operations totalled EUR 135.0 million (EUR 120.7 million Q1/2012), and accounted for 85 per cent of the Group's revenue (86%). Operating profit totalled EUR 3.4 million (EUR 5.4 million), generating an operating margin of 2.5 per cent (4.5%). Revenue for the period was affected by the order backlog at the end of 2012, which stood at a higher level than in the previous year. Several factors contributed to the fall in operating profit. Firstly, the estimated final result for one ongoing project now has a lower margin than was originally forecast. Secondly, the financial result for three completed projects has now been confirmed and at the end of 2012 SRV had EUR 24.7 million in trade receivables due, primarily from additional work and alterations. The total effect of the profit margin decreases recognised for these four projects on the operating profit for the period was EUR 3.4 million. The order backlog rose to EUR 686.9 million (EUR 658.3 million on 31 March 2012).

Commercial construction

Revenue from commercial construction totalled EUR 67.5 million (EUR 61.9 million). The order backlog was EUR 389.9 million (EUR 329.4 million). Competition for new contracts has remained fierce.

Projects completed during the review period include the basic renovation of Building F of the Viikki laboratory for the University of Helsinki and the construction of the main building of the Mankola School in Jyväskylä. During the review period, new contracts worth EUR 1.3 million were signed with external clients.

The Administrative Court of Helsinki dismissed a complaint made about the city plan for Kalasatama in the Sörnäinen district of Helsinki. However, permission to appeal against the decision has been sought from the Supreme Administrative Court. Due to the appeal process, SRV already decided to adjust the timetable for construction work on the site in 2012, in order to reduce the amount of capital tied up in the project. Project planning and commercialisation work will continue as scheduled.

In Perkkaa, Espoo, SRV is implementing a developer-contracted project for three office buildings with a total floor area of 20,000 square metres. The premises are scheduled for completion in 2012–2013. The first phase of the project was completed in August 2012, and the next two stages are scheduled for completion in summer 2013. The head offices of Siemens Osakeyhtiö and SRV will be constructed at this site. Over 90 per cent of the premises have already been leased. SRV estimates that, if fully leased, the premises will generate about EUR 4.2 million in annual rental income. Sales efforts are underway with the aim of selling the project to investors during 2013.

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

Housing construction

Revenue from housing construction totalled EUR 67.5 million (EUR 58.7 million). The order backlog was EUR 296.9 million (EUR 328.8 million). At the end of the review period, SRV had a total of 1,633 units (2,188) under construction. Of the residential units under construction, 83 per cent were contracted residential units or sold developer-contractor units.

Projects for external clients that were completed during the review period include a 52-unit housing project for VVO in Hyvinkää and, all for TA, the Keskipellonkatu 45 units residences in Kerava, 33 residential units in the Seppälä district of Jyväskylä, and 35 units in the Toppila district of Oulu. Three buildings from the Abraham Wetterintie project, containing a total of 184 residences, were turned over to the client, Kuntien Eläkevaakuutus. The project's remaining buildings are scheduled for completion in spring 2013.

During the review period, contracts were signed with external clients for the construction of 92 residential units. Of these, 88 units are scheduled for completion in 2014 as part of VVO's Nihtitorpankuja 3 project. This project is being built on a plot formerly owned by SRV.

During the review period, SRV started the construction of 35 developer-contracted apartments in Kotisatama in the Penttilänranta district of Joensuu. In addition to the projects launched during the review period, SRV has decided to initiate developer-contracted projects for a total of 117 residential units. Of these, 82 will be built in the Helsinki Metropolitan Area and 35 in Tampere.

In total, 135 (98) of the developer-contracted housing units that fell within the scope of the RS system were sold during the review period. An additional 88 (35) units were sold to investors under negotiation contracts. At the end of the period, 517 (547) residential units for the consumer market were under construction, of which 280 (341) had not yet been sold. The number of completed yet unsold residential units was 75 (102). A total of 104 (99) developer-contracted residential units were completed during the review period. Taidemaalari, a building containing 75 residential units, was completed in the Matinkylä district of Espoo, and Tyyni, containing 29 units, was completed in Lahti.

Based on the current schedules, SRV estimates that a total of 504 developer-contracted residential units will be completed in 2013, and 109 in the second quarter.

Housing production in Finland	**1-3/ 2013**	1-3/ 2012	change, units	**1-12/ 2012**
Developer contracting				
Start-ups	**35**	24	11	**415**
Sold	**135**	98	37	**477**
Completed	**104**	99	5	**451**
Completed and unsold 1)	**75**	102	-27	**99**
Under construction, total 1)	**1 633**	2 188	-555	**1 849**
- negotiation and construction contracts 1)	**1 116**	1 641	-525	**1 263**
- developer contracting 1)	**517**	547	-30	**586**
-of which sold 1)	**237**	206	31	**230**
- of which unsold 1)	**280**	341	-61	**356**

1) at the end of the period

The order backlog for housing construction was EUR 297 million (EUR 329 million on 31 March 2012). The order backlog for contracts and negotiated contracts was EUR 120 million (EUR 153 million), and accounted for 40 per cent (47%) of the total order backlog. Of the housing production order backlog, EUR 176 million (EUR 210 million) was sold. The completed yet unsold order backlog fell to EUR 21 million (EUR 27 million). The developer-contracted unsold order backlog under construction totalled EUR 99 million (EUR 92 million).

Order backlog, housing construction in Finland (EUR million)	**31 March 2013**	31 March 2012	change, MEUR	**31 December 2012**
Negotiation and construction contracts	**120**	153	-33	**129**
Under construction, sold developer contracting	**56**	57	0	**59**
Under construction, unsold developer contracting	**99**	92	7	**119**
Completed and unsold developer contracting	**21**	27	-6	**28**
Total	**297**	**329**	**-32**	**336**

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

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

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

International operations (EUR million)	**1-3/ 2013**	1-3/ 2012	change, MEUR	change, %	**1-12/ 2012**
Revenue	**23.5**	20.1	3.4	16.8	**73.1**
Operating profit	**-0.8**	-2.6	1.8		**-3.2**
Operating profit, %	**-3.6**	-13.0			**-4.4**
Order backlog	**39.8**	102.4	-62.6	-61.1	**53.4**

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

Revenue from International Operations totalled EUR 23.5 million (EUR 20.1 million), and accounted for 15 per cent of the Group's revenue (14%). Operating profit was EUR -0.8 million (EUR -2.6 million). Revenue grew thanks to a higher level of activity. Cost savings measures also contributed to the improvement in operating profit. The operating profit for the comparison period was also reduced by EUR 1.1 million in non-recurrent depreciation booked for a warehouse that was destroyed in SRV's Septem City block in St Petersburg on January 2012. The order backlog was EUR 39.8 million (EUR 102.4 million).

Russia

During the review period, the investment company Russia Invest, established in September 2011 by SRV, Ilmarinen, Sponda, Etera and Onvest, actively continued its analysis of potential investments in Moscow and St Petersburg. SRV is responsible for Russia Invest's project development 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 the total investment might reach approximately EUR 300 million. Stakeholders are aiming 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. 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 120 million. The shopping centre will be opened to the public in full in August 2013. The centre's anchor tenants are Prisma, Sportmaster, M.Video, Detsky Mir, Kinomir-21 and Sculptors. The centre also has many international brands in addition to the anchor tenants. Demand for leases has been good, underlining both the draw of the Pearl Plaza shopping centre and the strength of the St Petersburg shopping centre market. Over 82 per cent of the premises have already been leased and once the current final-stage negotiations are completed, over 90 per cent of premises will be leased. SRV estimates that, if fully leased, rental income from the shopping centre will reach an annual total of about EUR 18.4 million.

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

In St Petersburg, SRV continued to develop the Septem City project, which comprises 8.5 hectares of land in the Ohta region. A 400,000 m2 package is planned for the area, including a shopping centre, office and business premises, and hotel, restaurant and entertainment services. The project will be implemented in several phases. In a transaction made in February, SRV acquired a 12.5 per cent holding in the Septem City project from its Russian partner. As a result of the transaction, SRV now owns 100 per cent of the project. The capital invested in the land and site development totals EUR 72 million. Further investment in land acquisition is estimated at about EUR 2.4 million. The project will begin with the construction of the Okhta Mall, a 140,000 m2 shopping centre, which will have a two-storey underground car park and about 75,000 m2 of leasable commercial premises. SRV is currently finalising the concept design and negotiating with financiers and investors to ensure funding for the project. The investment budget for the project is estimated at EUR 250 million, and construction is scheduled to begin during 2013. There has been a good level of interest among lessees, and preliminary leases have been signed for over 25 per cent of the Okhta Mall's leasable floor area.

During the review period, SRV continued to analyse potential investments in Moscow for VTBC-Ashmore Real Estate Partners I. 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 both as 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 existing office premises in the Etmia II office and parking garage project in downtown Moscow have been leased out in their entirety. Rental income for 2013 is estimated at about EUR 4.2 million. SRV is a co-owner in the project with a 50 per cent stake, and also acted as the project management contractor. Sales efforts are underway with the aim of selling the project to investors during 2013.

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

A new concept design for the Mitishi shopping centre project in the Moscow region has been completed and rental agreements have been signed for about 50 per cent of the premises. This is also expected to accelerate progress in financing negotiations. The majority owner of the project is the Finnish real-estate investment company Vicus, which holds a 75 per cent stake. SRV owns 25 per cent of the shopping centre project and its total investments amount to EUR 7.5 million.

The second apartment building in SRV's Papula residential area project in Vyborg was completed during the period. Five residences were sold during the period (6 in Q1/2012). At the end of the period, there were 18 completed yet unsold units (9). Launching construction of the next buildings is currently being planned.

Estonia

In April 2013, SRV completed a new bakery building for an Estonian subsidiary of the VAASAN Group. The number of unsold residential units in Estonia was 5 (12).

Other Operations (MEUR)	**1-3/ 2013**	1-3/ 2012	change, MEUR	change, %	**1-12/ 2012**
Revenue	**3.3**	3.7	-0.3	-9.5	**14.4**
Operating profit	**-1.4**	-1.1	-0.3		**-4.7**

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

The revenue from Other Operations during the review period was EUR 3.3 million (EUR 3.7 million) and operating profit EUR -1.4 million (EUR -1.1 million). A fall in operating volumes impacted trends in both revenue and operating profit. During the period, development costs expensed for SRV's projects totalled EUR 0.5 million (EUR 0.4 million).

Group project development

The Helsinki City Council approved the city plan for the Kalasatama Centre on 6 June 2012. On 18 February 2013, the Administrative Court dismissed a complaint against the city plan. The complainant is seeking permission to appeal from the Supreme Administrative Court. The Supreme Administrative Court has announced that it will make its decision in June 2013. Project development has continued, focusing primarily on the shopping centre concept and the residential and parking solutions. Construction work on the public-sector contract has also continued, but work on the private contracts cannot progress until the city plan has been approved.

SRV, Mutual Pension Insurance Company Varma and Sato Corporation are progressing with their project to develop the area adjacent to the Niittykumpu metro station. The Espoo City Planning Committee will discuss approval of the proposed city plan for the metro station area in April. SRV aims to be ready to launch construction during 2014.

SRV and Orion are developing a residential area on a property owned by Orion in the Ylä-Mankkaa district in Espoo. The City Planning Committee approved the project's proposed city plan on 27 March 2013. The project's total scope is approximately 48,000 square metres of floor area. SRV aims to be ready to launch residential construction in 2014.

Financing and financial position

Net operational cash flow was EUR -9.9 million (EUR 17.1 million Q1/2012). An increase in working capital weakened cash flow. The Group’s inventories stood at EUR 433.4 million (EUR 373.5 million), of which land areas and plot-owning companies accounted for EUR 188.0 million (EUR 184.2 million). The Group’s invested capital totalled EUR 498.6 million (EUR 435.1 million).

At the end of the review period, the Group’s financing reserves totalled EUR 162.6 million with the Group’s cash assets amounting to EUR 16.1 million, and open-ended account limits and committed undrawn financing reserves to EUR 147 million. The financial covenant for SRV's loans is its equity ratio, which is also reported to banks for developer contracting projects as a ratio based on percentage of completion. SRV’s equity ratio based on percentage of completion was 36.3 per cent (on 31 March 2013).

During the review period, SRV received the final financial results of three previously completed projects. At the end of 2012, the company had EUR 24.7 million in trade receivables due from these projects, mainly from additional work and alterations. Reaching an agreement on a dispute over these items has improved the Group's liquidity and, taking the impact of the agreement into account, the value of the Group's receivables outstanding for over 360 days fell to EUR 2.8 million (EUR 24.3 million on 31 December 2012).

Investments in SRV’s developer-contracted housing and commercial construction projects in Finland, both under construction and completed, total EUR 198.5 million. SRV estimates that the completion of these projects requires another EUR 52 million. Undrawn housing corporation loans and receivables for housing construction projects and undrawn commercial construction financing amounted to EUR 66 million. In addition, approximately EUR 34 million is tied up in the construction of infrastructure in the Kalasatama centre. Investments in completed international developer-contracted projects amount to EUR 37.8 million, of which EUR 0.5 million relates to unsold residential projects in Estonia, EUR 1.4 million to unsold housing projects in Vyborg, and EUR 35.9 million to the Etmia office project.

The equity ratio stood at 34.3 per cent (31.9% on 31 March 2012). The issue of a hybrid bond contributed to the change in the equity ratio. The Group's shareholders' equity totalled EUR 204.8 million (EUR 165.4 million). The Group's net interest-bearing liabilities totalled EUR 277.7 million (EUR 259.5 million). Net financing expenses were EUR -0.5 million (EUR -1.5 million). The return on investment was 1.7 per cent (2.1%), and the return on equity 0.3 per cent (-1.0%).

Investments

The Group's investments totalled EUR 0.6 million (EUR 0.6 million), and mostly consisted of investments in funds and the acquisition of machinery and equipment.

Unbuilt land areas, land acquisition commitments and land development agreements

Land reserve 31 March 2013	Business construction	Housing construction	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights*, m^2	**265 000**	**338 000**	**961 000**	**1 564 000**
Land development agreements				
Building rights*, m^2	**365 000**	**274 000**	**52 000**	**691 000**

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

Group structure

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

Personnel

SRV had an average payroll of 935 (945) employees, of whom 708 (686) were salaried employees. The parent company had an average staff of 53 (52) salaried employees. At the close of the review period, the Group had 924 (953) employees, of whom 53 (51) were employed by the parent company. 161 (179) employees were employed by international subsidiaries. SRV's Domestic

Operations employed a total of 38 (42) trainees (students on work placements and students 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. In early 2013, the most significant investments in competence development have been allocated to contract law and the management of additional work and alterations. Customised internal training programmes have been designed for construction site personnel and those in charge of projects. The content of SRV's occupational safety training has been updated to better serve the Group's supervisors and salaried employees.

Personnel by business area	**31 March 2013**	31 March 2012	Percentage of Group personnel, 31 March 2013
Domestic Operations	**669**	668	72.4
International Operations	**169**	190	18.3
Other operations	**86**	95	9.3
Group, total	**924**	**953**	100.0

Outlook for construction

The prolonged crisis in Europe and the sluggishness of the world economy also have an unfavourable impact on the outlook for the Finnish economy. Although economic growth estimates for Finland in 2013 are currently hovering at around zero, a slow increase is forecast. The number of construction start-ups is expected to fall slightly in 2013. The rise in building costs has levelled out.

General uncertainty coupled with high housing price levels has caused a slight fall in demand for housing. The construction of about 28,800 residential units was begun in Finland in 2012, and the forecast for 2013 is about 26,500. There are significant uncertainty factors to be considered when forecasting housing demand at the moment. 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 remained muted. Both reduced demand and increased supply are burdening the usage rate of office premises in the Helsinki Metropolitan Area. However, there is a need for modern premises with good transport connections. The number of commercial and office construction start-ups is expected to decrease in 2013.

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

In Russia, both economic growth and growth in private consumption slowed in late 2012. GNP growth is forecast to continue in 2013–2014 at an annual rate of approximately 3.5 per cent. This rests on the assumption that the price of oil will fall.

Risks, risk management and corporate governance

General economic trends and changes in customers' operating environments have an immediate effect on the construction and property markets, and this may, for example, alter the volume of

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

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

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

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

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

SRV's revenue is generated by construction projects, and the company's result depends on the profitability of individual projects and their progress. Fierce competition for new orders in the construction sector may affect the volume and profitability of SRV's new order backlog. Contract agreements for construction are extremely valuable. Their terms and conditions require all parties to achieve the agreed targets within a set timetable, and to adhere to agreed working methods. In particular, agreeing on additional works and alterations may involve financial risks that increase in a poor economic climate. Project receivables can include additional work and alterations, and these may involve complaints or be the subject of disputes over payment liability. According to segment managements' estimates, SRV has made sufficient provisions and there is no need to recognise impairment on receivables. If no mutual agreement on payment liability is reached during the final financial analysis of a project, the company may have to instigate legal proceedings against the client. The outcomes of legal proceedings involve uncertainties. On 31 March 2013, SRV had EUR 8.5 million (VAT 0%) in receivables from four completed projects (EUR 19.1 million from seven projects on 31 December 2012). These were related to client complaints or disputes over payment liability for additional work and alterations. SRV has started legal proceedings against some of these parties, as the issues could not be resolved through negotiation. SRV’s management believes that these cases and their outcomes will not have a significant impact on SRV’s financial standing.

In addition to land acquisition risks, property projects face other challenges, such as those related to the outcome of zoning, soil conditions, financing, the liquidity of funding based on financing commitments, the commercialisation of the project, implementation schedules and agreements, partners, the geographical location, and the type of project. In line with IFRS requirements, SRV measures its land reserves at acquisition cost. If the acquisition cost plus construction costs is lower than the fair value of the planned project, the value of the 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 start-up decisions and the progress of development projects. SRV’s goal is to carry out major development projects in cooperation with real estate investors using project funding. A decline in the availability of investor and project funding may increase SRV’s own share of project funding, and this would lower the Group’s equity ratio, reduce Group liquidity, and hinder the availability of other funding.

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

Liquidity risks may have an effect on the Group’s earnings and cash flow if the Group is unable to ensure sufficient financing for its operations. SRV maintains adequate liquidity through the efficient management of cash flows and related solutions, 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 is the company's equity ratio, which is also reported to banks for developer contracting projects as a ratio based on percentage of completion.

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

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

A more detailed account of SRV’s risks, risk management and corporate governance policies has been published in the 2012 Annual Report and Notes to the Financial Statements.

Corporate governance and resolutions of general meetings

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

The AGM authorised the Board of Directors to decide on the acquisition of the company’s own shares, using the company’s unrestricted equity. The Board was authorised to acquire a maximum of 3,676,846 the company's 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 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 in public trading arranged by Nasdaq OMX Helsinki Oy, or otherwise for a maximum price of EUR 4.45 per share, the maximum total being, however, 3,676,846 shares. The aforementioned authorisations include the right to acquire shares other than in proportion to the holdings of shareholders. Shares acquired on the basis of this authorisation may be acquired in one or several instalments. The authorisations as described above shall be in force for 18 months from the decision of the general meeting and cancel the authorisation granted by the Annual General Meeting to the Board of Directors on 14 March 2012.

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

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

Shares and shareholders

SRV Group Plc's share capital is EUR 3,062,520. The share has no nominal value and the number of shares outstanding is 36,768,468. The company has one class of shares. SRV had a total of 5,825 shareholders on 31 March 2013.

The closing price at OMX Helsinki at the end of the review period was EUR 3.36 (EUR 3.26 on 31 December 2012, change 3.1%). The highest share price in the review period was EUR 3.55 and the lowest EUR 3.29. During this period, the all-share index of the Helsinki Stock Exchange (OMX Helsinki) was up 5.8 per cent, and the OMX Construction and Materials index 10.4 per cent.

At the end of the review period, the company had a market capitalisation of EUR 119.3 million, excluding the Group's treasury shares. 0.4 million shares were traded during the period with a trade volume of EUR 1.5 million.

At the end of the review period, 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 1.9 million.

At the end of the review period, SRV Group Plc held 1,273,539 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 6 May 2013, taking the derivative contract into consideration, the Group held 1,273,539 shares (3.5 per cent of the total number of the company's shares and votes).

Financial targets

On 12 February 2013, SRV's Board of Directors confirmed the Group's strategy for 2013–2017. The Group's strategic targets are defined as follows:
- During the strategic period, SRV will focus on improving profitability rather than on growth.
- International Operations will account for more than 20 per cent of Group revenue.
- The operating profit margin will reach 6 per cent.
- The return on equity will be at least 15 per cent.
- The equity ratio will remain above 30 per cent.
- A dividend payment equalling 30 per cent of the annual result, taking into account the capital needs of business operations.

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

Outlook for 2013

SRV reiterates its outlook for 2013.

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

The Group's full-year revenue is estimated to reach at least the same level as in the previous year (EUR 641.6 million). Even if planned sales of office premises do not occur in 2013, the Group's pre-tax profit is expected to exceed the previous year's level (EUR 2.8 million).

Espoo, 6 May 2013

BOARD OF DIRECTORS

All forward-looking statements in this review are based on 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:

		1-3/ 2013	1-3/ 2012	1-12/ 2012
Revenue	EUR million	158.4	140.7	641.6
Operating profit	EUR million	1.2	1.8	6.9
Operating profit, % of revenue	%	0.8	1.2	1.1
Profit before taxes	EUR million	0.7	0.3	2.8
Profit before taxes, % of revenue	%	0.4	0.2	0.4
Net profit attributable to equity holders of the parent company	EUR million	0.2	-0.4	0.8
Return on equity, % [1)]	%	0.3	-1.0	0.5
Return on investment, % [1)]	%	1.7	2.1	2.2
Invested capital	EUR million	498.6	435.1	513.3
Equity ratio	%	34.3	31.9	34.7
Net interest-bearing debt	EUR million	277.7	259.5	267.9
Gearing ratio	%	135.6	156.9	126.2
Order backlog	EUR million	726.7	760.7	827.8
New agreements	EUR million	40.0	65.5	594.5
Personnel on average		935	945	989
Property, plant and equipment investments	EUR million	0.6	0.6	3.7
Property, plant and equipment investments, % of revenue	%	0.4	0.4	0.6
Earnings per share	EUR	-0.03	-0.01	0.02
Earnings per share (diluted)	EUR	-0.03	-0.01	0.02
Equity per share	EUR	4.50	4.56	4.62
Dividend per share	EUR	0.06	0.12	0.06
Dividend payout ratio	%	-200.0	-1 200.0	300.0
Dividend yield	%	1.8	2.8	1.8
Price per earnings ratio		-112.0	-423.0	163.0
Share price development				
Share price at the end of the period	EUR	3.36	4.23	3.26
Average share price	EUR	3.42	4.49	3.76
Lowest share price	EUR	3.29	3.99	3.00
Highest share price	EUR	3.55	4.89	4.89
Market capitalisation at the end of the period	EUR million	119.3	150.2	115.7
Trading volume	1 000	441	946	2 937
Trading volume	%	1.2	2.7	8.3
Weighted average number of shares outstanding	1 000	35 497	35 502	35 499
Weighted average number of shares outstanding during the period (diluted)	1 000	35 530	35 502	35 532
Number of shares outstanding at the end of the period	1 000	35 495	35 501	35 498

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

Calculation of key figures:

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

SRV Group Plc Interim Report, 1 January –31 March 2013: tabulated section

APPENDICES
1) Consolidated Interim Report information: income statement, balance sheet, cash flow statement, statement of changes in equity, inventories, commitments and contingent liabilities, derivative contracts liabilities
2) Quarterly development
3) Segment information
4) Events after the reporting period

1. Interim Report 1 January –31 March 2013

This interim report has been prepared in accordance with the accounting policies set out in the IAS 34 standard and the information disclosed is unaudited. In preparing interim condensed consolidated financial statement information, SRV has applied the same accounting principles as in its year-end financial statements for 2012. The figures in the tables have been rounded which should be noted when counting the total sums.

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

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

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

Consolidated income statement (EUR million)	1-3/ 2013	1-3/ 2012	change, MEUR	change, %	1-12/ 2012
Revenue	**158.4**	**140.7**	**17.7**	12.6	**641.6**
Other operating income	1.0	0.9	0.1	5.4	4.6
Change in inventories of finished goods and work in progress	8.4	11.0	-2.6	-23.9	61.6
Use of materials and services	-146.6	-130.2	-16.4	12.6	-617.7
Employee benefit expenses	-15.8	-15.8	0.0	0.3	-63.2
Share of profits of associated and joint venture companies	-0.1	0.1	-0.2	-209.5	-0.7
Depreciation and impairments	-0.7	-1.8	1.1	-61.3	-4.5
Other operating expenses	-3.4	-3.3	-0.1	2.4	-14.8
Operating profit	**1.2**	**1.8**	**-0.6**	-31.5	**6.9**
Financial income	1.0	0.8	0.2	28.2	4.0
Financial expenses	-1.5	-2.2	0.8	-34.5	-8.1
Financial income and expenses, total	-0.5	-1.5	1.0	-66.4	-4.1
Profit before taxes	**0.7**	**0.3**	**0.4**	152.5	**2.8**
Income taxes	-0.6	-0.7	0.1	-20.7	-1.9
Net profit for the period	**0.1**	**-0.4**	**0.6**	-133.3	**0.9**
Attributable to					
Equity holders of the parent company	0.2	-0.4	0.6		0.8
of which to hybrid bond investors	1.1	0.0	1.1		0.0
of which to equity holders	-0.9	-0.4	-0.5		0.8
Non-Controlling interests	0.0	0.0	0.0		0.1
Earnings per share attributable to equity holders of the parent company	-0.03	-0.01			0.02
Earnings per share attributable to equity holders of the parent company (diluted)	-0.03	-0.01			0.02

Statement of comprehensive income (EUR million)	1-3/ 2013	1-3/ 2012	1-12/ 2012
Net profit for the period	**0.1**	**-0.4**	**0.9**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Gains and losses arising from translating the financial statements of a foreign operation	0.0	0.0	0.0
Other comprehensive income for the period, net of tax	**0.0**	**0.0**	**0.0**
Total comprehensive income for the period	**0.1**	**-0.4**	**1.0**
Attributable to			
Equity holders of the parent company	0.2	-0.4	0.9
Non-Controlling interests	0.0	0.0	0.1

Consolidated balance sheet (EUR million)	**31.3.13**	31.3.12	change, %	**31.12.12**
ASSETS				
Non-current assets				
Property, plant and equipment	13.6	14.0	-3.0	13.7
Goodwill	1.7	1.7	0.0	1.7
Other intangible assets	0.6	0.5	28.4	0.6
Other financial assets	10.9	10.8	0.9	10.9
Receivables	0.6	2.2	-74.0	1.4
Loan receivables from associated companies and joint ventures	11.9	13.2	-9.6	11.9
Deferred tax assets	5.7	5.0	14.5	8.1
Non-current assets, total	**45.0**	**47.4**	-5.0	**48.4**
Current assets				
Inventories	433.4	373.5	16.1	431.2
Trade and other receivables	122.7	92.1	33.2	127.1
Loan receivables from associated companies and joint ventures	33.8	32.0	5.8	31.6
Current tax receivables	2.4	2.6	-7.3	4.0
Cash and cash equivalents	16.1	10.2	57.2	33.1
Current assets, total	**608.4**	**510.4**	19.2	**626.9**
ASSETS, TOTAL	**653.4**	**557.7**	17.2	**675.4**

Consolidated balance sheet (EUR million)	**31.3.13**	31.3.12	change, %	**31.12.12**
EQUITY AND LIABILITIES				
Equity attributable to the equity holders of the parent company				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	92.2	92.2	0.0	92.2
Translation differences	0.0	-0.1	-71.7	0.0
Fair value reserve	0.0	0.0		0.0
Retained earnings	64.3	66.8	-3.6	68.9
Equity attributable to equity holders of the parent company, total	**159.6**	**162.0**	-1.5	**164.2**
Non-controlling interests	**0.6**	**3.4**	-83.1	**3.5**
Hybrid bond	**44.6**	**0.0**		**44.6**
Equity, total	**204.8**	**165.4**	23.8	**212.3**
Non-current liabilities				
Deferred tax liabilities	1.4	1.0	39.6	4.1
Provisions	4.7	5.0	-5.1	6.3
Interest-bearing liabilities	118.9	108.1	10.0	118.5
Other liabilities	0.9	7.1	-87.5	0.0
Non-current liabilities, total	**126.0**	**121.2**	4.0	**129.0**
Current liabilities				
Trade and other payables	143.8	102.9	39.8	147.6
Current tax payables	0.9	3.2	-73.0	0.3
Provisions	3.2	3.4	-5.5	3.7
Interest-bearing liabilities	174.9	161.6	8.2	182.5
Current liabilities, total	**322.7**	**271.2**	19.0	**334.1**
Liabilities, total	**448.7**	**392.3**	14.4	**463.1**
EQUITY AND LIABILITIES	**653.4**	**557.7**	17.2	**675.4**

Consolidated cash flow statement (EUR million)	1-3/2013	1-3/2012	1-12/2012
Cash flows from operating activities			
Net profit for the period	**0.2**	**-0.4**	**0.8**
Adjustments:			
Depreciation and impairments	0.7	1.8	4.4
Non-cash transactions	-4.1	0.2	0.4
Financial income and expenses	0.5	1.5	4.1
Capital gains on sales of tangible and intangible assets	0.0	0.0	0.1
Income taxes	0.6	0.7	1.9
Adjustments, total	**-2.4**	**4.2**	**10.9**
Changes in working capital:			
Change in loan receivables	0.8	20.3	22.7
Change in trade and other receivables	4.8	20.9	-14.2
Change in inventories	-4.7	-12.8	-68.8
Change in trade and other payables	-8.2	-11.8	26.3
Changes in working capital, total	**-7.3**	**16.6**	**-34.0**
Interest paid	-2.0	-2.4	-8.0
Interest received	0.7	0.3	3.8
Dividends received	0.0	0.0	0.0
Income taxes paid	1.5	-1.2	-6.7
Net cash flow from operating activities	**-9.2**	**17.1**	**-33.2**
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	0.0	0.0	0.0
Purchase of property, plant and equipment	-0.6	-0.6	-3.2
Purchase of intangible assets	0.0	0.0	-0.3
Purchase of other financial assets	0.0	0.0	-0.2
Sale of property, plant and equipment and intangible assets	0.0	0.0	0.4
Sale of financial assets	0.0	0.0	0.1
Net cash used in investing activities	**-0.5**	**-0.5**	**-3.2**
Cash flows from financing activities			
Proceeds from loans	0.0	23.0	48.3
Repayments of loans	-13.9	-7.9	-23.1
Hybrid bond	0.0	0.0	44.6
Change in loan receivables	0.0	0.0	0.0
Change in housing corporation loans	-9.1	15.8	32.9
Change in credit limits	15.7	-45.6	-41.5
Purchase and sale of treasury shares	0.0	0.0	0.0
Dividends paid	**0.0**	**-4.3**	**-4.3**
Net cash from financing activities	**-7.2**	**-18.9**	**57.0**
Net change in cash and cash equivalents	-17.7	-2.3	20.6
Cash and cash equivalents at the beginning of period	33.1	12.5	12.5
Cash and cash equivalents at the end of period	**16.1**	**10.2**	**33.1**

Statement of changes in Group equity 1 January –31 March 2013

(EUR million)	Equity attributable to the equity holders of the parent company								
	Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Hybrid bond	Total equity
Equity on 1 January 2013	**3.1**	**92.2**	**0.0**	**0.0**	**68.9**	**164.2**	**3.5**	**44.6**	**212.3**
Total income and expenses for the period	**0.0**	**0.0**	**0.0**	**0.0**	**0.2**	**0.2**	**0.0**	**0.0**	**0.1**
Dividends paid	0.0	0.0	0.0	0.0	-2.1	**-2.1**	0.0	0.0	**-2.1**
Share-based incentive plan	0.0		0.0	0.0	0.6	**0.6**	0.0	0.0	**0.6**
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	-0.8	**-0.8**	0.0		**-0.8**
Other changes *	0.0	0.0	0.0	0.0	-2.4	**-2.4**	-2.9		**-5.3**
Equity on 31 March 2013	**3.1**	**92.2**	**0.0**	**0.0**	**64.3**	**159.6**	**0.6**	**44.6**	**204.8**

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

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

IFRS (EUR million)	Equity attributable to the equity holders of the parent company							
	Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 January 2012	**3.1**	**92.1**	**-0.1**	**0.0**	**71.0**	**166.2**	**3.5**	**169.7**
Total income and expenses for the period	**0.0**	**0.0**	**0.0**	**0.0**	**-0.4**	**-0.4**	**0.0**	**-0.4**
Dividends paid	0.0	0.0	0.0	0.0	-4.3	**-4.3**	0.0	**-4.3**
Share-based incentive plan	0.0	0.0	0.0	0.0	0.3	**0.3**	0.0	**0.3**
Purchase of treasury shares	0.0	0.0	0.0	0.0		**0.0**	0.0	**0.0**
Other changes	0.0	0.0	0.0	0.0	0.1	**0.1**	0.0	**0.1**
Equity on 31 March 2012	**3.1**	**92.1**	**-0.1**	**0.0**	**66.8**	**162.0**	**3.4**	**165.4**

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

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

Commitments and contingent liabilities (EUR million)	**31.3.13**	31.3.12	change, %	**31.12.12**
Collateral given for own liabilities				
Real estate mortgages given[1)]	**296.1**	283.7	4.4	**338.0**
Pledges given	0.0	0.0		0.0
Other commitments				
Guarantees given for liabilities on uncompleted projects	**0.0**	0.0		**0.0**
Investment commitments given	**15.0**	15.2	-1.2	**15.0**
Plot purchase commitments	**121.2**	125.0	-4.4	**120.5**

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

Fair and nominal values of derivative instruments	**3/2013**		3/2012		**12/2012**	
(EUR million)	Fair Values		Fair Values		Fair Values	
Hedge accounting not applied	Positive	Negative	Positive	Negative	Positive	Negative
Foreign exchange forward contracts	**0.0**	**0.0**	0.0	0.0	**0.0**	**0.0**
Interest rate swaps	**0.0**	**1.0**	0.0	1.4	**0.0**	**1.2**

Nominal values of derivative instruments	**3/2013**	3/2012	**12/2012**
Foreign exchange forward contracts	**0.0**	0.0	**0.0**
Interest rate swaps	**30.0**	50.0	**30.0**

The fair values of foreign exchange forward 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. Group and Segment information by quarter

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

1) at the end of the period

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

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

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

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

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

Capital invested (EUR million)	**1-3/13**	10-12/12	7-9/12	4-6/12	1-3/12
Domestic Operations	**292.7**	297.4	286.2	270.2	228.8
International Operations	**195.4**	200.2	200.7	198.5	198.6
Other operations and eliminations	**10.5**	15.7	3.4	3.3	7.8
Group, total	**498.6**	**513.3**	**490.3**	**472.0**	**435.1**

Housing production in Finland (units)	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Developer contracting					
Start-ups	**35**	95	125	171	24
Housing units sold	**135**	140	85	154	98
Completed	**104**	114	116	122	99
Completed and unsold	**75**	99	100	85	102
Under construction, total [1)]	**1 633**	1 849	2 126	2 060	2 188
- negotiation and construction contracts [1)]	**1 116**	1 263	1 521	1 464	1 641
- developer contracting [1)]	**517**	586	605	596	547
- of which unsold [1)]	**237**	230	205	221	206
- of which unsold [1)]	**280**	356	400	375	341

1) At the end of the period

3. Segment information

Assets (EUR million)	31.3.13	31.3.12	change, MEUR	change, %	31.12.12
Domestic Operations	**416.7**	330.2	86.5	26.2	**422.9**
International Operations	**220.5**	215.4	5.1	2.4	**233.7**
Other operations	**309.1**	247.8	61.3	24.8	**311.8**
Eliminations and other adjustments	**-292.9**	-235.6	-57.3		**-293.0**
Group, total	**653.4**	557.7	95.7	17.2	**675.4**

Liabilities (EUR million)	31.3.13	31.3.12	change, MEUR	change, %	31.12.12
Domestic Operations	**362.4**	276.1	86.3	31.3	370.4
International Operations	**228.8**	218.9	9.9	4.5	235.2
Other operations	**123.2**	105.8	17.4	16.4	123.3
Eliminations and other adjustments	**-265.8**	-208.5	-57.3		-265.8
Group, total	**448.6**	392.3	56.3	14.4	463.1

Invested capital (EUR million)	31.3.13	31.3.12	change, MEUR	change, %	31.12.12
Domestic Operations	**292.7**	228.8	63.9	27.9	**297.4**
International Operations	**195.4**	198.6	-3.2	-1.6	**200.2**
Other operations and eliminations	**10.5**	7.8	2.7	35.1	**15.7**
Group, total	**498.6**	435.1	63.4	14.6	**513.3**

Return on investment, %	1-3/13	1-3/12	1-12/12
Domestic Operations [1)]	**5.1**	9.3	**5.6**
International Operations [1)]	**-0.6**	-4.3	**-0.2**
Group, total [1)]	**1.7**	**2.1**	**2.2**

Inventories (EUR million)	**31.3.13**	31.3.12	change, MEUR	**31.12.12**
Land areas and plot-owning companies	**188.0**	**184.2**	**3.7**	**175.0**
Domestic Operations	87.0	87.6	-0.6	74.6
International Operations	100.9	96.6	4.3	100.5
Work in progress	**154.5**	**119.0**	**35.6**	**159.3**
Domestic Operations	152.4	113.9	38.5	150.9
International Operations	2.2	5.1	-3.0	8.4
Shares in completed housing corporations and real estate companies	**51.4**	**31.2**	**20.2**	**53.8**
Domestic Operations	46.1	28.9	17.2	51.9
International Operations	5.3	2.3	3.0	1.8
Other inventories	**39.5**	**39.0**	**0.5**	**43.1**
Domestic Operations	7.6	6.9	0.7	7.2
International Operations	31.9	32.1	-0.2	35.8
Inventories, total	**433.4**	**373.5**	**59.9**	**431.2**
Domestic Operations	293.1	237.3	55.8	284.6
- share of associated companies and joint ventures	1.7	1.0	0.7	1.5
International Operations	140.3	136.2	4.1	146.6
- share of associated companies and joint ventures	29.9	29.7	0.2	34.3

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

Related party transactions 31.3.2013 (EUR million)	**Salaries and compensation**	**Sale of goods and services**	**Purchase of goods and services**	**Receivables**	**Liabilities**
Management and the Board of Directors	0.5	1.5	0.0	0.0	0.0
Joint ventures	0.0	18.6	0.0	35.4	8.4
Associated companies	0.0	0.0	0.0	15.3	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	**0.5**	**20.1**	**0.0**	**50.8**	**8.4**

Related party transactions 31.3.2012 (EUR million)	**Salaries and compensation**	**Sale of goods and services**	**Purchase of goods and services**	**Receivables**	**Liabilities**
Management and the Board of Directors	0.6	0.0	0.0	0.0	0.0
Joint ventures	0.0	16.2	0.0	35.3	0.9
Associated companies	0.0	0.0	0.0	16.0	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	**0.6**	**16.2**	**0.0**	**51.3**	**0.9**

Related party transactions 31.12.2012 (EUR million)	Salaries and compensation	Sale of good and services	Purchase of goods and services	Receivables	Liabilities
Management and the Board of Directors	2.4	0.0	0.0	0.0	0.0
Joint ventures	0.0	50.5	0.2	35.0	14.1
Associated companies	0.0	0.3	0.0	15.2	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	**2.4**	**50.8**	**0.2**	**50.1**	**14.1**