

FINANCIAL STATEMENTS



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This report describes the SRV Group's financial performance in 2009. SRV Group Plc's full financial statements for the financial year 1 January–31 December 2009 are included in the company's official financial statements, which are available on the company's website at www.srv.fi

▶ REPORT OF THE BOARD OF DIRECTORS

1 January–31 December 2009

- ▶ SRV's revenue was EUR 385.0 million (EUR 537.0 million 1–12/ 2008), change 28.3% negative
- ▶ Operating profit was EUR 9.9 million (EUR 32.9 million), change 69.8% negative
- ▶ Profit before taxes was EUR 5.8 million (EUR 23.7 million), change 75.6% negative
- ▶ The order backlog at the close of the review period was EUR 480.6 million (EUR 455.3 million), change 5.6%
- ▶ New contracts EUR 396.1 million (EUR 399.1 million), change 0.8% negative
- ▶ The equity ratio was 41.3 per cent (41.3%)
- ▶ Earnings per share were EUR 0.06 (EUR 0.43)
- ▶ Proposed dividend EUR 0.12 (EUR 0.12) per share

GROUP KEY FIGURES

EUR million	IFRS 1–12/ 2009	IFRS 1–12/ 2008	change, MEUR	change, %
Revenue	385.0	537.0	-152.0	-28.3
Operating profit	9.9	32.9	-23.0	-69.8
Financial income and expenses, total	-4.2	-9.2	5.0	
Profit before taxes	5.8	23.7	-17.9	-75.6
Order backlog	480.6	455.3	25.3	5.6
New agreements	396.1	399.1	-3.1	-0.8
Operating profit, %	2.6	6.1		
Net profit, %	0.6	2.8		
Equity ratio, %	41.3	41.3		
Net interest bearing debt	180.7	169.4		
Net gearing ratio, %	110.1	101.7		
Return on investment, %	4.7	12.9		
Return on equity, %	1.4	9.4		
Earnings per share, EUR	0.06	0.43		
Equity per share, EUR	4.48	4.54		
Weighted average number of shares outstanding, million pcs	36.0	36.5		

Consolidated revenue was EUR 385.0 million (EUR 537.0 million 1–12/ 2008). The share of revenue generated in Finland was 94 per cent (89%), whereas 6 per cent (11%) came from Russia and the Baltic countries. Revenue in the Business Premises business area was EUR 208.0 million (EUR 349.1 million). Revenue in the Housing business area was EUR 154.1 million (EUR 127.9 million). Revenue in the International business area was EUR 22.9 million (EUR 60.1 million).

The Group's operating profit was EUR 9.9 million (EUR 32.9 million 1–12/ 2008). Operating profit margin was 2.6 per cent (6.1%). Operating profit in the Business Premises business area was EUR 18.0 million (EUR 27.8 million). Operating profit in the Housing business area was EUR 4.9 million (EUR 0.7 million). Operating loss in the International business area was EUR 7.9 million (operating profit of EUR 9.2 million).

The Group's profit before taxes was EUR 5.8 million (EUR 23.7 million 1–12/ 2008). Net profit for the review period was EUR 2.3 million (EUR 15.3 million). Earnings per share were EUR 0.06 (EUR 0.43). Return on equity was 1.4 per cent (9.4%) and return on investment was 4.7 per cent (12.9%).

The order backlog was EUR 480.6 million on 31 Dec 2009 (EUR 455.2 million on 31 December 2008). The share of order backlog which has been sold (construction contracts and sold developer contracting production) amounted to EUR 316 million (EUR 280 million on 31 Dec 2008), and the unsold share amounted to EUR 165 million (EUR 176 million). Value of new contracts signed during the review period was EUR 396.1 million (EUR 399.1 million 1–12/ 2008)

KEY FIGURES FOR THE SEGMENTS

Revenue

EUR million	IFRS 1–12/ 2009	IFRS 1–12/ 2008	change, MEUR	change, %
Business Premises	208.0	349.1	-141.1	-40.4
Housing	154.1	127.9	26.3	20.5
International	22.9	60.1	-37.2	-61.9
Other Operations	8.7	11.5	-2.8	-24.1
Eliminations	-8.8	-11.6	2.8	
Group, total	385.0	537.0	-152.0	-28.3

Operating profit

EUR million	IFRS 1–12/ 2009	IFRS 1–12/ 2008	change, MEUR	change, %
Business Premises	18.0	27.8	-9.8	-35.4
Housing	4.9	0.7	4.2	590.1
International	-7.9	9.2	-17.1	-185.4
Other Operations	-4.7	-4.9	0.2	
Eliminations	-0.3	0.1	-0.4	-462.2
Group, total	9.9	32.9	-23.0	-69.8

Operating profit

%	IFRS 1–12/ 2009	IFRS 1–12/ 2008
Business Premises	8.6	8.0
Housing	3.2	0.6
International	-34.4	15.4
Group, total	2.6	6.1

Order backlog

EUR million	IFRS 31 Dec 09	IFRS 31 Dec 08	change, MEUR	change, %
Business Premises	255.3	265.7	-10.4	-3.9
Housing	200.7	154.0	46.7	30.3
International	24.6	35.6	-11.0	-31.0
Group, total	480.6	455.3	25.3	5.6
- sold order backlog	316	280		
- unsold order backlog	165	176		

EARNINGS TRENDS OF THE SEGMENTS

Business Premises

EUR million	IFRS 1-12/ 2009	IFRS 1-12/ 2008	change, MEUR	change, %
Revenue	208.0	349.1	-141.1	-40.4
Operating profit	18.0	27.8	-9.8	-35.4
Operating profit, %	8.6	8.0		
Order backlog	255.3	265.7	-10.4	-3.9

The Business Premises business area comprises SRV Toimitilat Oy's retail, office, logistics and rock construction operations and property development.

Revenue in the Business Premises business area was EUR 208.0 million (EUR 349.1 million). The decrease in revenue could be attributed to the general decline in construction volumes, and to the volume of around EUR 39 million relating to the extension project of the Stockmann department store not being recognised as SRV's revenue. Operating profit was EUR 18.0 million (EUR 27.8 million). Operating profit margin rose to 8.6 per cent (8.0%). The order backlog was EUR 255.3 million (EUR 265.7 million).

Projects completed during the review period included the renovation of the office building at Hakaniemenranta 6 in Helsinki as well as the construction and renovation of Svenska Social & Kommunal Högskolan at Snellmaninkatu 6 in Helsinki for Senate Properties, production premises for Caternet in the Kivikko district in Vantaa, and HTC office buildings in the Keilaniemi district in Espoo. STC (Smart Tech Centre) concept office buildings were completed in Porvoo's King's Gate area and at Koivuhaantie in Vantaa. The Plantagen garden store with office was also completed in Porvoo's King's Gate area, as well as a retail centre of 20,000 cubic meters in the northern wing of the area. In the city of Vantaa, an office and warehouse building for SGN and a logistics centre for Transphere were completed. In Kerava, the new timber crushing plant for Lassila & Tikanoja was completed, and in Lahti a car dealership and a repair shop for Autosalpa. The main contract for the interior construction of the Helsinki City Service Tunnel, with a total volume of 120,000 cubic metres, was also brought to completion. The underground car park built by SRV was completed in the Kamppi district of Helsinki and opened to the public in May. The P-City car park is operated by Europark Finland Oy.

In January, SRV and Mutual Pension Insurance Company Varma signed a contract concerning the Vierumäki Congress & Resort Hotel project. SRV acts as main responsible contractor in charge of construction and planning. In addition to 191 hotel rooms, the four-storey hotel building includes meeting facilities, six restaurants, a fitness room, a bowling alley with 10 lanes, and a wellness area. The hotel will be opened in the spring of 2010.

In January 2009, SRV and the city of Kerava agreed on a contract package concerning the development of the Kerca logistics area and concluded a contract for a real estate transaction of four hectares of land and a preliminary contract for an area of 22 hectares. On the first plot, SRV plans to build a GCC (Grand Cargo Centre) logistics building with about 20,000 square metres of floor space. Kerca occupies an area of 160 hectares on the Kerava-Vantaa border.

In February 2009, property and contract agreements were signed concerning the Anttila logistics centre to be built in Kerca. Kesko pension fund bought a plot of 40,000 square metres from the city of Kerava, where a high-bay warehouse of approximately 19,000 gross square metres for Anttila will be built. The volume of the building is 300,000 cubic metres. Preconstruction on the plot has been completed and the construction works will be finished in August 2010.

SRV Business Premises signed a project management contract agreement with Varma Mutual Pension Insurance Company in June to build a production and logistics centre for Primula bakery in Järvenpää. The centre includes production, logistics, sales and administration premises as well as a luncheonette, cafeteria and bakery shop. The total floor area of the project is 13,000 square meters and production in the premises is scheduled to begin in the early autumn of 2010.

In July, SRV was selected as the project management contractor for the renovation of the Aurora-house of the Helsinki Deaconess Institute. SRV is in charge of rebuilding the old hospital and hotel into supported and assisted accommodation units, as well as of building new facilities in the building.

In September, SRV and the insurance companies Tapiola General and Tapiola Life signed a contract for the construction of Housing Company Helsingin Vanhalinna, close to Itäkeskus in Helsinki. The gross floor area of the project is 42,000 square meters, and it includes 309 rental apartments as well as service, restaurant and retail premises.

In October, SRV and the Finnish Rail Administration signed a contract for tunnel excavations of the Ring Rail Line in Vantaa. SRV builds the Ruskeasanta station and excavates Ring Rail Line tunnels. A total length of 3.6 kilometres of rail line tunnels will be excavated. This contract is part of the Ring Rail Line project that will link the Vantaankoski line, via the Helsinki-Vantaa airport, to the main rail line.

In October, SRV and the Finnish Fair Corporation signed a project management contract for the expansion of the exhibition and convention centre. This contract covers the construction of a new multi-purpose hall, considerable field work and the alteration of the existing hall. The new hall will have a floor area of about 19,000 square meters and will be completed in late August 2011.

During the review period, contracts were also concluded to build a service tunnel for the University of Helsinki in the heart of Helsinki and an equestrian centre for the Primus riding centre in Espoo. Renovation of an office building for Ilmarinen was started in the Niittykumpu district in Espoo. The preliminary works for the extension and renovation of Malmi Hospital in Helsinki were started, as was the extension of the Mercuria Business College in Vantaa. The construction of production plant for Lassila & Tikanoja was commenced in Kerava. The construction of a logistics and warehouse facility for Ilmarinen began in Tuusula, as well as the construction of new premises for Fin-Seula Oy. In addition, SRV was awarded the project management contract for the new premises of Hyvinkää town hall.

The office building in Hakaniemenranta was selected as the construction project of the year 2008 for Senate Properties. Through this recognition, Senate Properties seeks to encourage and support skilled designers and builders. The recognition is based on general quality factors and social responsibility, as well as solutions that support the clients and innovations.

Housing

EUR million	IFRS 1-12/2009	IFRS 1-12/2008	change, MEUR	change, %
Revenue	154.1	127.9	26.3	20.5
Operating profit	4.9	0.7	4.2	590.1
Operating profit, %	3.2	0.6		
Order backlog	200.7	154.0	46.7	30.3

The Housing business area comprises housing construction in the Helsinki Metropolitan Area and the neighbouring municipalities, as well as regional business operations. Besides housing, regional business operations include commercial, business premises and logistics construction projects.

Revenue in the Housing business area for the review period amounted to EUR 154.1 million (EUR 127.9 million) and operating profit was EUR 4.9 million (EUR 0.7 million). Order backlog was EUR 200.7 million (EUR 154.0 million). The increase in operating profit was attributed to the increase in the volume of contracting, brisker housing sales at the end of the year, and the cost savings measures implemented. Operating profit was eroded by the total losses of EUR 1.2 million from SRV Keski-Suomi's three completed construction projects.

More resources were allocated to contracting and, during the review period, contracts worth EUR 140.5 million were concluded with external clients. EUR 82.6 million of the concluded contracts were negotiation contracts, where SRV has also acted as developer. SRV is building the S-Group's Kodin Terra hardware and home decor department store and ABC service station for Tampereen Osuuskauppa in Nokia. Also in Tampere, a car dealership focusing on the sale of BMWs and Minis will be renovated for Aro-Yhtymä. The Pakkalanrinne day care centre will be built for lease to the City of Vantaa, the investor in the project is Ilmarinen Mutual Pension Insurance Company. A contract was signed with Scan-Auto to build a Scania centre in Jyväskylä, for servicing large vehicles, and an earthworks contract was signed for a similar project in Oulu. Provisional premises for the Cygnaeus school centre in Jyväskylä and Valintatalo market in Nokia are also being built.

During the review period, 323 (76) housing units were sold to investors under negotiation contracts. A construction contract was signed with Sato to build two housing blocks with a total of 74 units on a property previously owned by SRV in the Vallikallio district in Espoo. In the Ulrika area in the Rekola district in Vantaa, 50 right-of-occupancy homes are being built for Asuntosäätiö. 40 housing units are being built for Tampereen YH in Ylöjärvi and 42 units in the Henneri area in Tampere on a property previously owned by SRV. In Jyväskylä SRV is building a total of 117 service-accommodation units for Jyväskylän Nuoriso- ja Palveluasunnot ry. They will be used mainly as elderly care homes.

SRV won contracts worth EUR 57.9 million through bidding competitions. The most important of these were a high-rise project of 104 apartments for HOAS (Foundation for Student Housing in the Helsinki

Region) in the Viikki district of Helsinki and the piping renovation of two housing companies in the Haaga district of Helsinki. Two apartment houses with a total of 75 apartments are being built for the city of Joensuu A health centre is being built for the town of Ylöjärvi for, and an S market for the S Group in Lappeenranta.

In the Varsinais-Suomi region, SRV signed several contracts during the period: A well-being centre for the municipality of Tarvasjoki, the Logicity terminal for Varsinais-Suomen Kaukokiito in the vicinity of Turku airport, a sports hall for the municipality of Aura, and an industrial hall for Turun Thermohuolto. In addition, restaurant facilities in connection with the Turku Fair and Congress Centre will be expanded and renovated, and the premises of Kiinteistö Oy Kuninkaanväylä will be renovated.

During the period under review, SRV began the construction and sales of 251 developer contracting housing units in seven projects. Six of these, containing a total of 247 apartments, were started up during the final quarter. SRV will build an apartment building with 88 apartments in the Kartanonkoski district in Vantaa, and an apartment building with 67 apartments in the Martinlaakso district in Vantaa. The construction of the final building with 43 apartments began in the Vallikallio district in Espoo, where SRV is building five apartment buildings. Seven extremely high-quality terraced houses and semi-detached houses are being built in Haukilahti in Espoo. The construction of an apartment building with 28 apartments in Parkano and of a building with 14 apartments in Jyväskylä began at the year-end, and a terraced house with 4 apartments in Oulu at the beginning of the year. The Helsingin Oscar condominium with 64 units in the Töölö district in the immediate vicinity of Kamppi in Helsinki was completed in October.

During the review period, 207 (141) developer contracting units were sold. Sales picked up, particularly in the fourth quarter with the sale of 86 (13) residential units. At the end of the period, 263 (265) residential units were being constructed, 231 (226) of which had not been sold. There were 171 (133) completed but unsold units, 40 of which were rented at the period-end. A total of 252 (260) developer contracting residential units were completed during the review period. SRV has several residential projects in prime locations whose planning has been taken further. Strict criteria have been established for the start-up of new developer contracting projects; start-ups will be considered depending on pre-marketing results.

Developer contracting housing production in Finland

	1-12/2009	1-12/2008	muutos, kpl
Start-ups	251	110	141
Sold	207	141	66
Completed	252	260	-8
Completed and unsold ¹⁾	171	133	38
Under construction ¹⁾	265	265	-2
- of which unsold ¹⁾	231	226	5

¹⁾ At the end of the period

During the review period, codetermination negotiations were commenced in SRV Keski-Suomi in Jyväskylä region due to financial and production reasons. As a result of these negotiations, SRV dismissed three salaried employees. Erkki Jaala, the regional manager in SRV Keski-Suomi, left the company in October. In December, codetermina-

tion negotiations were commenced in SRV Pohjois-Suomi in Oulu due to financial and production reasons.

International Operations

EUR million	IFRS 1-12/ 2009	IFRS 1-12/ 2008	change, MEUR	change, %
Revenue	22.9	60.1	-37.2	-61.9
Operating profit	-7.9	9.2	-17.1	-185.4
Operating profit, %	-34.4	15.4		
Order backlog	24.6	35.6	-11.0	-31.0

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

Revenue in the International business area was EUR 22.9 million (EUR 60.1 million). Operating loss was EUR 7.9 million (a profit of EUR 9.2 million). Revenue and operating profit were affected by the small number of projects under construction, and operating profit also by the development costs of developer contracting projects and the fixed costs of business operations. Revenue and operating profit for the comparison period were increased by the sale of the hotel in Ekaterinburg, where EUR 14.2 million was recorded in revenue and EUR 13.5 million in operating profit. The order backlog was EUR 24.6 million (EUR 35.6 million).

Russia

The Etmia II office and parking facility project in the heart of Moscow has reached shell & core completion. Due to the slow-down of demand in the Moscow office market, SRV has decided to do the fit-out works in the office section itself with completion scheduled for the year-end. Negotiations with potential tenants are under way. SRV's role in the project is to act as the project management contractor and as co-owner with a 50 per cent stake.

In the Moscow area, a building permit was granted for the Mytischki shopping centre project which has been developed by SRV. Construction of the electrical connection has started. The majority owner of the project is the Finnish real estate investment company Vicus, with a 75 per cent stake. Due to the global financing situation, negotiations concerning the financing of the project have not been successful. The site organisation has been temporarily moved to other projects to await the final investment decision. The final investment decisions will be made after the financing of the project and negotiations with the tenants have been concluded. SRV owns 25 per cent of the shopping centre project and its total investments amount to about EUR 7.7 million.

SRV continued the development of the roughly 8.5 hectare land area in St Petersburg. The plans include the construction of office and retail space, as well as hotel, restaurant and entertainment premises. Moreover, facilities will be built for the IBI University. SRV has invested about EUR 50 million in land and properties. Further investment in land acquisition by SRV is estimated at EUR 10 million. At the moment, SRV owns 87.5% of the project, but its ownership will decline to 77.5 per cent when all land-owning arrangements have been completed according to the cooperation contract.

Phase II of the renovation works of the Pribaltiskaya hotel and phase II of the renovation of hotel Pulkovskaya, both operated by the Rezidor Group, were completed during the period.

The development of the Eurograd logistics area in St Petersburg continued. SRV has 49 per cent ownership of the Russian company that

possesses a plot of 24.9 hectares located north of St Petersburg, in the near vicinity of the Ring Road. Over 100,000 square metres of logistics facilities are planned for the site, in several stages during the next few years. The zoning of the area for logistics has been completed. Site planning has begun and negotiations with potential tenants for phase I are under way.

Demand for the apartments in the Papula residential area in the city of Vyborg remained weak during the review period and no new transactions were concluded. 30 of the first-phase units had been sold to a Russian company that was unable to arrange financing for the transaction and the sale had to be cancelled. The sale of another unit also had to be cancelled. At the end of the period, 32 units were unsold.

During the review period, SRV concluded the establishment of a real estate fund together with VTB Capital and Deutsche Bank. The fund will invest mainly in office, retail and hotel projects as well as in the construction of top end residential projects in Moscow and in St Petersburg. The fund can also invest in operating completed properties.

SRV's share of the investment commitments in the first phase is EUR 20 million. VTB Capital and Deutsche Bank are also investors in the fund. Other investors are the pension insurance companies Ilmarinen and Etera. The final target for the investment commitments of the fund is at least EUR 300 million, which may equal as much as EUR 1 billion in investment volume.

VTB Capital and Deutsche Bank will act in partnership as the sponsor and general partner of the fund. Their tasks will include identifying investments and arranging financing for the projects. SRV acts both as an investor and project management contractor with respect to the fund, through which it expects to receive at least EUR 200 million worth of construction contracts.

In December, SRV signed a letter of intent with the Chinese Baltic Pearl CJSC to construct a shopping centre in St. Petersburg. According to the letter of intent, SRV will initiate the required preliminary work, which includes concept design, market research and the arrangement of external financing. Once the conditions of the letter of intent have been fulfilled, SRV intends to design and build a shopping centre with a floor area of more than 100,000 square meters in two phases and over a period of three years. The companies have also agreed to set up a joint venture that will own the property. The construction of the shopping centre will move ahead if a final investment decision is made by 31 December, 2010. The shopping centre is part of the Baltic Pearl development project in which Baltic Pearl CJSC will develop a land area of over 205 hectares, located south-west of central St. Petersburg. This project is China's largest international investment project, apart from oil and natural gas investments.

Baltic countries

Volumes in the Baltic business operation were low. No new residential projects start-ups are scheduled in the present market situation. In Estonia, 6 (6) residential units were sold during the period and, all in all, 35 (41) units were up for sale in already-completed projects at the end of the period. The number of staff in Estonia was adjusted to the market situation.

On 9 April 2009, SRV and the International School of Latvia signed a contract agreement concerning the construction of an international school in Riga. The design phase of the project is completed, but due to delays in the client's financing the start-up has been postponed to 2010.

SRV Terbelat Sia, a subsidiary of SRV Group Plc, has been engaged as a claimant in international arbitration proceedings in Berlin concerning a power plant construction contract in Latvia with a Latvian customer, SIA Juglas Jauda. SRV suspended the work due to breach of contract by the customer and terminated the contract in the autumn of 2007. On 28 July 2009, the arbitration tribunal confirmed SRV's right to terminate the contract and ordered the defendant to pay SRV approximately EUR 1.4 million in costs and interest. SRV applied for the enforcement of the arbitration tribunal's decision in a Latvian local court, where the customer has also initiated proceedings, based on the same contract, against SRV. SRV signed an agreement with the customer in December whereby the customer will pay SRV compensation of EUR 0.5 million. This agreement had no material impact on the financial results.

Other Operations

EUR million	IFRS 1-12/ 2009	IFRS 1-12/ 2008	change, MEUR	change, %
Revenue	8.7	11.5	-2.8	-24.1
Operating profit	-4.7	-4.9	0.2	

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

The revenue of Other Operations during the review period was EUR 8.7 million (EUR 11.5 million) and operating loss was EUR 4.7 million (EUR -4.9 million). This decrease in revenue was caused by lower operation volumes. The operating loss was reduced by cost savings measures. Fourth-quarter revenue was EUR 2.3 million (EUR 3.0 million) and operating loss was EUR 1.4 million (EUR -1.4 million). The lower revenue was due to lower operation volumes.

FINANCING AND FINANCIAL POSITION

Net operational cash flow improved to EUR 3.6 million (a loss of EUR 103.2 million in January-December 2008). This improvement can be attributed to the downsizing of inventories instead of pursuing strong growth, due to which the change in working capital was slightly positive. The group's inventories were EUR 291.4 million (EUR 294.8 million), the share of land areas and plot-owning companies being EUR 153.0 million (EUR 142.1 million). The Group's invested capital amounted to EUR 349.9 million (EUR 339.4 million).

At the end of the review period, the Group's financing reserves were EUR 124.4 million, of which the Group's cash assets amounted to EUR 5.2 million and committed undrawn financing reserves and credit facilities amounted to EUR 119.2 million. The Group's net interest-bearing liabilities were EUR 180.7 million on 31 December 2009 (EUR 169.4 million). Net financing expenses totalled EUR 4.2 million (EUR 9.2 million).

Investments in SRV's developer contracting housing projects in Finland consonant with the RS-system, including completed, unsold projects, total around EUR 75.9 million. SRV estimates that the completion of these projects requires another EUR 32 million. Undrawn housing corporate loans total EUR 41 million. Investments in business premise projects in Finland amount to EUR 25.5 million. Investments in international developer contracting projects amount to about EUR 42 million, of which EUR 1.9 million relates to unsold residential projects in Estonia, EUR 3.5 million an unsold housing project in Vyborg and EUR 36.7 million in Etmia office project and Mytisch shopping centre project.

Equity ratio was 41.3 per cent (41.3%). The change in the equity ratio and net liabilities was affected by the increase in inventories in particular. The Group's shareholders' equity totalled EUR 164.3million (EUR 166.6 million on 31 December 2008). The return on investment was 4.7 per cent (12.9%) and the return on equity was 1.4 per cent (9.4%).

INVESTMENTS

The Group's investments totalled EUR 3.7 million (EUR 16.8 million) and were mainly related to the acquisition of shares of one subsidiary. In the reference period, EUR 10.0 million of the investments were related to the properties in the IBI project.

UNBUILT LAND AREAS, LAND ACQUISITION COMMITMENTS AND LAND DEVELOPMENT AGREEMENTS

Land reserve 31 Dec 2009	Business Operations	Housing	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights*, m ²	199,000	257,000	842,000	1,298,000
Capital invested incl. commitments, EUR million	36	56	98	190
Land development agreements				
Building rights*, m ²	466,000	354,000	117,000	937,000

* 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

In March, the City of Oulu granted SRV a planning reservation for an approximately 5 hectare land area in the immediate vicinity of Oulu harbour. SRV aims to develop logistics facilities and business premises in the area, together with the Port of Oulu and companies operating there.

GROUP STRUCTURE

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

SRV's business areas are Business Premises, Housing, International Operations, and Other Operations. The Business Premises business area comprises the operations of SRV Toimitilat Oy. Housing comprises the operations of SRV Asunnot Oy and the regional subsidiaries. International Operations comprises the business activities of the SRV International subgroup in Russia and the Baltic countries. Other Operations consist primarily of the SRV Group Plc and SRV Kalusto Oy businesses.

CHANGES IN GROUP STRUCTURE

In June 2009, SRV acquired 100 per cent ownership of Pirkanmaan Projektitoimi Oy. To streamline the business structure and operations, SRV initiated the process to merge the company into SRV Asunnot Oy in July 2009. Pirkanmaan Projektitoimi was merged with SRV Asunnot Oy on 31 December 2009 and continues to operate under the business name SRV Pirkanmaa.

RATIONALISING MEASURES

On 19 January, SRV began negotiations to adjust the number of employees to the market situation. The codetermination negotiations concerning the Group's Finnish companies were concluded on 26 March, and as a result SRV laid off 60 persons during 2009. In addition to lay-offs, the company agreed with the Finnish employees that additional holiday pay would be traded for time off. A similar process has been started in the Group's companies abroad. These and other Group-wide measures generated savings of around EUR 6 million in the Group's fixed costs in 2009.

PERSONNEL

SRV had an average payroll of 776 (871) employees, of whom 544 (614) were white-collar. The parent company had an average staff of 53 (66) white-collar employees. At the close of the review period, the Group had 766 (870) employees, of whom 47 (66) were employed by the parent company. An average of 17 per cent (15) of the employees work in subsidiaries and representative offices abroad. At the end of the review period, SRV had a total of 18 (25) trainees working in the Group's operations in Finland (in summer jobs and in work training as well as students working on their thesis or diploma). The salaries and compensations paid during the financial period totalled EUR 35.8 million (EUR 37.7 million)

Personnel by business area

	31 Dec 2009	31 Dec 2008	Share of Group personnel, 31 Dec 2009, %
Business Premises	289	296	37.7
Housing	215	285	28.0
International	182	191	23.7
Other Operations	81	98	10.6
Group, total	767	870	100.0

During the final quarter, we focused strongly on our personnel's professional and supervisory skills. The objective of the training programs is to take full advantage of the group's best practices and the latest know-how in the industry in all business operations.

The share-based incentive plan for 2009 includes about 77 employees and the reward is based mainly on consolidated and partly on business area performance. The rewards to be paid for the earning period 2009 correspond to 77,340 SRV Group Plc shares. In addition, a sum of money corresponding to this number of shares is paid for tax withholding purposes.

OUTLOOK FOR CONSTRUCTION

After a rapid decline, the global economy has taken an upward turn. However, the recovery is slow and the situation in the property and construction market continues to be challenging. It is estimated that the Finnish economy will grow slightly in 2010.

Falling construction input prices have levelled out. The availability of subcontracting and materials is good. Unemployment in construction is increasing and government support measures have been initiated.

Consumer confidence has strengthened in the housing markets, this together with the low interest level have increased demand, prompting a larger number of new start-ups in developer contracting housing projects. Weakening employment trends will have a negative short-term effect on the housing markets. Meanwhile, in the longer term, migration

to population growth centres and the smaller size of household dwelling units will increase the need for housing construction.

New start-ups in commercial and office construction decreased during the review period. Vacancy rates in office premises have reached a high level and construction is slow. The near future outlook for commercial and logistics construction is somewhat better.

Renovation continues to grow, and in the long term, this trend is maintained by the growth of the building stock, the ageing of existing buildings, as well as modernisation needs to meet current technical standards and energy efficiency requirements. The outlook for civil engineering has weakened despite government support measures.

The economic situation in the Baltic countries has remained weak. Construction and the property markets are extremely slow. In the short term, the economic situation in the Baltic countries will continue to be difficult.

The Russian economy continues to be challenging. A faltering investment trend is reflected strongly in construction, reducing it significantly. The scarce availability of financing limits growth opportunities. The Russian national economy is reviving due to rising oil prices. Inflation has abated and interest rates have declined.

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. A change in the general interest level has a direct impact on both SRV's cash flow from operating activities and financing costs. The general economic situation is weak and is lowering the volume of property investments. Interest rates are low, but the availability of credit from the banks is poor and loan margins have risen to a high level. The banks' own refinancing has become more expensive, which has shortened customers' loan maturities.

The international financial crisis can weaken the availability of financing for property development and investments, making it more difficult for SRV's customers to obtain financing throughout SRV's operating regions and in Russia in particular. Property values face pressures and the number of property transactions and new project start-ups has decreased due to difficulties in securing financing. The financial crisis can intensify SRV's risk of being forced to tie up capital in projects for longer than intended.

SRV's revenue is generated by construction projects. The company's revenue and result depend on the order backlog, volume of new projects, and the profitability of individual projects as well as their progress. The recognition date of developer contracting projects also depends on the percentage of sold premises therein. As of 1 January 2010, the Completed Contract Method will be applied to revenue recognition for housing unit sales.

Project sales are affected by factors such as the availability of financing for the buyer and occupancy rate. When sales are delayed, the recognition of revenue and operating profit is delayed correspondingly. Postponed start-ups of developer contracting projects increase the level of development expenses, which are recorded as costs. Housing sales have revived somewhat in Finland, while they remain at a standstill in Estonia. The slowdown in housing sales will increase sales and marketing costs and interest expenses in developer contracting housing production.

Construction is subject to significant cost risks relating to subcontracting and deliveries, and the control of these underlines the need for

long-term planning. In a poor economic situation, financing risks relating to subcontractors will also increase (including labour market disturbances, bankruptcies and the grey economy). SRV's contracting model requires skilled and competent personnel. Construction projects also face other case-specific risks relating to the design and construction of projects (including new and difficult planning solutions, thermal insulation and waterproofing, and occupational safety). Warranty and liability obligations related to construction can span up to ten years.

Besides land acquisition risks, property projects face other challenges, such as those related to the outcome of zoning, soil conditions, financing, commercialisation of projects, partners, and the geographical location and type of project. In accordance with its strategy, SRV has focused on developer contracting projects and has increased its land acquisition in Finland and Russia in particular.

The financial risks connected with SRV's operations are interest rate, currency, liquidity and contractual party risks, which are discussed in more detail in the Notes to the 2009 Financial Statements. Currency risks are divided into transaction risks and translation risks. Transaction risks are related to currency-denominated business and financing cash flows. Translation risks encompass investments made in foreign subsidiaries, the accounting effects of which are recorded in the translation differences of equity in the consolidated figures.

Liquidity risks may have an effect on the Group's earnings and cash flow if the Group is unable to ensure sufficient financing for its operations. SRV maintains adequate liquidity by means of efficient management of cash flows and solutions linked to it, such as binding lines of credit that are valid until further notice. The company has a long-term liquidity arrangement of EUR 100 million, EUR 55 million of which will mature in December 2012 and EUR 45 million in December 2013. The company's financing agreements contain customary terms and conditions. The financial terms and conditions of the agreements concern the equity ratio.

The Group's risk management is carried out in line with the Group's operations system and control is exercised in accordance with the Group strategy approved by the Board of Directors of the Group's parent company. SRV also makes every effort to cover operational risks by means of insurance and contractual terms. A more detailed account of SRV's risks, risk management and corporate governance policies will be disclosed in the 2009 Annual Report and Notes to the Financial Statements.

SRV estimates that no other essential changes have occurred in the company's risks.

The 2009 annual report including Financial Statements, Report of the Board of Directors and Corporate Governance Statement is available in the company's website at www.srv.fi on week 8/2010.

ENVIRONMENTAL ISSUES

In its operations, the Group seeks to adhere to the principles of sustainable development and to minimise the harmful environmental impacts of buildings over their entire life cycle. Attention is paid to environmental management during both the design and actual construction stage. In 2009, two research projects were launched to develop sustainable building and implementation models. In Finland, SRV employs an environmental reporting system on its construction sites.

HCORPORATE GOVERNANCE AND RESOLUTIONS OF GENERAL MEETINGS

The Annual General Meeting was held on 25 March 2009. The AGM adopted the financial statements for 2008 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 date of dividend payment was set at 3 April 2009. Mr Ilpo Kokkila was elected chairman of the Board of Directors and Mr Jukka Hienonen, Mr Lasse Kurkilahti, Mr Hannu Leinonen and Mr Matti Mustaniemi were elected Board members. The firm of public accountants Ernst & Young Oy was elected as the company's auditor. Mikko Ryttilahti, authorised public accountant, will act as the principal auditor.

The Annual General Meeting authorised the Board of Directors to resolve on the acquisition of the company's own shares (treasury shares). This authorisation will remain in force for 18 months from the decision of the meeting. A maximum of 3,676,846 own shares, or a lower amount that, in addition to the shares already owned by the company and its subsidiaries, is less than 10 per cent of all shares, may be acquired on the basis of the authorisation. The Annual General Meeting authorised the Board of Directors to resolve on the transfer of treasury shares against payment or without consideration. This authorisation is in force for two years from the decision of the meeting.

In its organisational meeting on 25 March 2009 the Board of Directors elected Lasse Kurkilahti vice chairman of the Board, Matti Mustaniemi chairman of the Audit Committee, Lasse Kurkilahti member of the Audit Committee, Jukka Hienonen and Hannu Leinonen members of the Nomination and Remuneration Committee and Ilpo Kokkila chairman of the Nomination and Remuneration Committee.

On 12 August 2009, Eero Heliövaara, President and CEO of SRV resigned from his post. The Board of Directors appointed Senior Executive Vice President, CFO Hannu Linnoinen as CEO and began the process to select the new CEO. On 15 December 2009, the Board of Directors appointed Jukka Hienonen (M.Sc. Econ.) as SRV's President and CEO effective as of 1 August 2010.

On 9 September 2009, Hannu Leinonen, Member of SRV's Board of Directors, resigned from the membership of the Board of Directors after being appointed CEO of Destia Oy. A new member of the Board of Directors will be elected in the next Annual General Meeting.

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 5,762 shareholders on 31 December 2009.

The share closing price at OMX Helsinki at the end of the financial year was EUR 5.89 (EUR 3.47 on 31 December 2008). The highest share price in the financial year was EUR 5.97 and the lowest was EUR 2.75. The change in the all-share index of the Helsinki Stock Exchange (OMX Helsinki) during the same period was 19.5 per cent positive and the OMX Industrial and Services index 83.5 per cent positive.

At the end of the review period, the company's market capitalisation was EUR 210.7 million, excluding the Group's own shares. About 8.3

million shares were traded during the period and the trade volume was EUR 31.4 million.

On 13 May 2009 the Board of Directors of SRV Group Plc decided to exercise its authorisation to acquire the company's own shares. The share acquisition started on 25 May 2009. At the end of the review period, SRV Group Plc's subsidiary SRV Kalusto Oy had 215,562 of SRV Group Plc's shares acquired in accordance with the conditions of the merger plan of SRV Group Plc and SRV Henkilöstö Oy. On 31 December 2009, SRV Group Plc and SRV Kalusto Oy had a total of 1,000,000 of SRV Group Plc's shares, representing 2.7 per cent of the total number of the company's shares and votes. On 10 February 2010, the Group had a total of 1,000,000 shares with an average acquisition price of EUR 3.7 (2.7 per cent of the total number of the company's shares and votes).

Eero Heliövaara, SRV Group Plc and Ilpo Kokkila concluded a contract on 11 August 2009 stipulating that SRV Group Plc and Ilpo Kokkila commit themselves to buying or to designating a buyer of the 1,909,483 SRV shares owned by Eero Heliövaara so that the shares will be sold by 5 January 2010 at the latest, and that the received price will average EUR 4.45 per share. This agreement creates a situation in which the shares will be transferred so that the threshold as intended in the Chapter 2 Section 9 of the Securities Market Act falls below one twentieth (1/20) of the voting rights and total number of shares. The arrangement was based on an earlier agreement concerning the shares.

FINANCIAL TARGETS

As SRV's medium term aim, the Board of Directors has set the achievement of annual average growth of approximately 15 per cent in Group revenue and annual average growth of 30 per cent in revenue from International Operations. SRV aims to increase the level of operating profit and, in the medium to long term, to achieve an operating margin of 8 per cent. In addition, the company aims to maintain an equity ratio of 30 per cent.

The international economic and financial crisis has hampered the growth outlook for business operations. Realisation of the sales of developer contracting projects has an essential effect on the development of profitability. In the current economic conditions, the set financial targets cannot be met. The company is endeavouring to maintain profitability by rationalising operations and cutting costs.

EVENTS AFTER THE REPORTING PERIOD

The value of new contracts in the Business Premises business area grew by EUR 55.7 million in January. The Housing business area sold 38 residential units in January (6 units in January 2009).

In January, SRV signed a contract for the construction of spa hotel Holiday Club Saimaa in Lappeenranta, in the Rauha area. An aqua park with a wellness area, a restaurant world and a multifunction ice arena will operate in connection with the spa hotel. SRV is acting as a contractor and investor in the project. The spa hotel will be completed in summer 2011.

In January, SRV signed an agreement to buy a total of 28,000 square metres of building rights from VVO Rakennuttaja Oy. The land areas transferred in the agreement consist of leaseholds, purchase options and direct landed property. These areas are located in the Metropolitan Helsinki area: in Arabianranta and Kannelmäki in Helsinki and in Matinkylä in Espoo. They have been zoned for the construction of apartment buildings.

On 5 January 2010, SRV implemented the agreement signed with Eero Heliövaara on 11 August 2009 and Nordea Bank AB (publ) acquired the shares for a per-share price of EUR 4.45. At the same time SRV signed a EUR 8.5 million derivative agreement with Nordea maturing in July for 1,909,483 company shares, according to which the shares will be sold to SRV or an entity named by SRV.

OUTLOOK FOR 2010

Revenue in 2010 is expected to exceed the previous year's level and profit before taxes is expected to be clearly positive.

PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable funds on 31 December 2009 are	EUR 141,438,732.44
of which net profit for the financial year is	EUR 23,034,038.48

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

A dividend of EUR 0.12 per share be paid to shareholders, or	EUR 4,412,216.16
The amount to be transferred to shareholders' equity	EUR 137,026,516.28

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 10 February, 2010

SRV Group Plc
Board of Directors

KEY FINANCIAL INDICATORS

		2009	2008	2007	2006	2005
		IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	EUR million	385.0	537.0	561.4	479.5	422.0
Operating profit	EUR million	9.9	32.9	15.1	24.6	21.8
Operating profit, % of revenue	%	2.6	6.1	2.7	5.1	5.2
Profit before extraordinary items	EUR million	5.8	23.7	11.5	20.7	21.7
Profit before extraordinary items, % of revenue	%	1.5	4.4	2.1	4.3	5.1
Profit before taxes	EUR million	5.8	23.7	11.5	20.7	21.7
Profit before taxes, % of revenue	%	1.5	4.4	2.1	4.3	5.1
Net profit for the financial year attributable to equity holders of the parent company	EUR million	2.3	15.7	7.2	14.5	12.6
Return on equity, %	%	1.4	9.4	6.9	27.3	34.0
Return on investment, %	%	4.7	12.9	9.7	15.9	19.1
Equity ratio, %	%	41.3	41.3	55.4	31.7	19.8
Property, plant and equipment investments	EUR million	3.7	24.8	5.4	3.3	2.7
Property, plant and equipment investments, % of revenue	%	1.0	4.6	1.0	0.7	0.6
Order backlog	EUR million	480.6	455.3	528.7	453.7	251.8
New agreements	EUR million	396.1	399.1	568.3	568.7	236.6
Personnel on average		776	871	761	668	671
Invested capital	EUR million	349.9	339.4	222.9	141.7	182.5
Net interest-bearing debt	EUR million	180.7	169.4	43.2	64.6	108.9
Net gearing ratio, %	%	110.1	101.7	27.3	103.9	218.7
Earnings per share, share issue adjusted ^{*)}	EUR	0.06	0.43	0.22	0.56	0.48
Equity per share, share issue adjusted ^{*)}	EUR	4.48	4.54	4.22	2.22	1.76
Dividend per share, share issue adjusted ^{**)}	EUR	0.12	0.12	0.12	0.12	0.08
Dividend payout ratio, %	%	187.5	27.9	54.6	21.4	16.7
Dividend yield, %	%	2.0	3.5	2.4	-	-
Price per earnings ratio		92.0	8.1	22.8	-	-
Share price development						
Share price at the end of the period	EUR	5.89	3.47	5.02	-	-
Average share price	EUR	4.06	5.05	8.40	-	-
Lowest share price	EUR	2.75	2.82	4.72	-	-
Highest share price	EUR	5.97	6.60	10.79	-	-
Market capitalisation at the end of the period	EUR million	210.7	125.7	184.6	-	-
Trading volume	EUR 1,000	8,309	13,543	22,514	-	-
Trading volume, %	%	231	371	68.8	-	-
Weighted average number of shares outstanding	1,000	35,999	36,526	32,703	26,064	26,064
Number of shares outstanding at the end of the period	EUR 1,000	35,768	36,210	36,768	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 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.

***) The Board of Directors' dividend proposal for 2009

CALCULATION OF KEY FIGURES

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

SHARES AND SHAREHOLDERS

Share price trend and trading of shares

The shares of SRV Group Plc are quoted on the OMX Nordic Exchange. The trading with SRV Group Plc's shares (SRVIV) started on the Main list of OMX on 15 June 2007. During 2009 the highest price was EUR 5.97 and the lowest price EUR 2.75. The average share price for 2009 was EUR 4.06 and the closing price EUR 5.89 giving the company a market capitalisation of EUR 210.7 million as of 31 December 2009. 8.3 million shares were traded in OMX which corresponds to 23.1% of the weighted average number of SRV shares outstanding. The trading value of the shares was EUR 31.4 million.

Shareholders on 31 December 2009

Shareholder	Number of shares	Holding and voting rights, %
Kokkila Ilpo	13,552,000	36.9
Kolpi Investments Oy	5,178,129	14.1
Heliövaara Eero	1,909,483	5.2
Keskinäinen Työeläkevakuutusyhtiö Varma	1,430,000	3.9
SRV Yhtiöt Oy	784,438	2.1
Valtion Eläkerahasto	700,000	1.9
Alfred Berg Finland Sijoitusrahasto	662,997	1.8
Linnoinen Hannu	615,566	1.7
Fondita Nordic Micro Cap	512,000	1.4
Veritas Eläkevakuutusosakeyhtiö	437,000	1.2
Nieminen Timo	418,266	1.1
Sundholm Göran	323,906	0.9
Stiftelsen För Åbo Akademi	300,000	0.8
Alfred Berg Small Cap Finland	281,662	0.8
Keskinäinen Vakuutusyhtiö Eläke-Fennia	245,000	0.7
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	225,000	0.6
SRV Kalusto Oy	215,562	0.6
Maa- ja Vesiteknikan Tuki Ry	205,000	0.6
Alfred Berg Optimal Sijoitusrahasto	203,980	0.6
Säästöpankki Kotimaa-Sijoitusrahasto	150,000	0.4
20 largest shareholders	28,349,989	77.1
Nominee registration	673,291	1.8
Other	7,745,188	21.1
Total number of shares	36,768,468	100.0

The authorisations of the Board of Directors

The Board of Directors of SRV Group Plc has neither valid authorisations to raise the share capital, issue bonds with warrants or convertible bonds. The Board of Directors has valid authorisation to buy and sell own shares (Note 23).

Management shareholding

The Members of the Board of SRV Group Plc as well as the President and CEO and the Deputy CEO owned directly a total of 14,673,354 shares on 31 December 2009 which corresponds to 39.9% of SRV shares and voting rights. In addition to the direct ownership Ilpo Kokkila owned SRV shares also through Kolpi Investments Oy.

Breakdown of share ownership on 31 December 2009 By number of shares owned

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	498	8.6	33,896	0.1
101-500	3,533	61.3	778,458	2.1
501-1,000	745	12.9	610,793	1.7
1,001-5,000	727	12.6	1,748,311	4.8
5,001-10,000	98	1.7	681,181	1.9
10,001-50,000	121	2.1	2,364,386	6.4
50,001-100,000	14	0.2	1,097,680	3.0
100,001-500,000	16	0.3	3,594,345	9.8
over 500,000	10	0.2	25,859,418	70.3
Total	5,762	100.0	36,768,468	100.0
of which nominee registrations	7	0.1	673,291	1.8

By shareholder category

	% of shares
Corporations	20.2
Financial and insurance institutions	7.5
Non-profit organisations	2.3
Public institutions	9.2
Households	60.4
Non-Finnish shareholders	0.4
	100.0

► CONSOLIDATED FINANCIAL STATEMENTS, IFRS

CONSOLIDATED INCOME STATEMENT

EUR1,000	Note	2009	2008	2007
Revenue		384,994	536,964	561,425
Other operating income	5	2,594	1,371	1,111
Change in inventories of finished goods and work in progress		-6,471	53,507	18,317
Use of materials and services		-312,606	-495,307	-509,734
Employee benefit expenses	8	-44,503	-46,323	-41,567
Depreciation and impairments	7	-3,678	-3,168	-1,917
Other operating expenses	6	-10,394	-14,126	-12,575
Operating profit		9,937	32,917	15,059
Financial income	10	6,037	4,158	2,624
Financial expenses	10	-10,198	-13,362	-6,146
Financial income and expenses, total		-4,160	-9,204	-3,522
Profit before taxes		5,776	23,712	11,537
Income taxes	11	-3,435	-8,456	-3,894
Net profit for the financial year		2,341	15,256	7,643
Attributable to				
Equity holders of the parent company		2,304	15,702	7,185
Minority interest		38	-446	458
Earnings per share calculated on the profit attributable to equity holders of the parent company (undiluted and diluted)	12	0.06	0.43	0.22

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31.12.2009

EUR1,000	Note	2009	2008	2007
Net profit for the financial year		2,341	15,256	7,643
Other comprehensive income:				
Gains and losses arising from translating the financial statements of a foreign operation		-13	-108	12
Gains and losses on remeasuring available-for-sale financial assets		0	-75	-108
Income tax relating to components of other comprehensive income		3	48	25
Other comprehensive income for the year, net of tax		-10	-135	-71
Total Comprehensive Income For The Year		2,332	15,121	7,572
Attributable to				
Equity holders of the parent company		2,294	15,566	7,114
Minority interest		38	-446	458
Earnings per share calculated on the profit attributable to equity holders of the parent company (undiluted and diluted)	12	0.06	0.43	0.22

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment	14	16,265	18,986
Goodwill	15	1,734	1,734
Other intangible assets	15	453	537
Other financial assets	16, 17	4,801	4,266
Receivables	16, 18	16,197	6,601
Deferred tax assets	19	2,219	1,698
Non-current assets, total		41,669	33,821
Current assets			
Inventories	20	291,443	294,847
Trade and other receivables	16, 21	77,623	86,706
Current tax receivables		1,905	5,082
Cash and cash equivalents	22	5,217	3,372
Current assets, total		376,189	390,007
ASSETS TOTAL		417,858	423,829
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	23	3,063	3,063
Share premium reserve	23	0	0
Invested free equity fund	23	87,338	87,338
Translation differences		-99	-86
Other reserves		-75	-75
Retained earnings		70,083	74,104
Equity attributable to equity holders of the parent company, total		160,310	164,345
Minority interest		3,758	2,264
Equity, total		164,068	166,609
Non-current liabilities			
Deferred tax liabilities	19	532	272
Provisions	24	4,771	5,571
Interest-bearing liabilities	16, 25	96,871	69,358
Other liabilities	16, 26	764	390
Non-current liabilities, total		102,938	75,591
Current liabilities			
Trade and other payables	16, 26	56,156	66,778
Current tax payable		2,626	7,990
Provisions	24	3,837	3,809
Interest-bearing liabilities	16, 25	88,233	103,052
Current liabilities, total		150,851	181,628
Liabilities, total		253,790	257,220
EQUITY AND LIABILITIES, TOTAL		417,858	423,829

CONSOLIDATED CASH FLOW STATEMENT

EUR1,000	Note	2009	2008	2007
Cash flow from operating activities				
Net profit for the financial year		2,341	15,256	7,643
Adjustments:				
Depreciation and impairments		3,678	3,168	1,917
Non-cash transactions	30	2,680	-512	1,450
Financial income and expenses		4,160	9,204	3,522
Capital gains on sale of tangible and intangible assets		-11	-10	-148
Income taxes		3,435	8,456	3,894
Adjustments, total		13,942	20,308	10,635
Changes in working capital:				
Change in loan receivables		-13,459	-12,556	-2,701
Change in trade and other receivables		17,843	14,929	-22,951
Change in inventories		5,370	-98,763	-62,844
Change in trade and other payables		-9,559	-31,868	16,404
Changes in working capital, total		195	-128,257	-72,092
Interest paid		-12,667	-12,973	-6,353
Interest received		5,667	6,681	2,813
Income taxes paid		-5,882	-4,194	-6,295
Net cash from operating activities		3,596	-103,180	-63,650
Acquisition of subsidiaries, net of cash				
Acquisition of subsidiaries, net of cash		-2,290	-1,328	0
Property, plant and equipment		-814	-13,689	-4,215
Intangible assets		-70	-258	-116
Other financial assets		-536	-1,493	-1,023
Sale of property, plant and equipment and intangible assets		29	85	740
Sale of financial assets		1	0	264
Net cash used in investing activities		-3,680	-16,683	-4,349
Cash flow from financing activities				
Proceeds from share issue		0	0	113,430
Proceeds from loans		19,625	68,869	19,148
Repayments of loans		-22,227	-10,125	-13,536
Change in loan receivables		0	0	176
Change in housing corporation loans		-6,761	30,624	-21,829
Change in credit limits		17,454	18,781	928
Purchase of treasury shares		-1,772	-1,918	-20,660
Dividends paid		-4,389	-4,404	-3,128
Net cash from financing activities		1,930	101,828	74,530
Net change in cash and cash equivalents		1,846	-18,035	6,530
Cash and cash equivalents at the beginning of financial year		3,372	21,407	14,877
Cash and cash equivalents at the end of financial year		5,217	3,372	21,407
Gross investments		-3,711	-16,768	-5,354

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Equity attributable to equity holders of the parent company							Minority interest	Equity Total
	Share capital	Share premium reserve	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total		
Equity, total (IFRS), 1 Jan 2008	3,063	0	87,338	22	0	64,680	155,103	3,236	158,339
Net income recognised directly in equity	0	0	0	-108	-75	44	-139		
Net profit for the financial year	-	-	-	-	-	15,702	15,702		
Total income and expenses for the financial year	0	0	0	-108	-75	15,746	15,563		
Dividends paid	-	-	-	-	-	-4,403	-4,403		
Purchase and cancellation of treasury shares	-	-	-	-	-	-1,918	-1,918		
Equity, total (IFRS), 31 Dec 2008	3,063	0	87,338	-86	-75	74,104	164,345	2,264	166,609
Equity, total (IFRS), 1 Jan 2009	3,063	0	87,338	-86	-75	74,104	164,345	2,264	166,609
Translation differences	-	-	-	-13	-	-	-13		
Net gains on available-for-sale financial assets	-	-	-	-	0	-	0		
Other changes	-	-	-	-	-	-210	-210		
Net income recognised directly in equity	0	0	0	-13	0	-210	-223		
Net profit for the financial year	-	-	-	-	-	2,304	2,304		
Total income and expenses for the financial year	0	0	0	-13	0	2,094	2,081		
Dividends paid	-	-	-	-	-	-4,344	-4,344		
Purchase and cancellation of treasury shares	-	-	-	-	-	-1,772	-1,772		
Equity, total (IFRS), 31 Dec 2009	3,063	0	87,338	-99	-75	70,083	160,310	3,758	164,068

▶ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DESCRIPTION OF OPERATIONS

SRV Group Plc and its subsidiaries (the SRV Group) is a leading Finnish project management contractor that constructs and develops commercial and Business premises, residential housing as well as industrial and logistics facilities in Finland, Baltic countries and Russia. In line with the Group's strategy, operations are organised into three business areas: Business Premises, Housing, and International Operations. The main operational companies are SRV Toimitilat Ltd, SRV Asunnot Ltd and SRV International Ltd. The Business Premises business area comprises SRV Toimitilat Oy's retail, office, logistics and rock construction operations and property development. The Housing business area comprises housing construction in the Helsinki Metropolitan Area and the neighbouring municipalities as well as the operations of the regional subsidiaries. Besides housing, the regional business operations include commercial, business premises and logistics construction projects. International Operations comprises the business activities of the SRV International subgroup in Russia and the Baltic countries. SRV Group Plc's Project Development unit and Group Administration support and serve all the Group's operations.

The Group's parent company, SRV Group Plc (the Company), is a Finnish public limited company which is domiciled in Espoo, Finland. The Company's registered address is Niittytaival 13, 02200 Espoo.

Board of Directors has approved these consolidated financial statements for issue on 10 February 2010.

ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on 31 December 2009 in accordance with IFRS (International Financial Reporting Standards). International Financial Reporting Standards refer to the standards and their interpretations issued and approved for application within the EU in accordance with the procedure prescribed in EU regulation (EC) 1606/2002. The financial statements are presented in thousands of euros unless otherwise stated.

The consolidated financial statements have been prepared based on a historical cost basis, except for available-for-sale investments, financial assets and liabilities measured at fair value through income statement and derivative contracts measured at fair value as well as share-based payments which are measured at fair value.

Application of new standards, amendments and interpretations

The following standards, amendments and interpretations have been applied as from the accounting period beginning on 1 January 2009:

- ▶ IAS 23 Borrowing Costs. Borrowing costs directly attributable to construction projects starting in 2009 or later shall be capitalized as part of that project. Capitalized borrowing costs shall be recognized in the income statement with an effect on operating profit when revenue from the construction project is recognized. This amendment has an impact both on the Group's financial position and to some extent on the presentation of consolidated financial statements.
- ▶ IAS 1 Presentation of Financial Statements. Starting from 2009 Group shall disclose an income statement and a statement of comprehensive income. Statement of comprehensive income statement

includes changes in shareholders' equity that relate to transactions with non-owners.

- ▶ IFRS 7; Financial instruments; Disclosures. Starting from 2009 instruments measured at fair value shall be disclosed using three-level hierarchy.
- ▶ 2008 Annual improvements to IFRS.

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

The application of the following standards, amendments and interpretations is mandatory as from the accounting period beginning on or after 1 January 2010:

- ▶ IFRS 3 Business Combinations (in force for the financial year commencing 1 July 2009 or after). The Group will apply this standard as from 1 January 2010. The revised standard has an impact on the amount of goodwill recognized in connection with acquisition of business operations. The resulting goodwill is calculated as a parent company's share of the net assets of acquired business and also minority's share may be included in it. Costs in connection with the transaction are expensed.
- ▶ IAS 27 Consolidated and Separate Financial Statements (in force for the financial year commencing 1 January 2009). The Group will apply this standard as from 1 January 2010. According to the revised standard, the changes in the ownership interest of a subsidiary that does not result in loss of control are recognized in equity. Losses incurred by the subsidiary will be allocated to the non-controlling interest even if the losses exceed the non-controlling equity investment in the subsidiary.
- ▶ IFRIC 15 Agreements for the Construction of Real Estate (in force for the financial year commencing 1 January 2009 / EU endorsed this interpretation during 2009). The Group will apply this standard as from 1 January 2010. The interpretation specifies when the revenue in connection with construction contracts may be recognized using the percentage of completion method and when completed contract method should be used instead. The application of this interpretation will have an impact primarily on revenue recognition of the housing developer contracting. Currently Group applies percentage of completion method on housing developer contracting. According to the interpretation the completed contract method should be applied instead. This change in revenue recognition will have an impact on revenues, operating profit, net profit for the period, inventories, advances received, interest-bearing liabilities, shareholders' equity and balance sheet total.

These standards, amendments and interpretations have impact both on Group's financial position and to some extent on the presentation of consolidated financial statements.

- ▶ Annual improvements 2009 (in force for the financial year commencing 1 January 2009). The Group will apply this standard as from 1 January 2010. These standards, amendments and interpretations do not have an effect on the Group's financial position. They have to some extent effect on the presentation of the consolidated financial statements.

Use of estimates

The preparation of financial statements in accordance with IFRS requires the management to make certain estimates and to use the judgement in applying accounting policies. The estimates and assumptions have an effect on assets and liabilities as well as on revenues and expenses for the reporting period. Estimates and assumptions have been used for example in the impairment testing of goodwill, property, plant and equipment and intangible assets, in the revenue recognition of construction contracts, in the measurement of current assets, in the measurement of warranty and other provisions and in the recognition of income taxes.

Revenues and expenses related to the construction contracts are recognised based on the percentage of completion method (in developer contracting projects on a combined percentage of completion method), when the outcome of the project can be estimated reliably. Revenue recognition according to the percentage of completion is dependent on estimates of the expected revenue and expenses from the project as well as on reliable measurement of the progress of the project. The estimate of the expected revenue from the project is affected by the estimated amount of the rental liabilities. Should the estimates of the project's outcome change, the revenues and the profit will be correspondingly changed during the financial period that the change is discovered and can be estimated.

The Group carries out an annual impairment testing of goodwill and intangible assets having an indefinite useful life. The recoverable amounts of cash-generating units have been defined on the basis of value in use calculations. The preparation of these calculations requires use of estimates.

Warranty provisions and 10-year warranty provisions are recorded when the amount of the provision can be estimated reliably. The recorded amount is the best estimate of the expected cost that will be required to meet the claim as of the balance sheet date. The estimate concerning probability of costs is based on previous similar events and previous experience and it requires judgement from the Group management.

When preparing the financial statements the Group estimates the net realisable value of current assets and the possible consequent need for write down. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made as to the amount the inventories are expected to realise.

When preparing the financial statements the Group especially estimates if there is a need for recognition of deferred taxes. The Group prepares an estimate about the probability of the profits of subsidiaries against which the unused tax losses or unused tax credits can be used.

CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

The consolidated financial statements comprise the parent company SRV Group Plc and all the companies in which SRV Group Plc holds, directly or indirectly, more than 50 per cent of the voting rights or otherwise exercises control. Control means the right to govern the financial and operating policies of an entity to obtain the benefits from its activities. Balance sheets of developer contracting projects are included in the consolidated financial statements.

The financial statements of the SRV Group have been consolidated using the purchase method. Acquisition cost is determined by taking into account funds given as consideration and measured at fair value, and liabilities assumed, as well as the direct costs of an acquisition. Acquired

and identifiable assets and liabilities are measured at fair value at the acquisition date, irrespective of the size of any minority interest. The amount by which the cost exceeds the fair value of Group's share of the net identifiable assets acquired is recorded as goodwill. Goodwill is not amortised but is tested for impairment annually. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, this difference is recorded directly to the income statement.

When the group acquires minority interests the amount by which the cost exceeds the acquired equity is recognized as goodwill.

The accounting policies of subsidiaries have been changed as necessary to correspond the Group's accounting policies.

Subsidiaries are consolidated starting from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Intra-group transactions, receivables and liabilities as well as unrealised gains on intra-group transactions are eliminated in the consolidated financial statements. Unrealised losses are eliminated if the loss is not caused by an impairment.

Minority interest has been presented separately after Net profit for the period and in Total equity.

Joint ventures

Joint ventures are companies in which the Group exercises a shared controlling interest with other parties based on an agreement. The Group's holding in joint ventures is consolidated proportionally on a line by line basis. The consolidated financial statements consist of the Group's share of joint ventures' assets, liabilities, income and expenses.

FOREIGN CURRENCY TRANSACTIONS

Functional and presentation currency

Items of each group company included in the consolidated financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to group company (the functional currency). The functional currency of a group company may therefore differ from the currency used in its country of location. The consolidated financial statements are presented in euros, which is the parent company's functional currency.

Group companies

The income statements of those subsidiaries whose functional currency is not Euro are translated into euros using the average rate for the financial period. The balance sheets of subsidiaries are translated into euros using the rates at the balance sheet date. The translation differences arising from the use of different exchange rates are recorded in Translation differences under equity. In so far as the loans between the group companies are considered part of net investment in foreign subsidiaries, the currency exchange differences are recorded in Translation differences. When a foreign subsidiary is sold, the cumulative translation differences are recognised in the income statement as part of the capital gain or loss.

Transactions and balance sheet items

Transactions denominated in foreign currency are recorded using the exchange rate on the date of the transaction. Monetary foreign currency

items in the balance sheet are measured using the exchange rate at the closing date. Non-monetary items denominated in foreign currency are measured using the exchange rate on date of the transaction. Exchange rate gains and losses on business operations are included in corresponding items above operating profit. Exchange rate differences of financing items are included in financial income and expenses.

INCOME RECOGNITION

Construction contracts

Income and costs of construction contracts are recorded as revenue and expenses on the basis of the percentage of completion, when the outcome of the project can be estimated reliably. The percentage of completion is calculated on the basis of the estimated total cost of a contract and the cumulative costs at the balance sheet date.

Income and costs from developer contracting projects are recognised as revenue based on the combined percentage of completion which is calculated based on percentage of completion of the construction and the degree of sale. Cumulative cost in excess of the combined percentage of completion is recognised in Work in progress in Inventories.

If it is probable that the total expenditure required to complete a contract will exceed the total income from the project, the expected loss is expensed immediately. Revenue from projects which comprise construction and rental liability are recognised as one construction contract. Gross profit is recognised on projects containing a rental liability starting from the point when the total revenue from the fixed construction contract and the rental agreements concluded exceeds the estimated total cost of the project. The recognition of revenues is deferred in respect of the estimated rental liability and this estimated deferral is recognised in Advance payments in Liabilities. The rental security deposits reduce the Advance payments of the project. Uncertainty associated with a lease agreements is taken into account in income recognition.

If the costs and recorded profits of construction contracts exceed the amount of progress billings, the difference is disclosed in Trade and other receivables. If costs and recorded profits of construction contracts are less than the amount of progress billings, the difference is disclosed in Trade and other payables

ORDER BACKLOG

A construction project is included in the order backlog when the construction contract of the project has been signed or the decision to start construction has been made in case of a developer contracting project. The order backlog consists of the construction contracts not yet recognised as revenue (including the plot).

BORROWING COSTS

Borrowing costs in projects which are implemented for clients outside the group, are recognised as an expense in the period in which they are incurred. In developer contracting projects interests are activated during the construction period and are recognised when the project is sold. These interest costs are entered as project expenses above operating profit.

RESEARCH AND DEVELOPMENT EXPENDITURE

SRV's research and development expenditures are planning costs of developer contracting projects and development projects for which the decision to start has not yet been made. These costs are recorded as an expense in the income statement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is valued at historical cost less accumulated depreciation and possible accumulated impairment losses. Historical cost consists of the costs directly related to acquiring the asset.

Land and water areas are not amortised because the economic life of these assets cannot be determined. Depreciation on other tangible assets than land and water areas is calculated by using the reducing balance method or on a straight-line basis by recording acquisition costs as expense over their estimated economic lives as follows:

- ▶ Buildings and structures, reducing balance method: 4–7%
- ▶ Machinery and equipment, reducing balance method: 25%
- ▶ Other intangible assets, straight-line method: 3–5 years

The carrying amounts and economic lives of property, plant and equipment are estimated and values adjusted as needed. The Group estimates at every balance sheet date if there is a need for impairment. If the carrying amount of an asset item exceeds the estimated recoverable amount, the carrying amount is lowered to correspond the recoverable amount.

Capital gains and losses on property, plant and equipment are included in the income statement.

INTANGIBLE ASSETS

Intangible assets which have a limited useful life are valued at historical cost and amortised over their estimated economic life (3–5 years). Intangible assets which have an unlimited useful life are tested yearly for impairment.

Goodwill is the excess of the cost of the business combination over the fair value of the Group's share of acquired net assets. Goodwill is subject to an annual impairment test. For this purpose, goodwill has been allocated to cash-generating units. Goodwill is measured at historical cost less impairment. Impairment is expensed directly to the income statement.

Assets which are depreciated or amortised are always tested for impairment when events or changes in circumstances indicate the carrying amount may not be recovered. An impairment is recorded through profit and loss to the extent that the carrying amount of the asset item exceeds the recoverable amount. The recoverable amount is the higher of the following: the fair value of the asset item less selling costs or its value in use.

FINANCIAL ASSETS AND LIABILITIES

The Group classifies its financial assets and liabilities into the following categories: financial assets held for trading, loans and other receivables, available-for-sale financial assets, financial liabilities held for trading and financial liabilities measured at amortised costs.

The classification is made in accordance with the purpose for which the financial assets were initially acquired. The Group records financial assets and liabilities in the balance sheet when it becomes a party to the contractual terms and conditions of the instrument. Group management defines the classification of financial assets and liabilities in the initial recognition. Purchases and sales of financial assets are recognised on the clearing day. Financial assets are derecognised from the balance sheet when the contractual right to the cash flows of the item included in financial assets ceases or when the Group has transferred a significant part of the risks and returns associated with the financial assets. Financial liabilities are derecognised when the obligation specified in the contract has been fulfilled, cancelled or the liability has ceased.

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised in the balance sheet at cost which corresponds to their fair value on the transaction day and subsequently measured at their fair value on each balance sheet day. At the time of entering into derivative instrument the Group designates them as either cash flow hedges of business or financing cash flows or as hedges of investments in foreign entities.

Changes in the fair value of derivative instruments qualifying for IAS 39 hedge accounting are recognised in equity under the Fair value reserve for their effective part. The cumulative gain or loss of derivatives is transferred into income statement as revenue or expense for the same accounting period when the underlying hedged item is recognised the income statement. The ineffective part of the hedge is recognised directly in the income statement.

Changes in the fair value of derivative instruments which do not qualify for IAS 39 hedge accounting are recognised directly in the income statement.

Group's Treasury unit is responsible for the hedge transactions according to the policy approved by the Board of Directors. Hedge accounting is applied for relevant forecasted business or financing cash flows. Hedge accounting is always applied for hedges of investments in foreign entities.

During the fiscal year 2009 there were no hedges qualifying for IAS 39 hedge accounting

Financial assets and liabilities held for trading

The derivative instruments which do not meet the criteria for hedge accounting are classified as financial assets or liabilities held for trading. Derivatives are initially recognised in the balance sheet at cost, which corresponds to their fair value on the transaction day and thereafter measured at fair value on each balance sheet date. Changes in fair values are recognised in the income statement under Other financial income and expense and in the balance sheet under short term financial assets or liabilities.

Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or definable payments. They are not quoted on the market and it is not a primary intention of the company to sell them in the short term. Loans

and other receivables are included in non-current financial assets, except for items whose maturity is shorter than twelve months. These items are classified as current financial assets.

Loans and other receivables, including trade receivables, are recorded in the balance sheet at amortised cost. Interest is recognised in the income statement over the maturity of the loan using the effective interest method. Impairment loss is recognised if there is evidence that the Group will not recover the receivable in full or in part according to the original terms. Matters that constitute evidence of this kind can be a debtor's serious financial problems, the probability that a debtor will end up in bankruptcy or is subjected to other financial arrangements as well as payment delinquency. The amount of the impairment is the difference between the receivable in the balance sheet and the present value of estimated future cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are either defined belonging to this category or which cannot be classified in any other category. They are included in non-current financial assets unless Group intends to sell the investment within twelve months of the balance sheet date.

Available-for-sale financial assets are measured at fair value. Changes in the fair value are recognised directly in equity. When the asset is sold, the cumulative changes in fair value are recognised as a transfer from equity to income statement.

Investments are derecognised when the rights to the cash flows from the investment cease to exist or they have been transferred and the Group has transferred the substantial risks and rewards of ownership.

The Group estimates at each balance sheet date whether there is objective evidence that a single asset or group of assets belonging to available-for-sale financial assets is impaired.

Cash and cash equivalents

Cash and cash equivalents consist of cash, current bank deposits as well as other current liquid investments with a maturity not exceeding three months. Bank overdrafts are included in current liabilities in the balance sheet.

Financial liabilities measured at amortised costs

Financial liabilities are initially recognised at fair value. Transaction expenses have been included in the original carrying amount of financial liabilities. Interest is recognised in the income statement over the maturity of the loan using the effective interest method. Financial liabilities are recognised in the balance sheet under non-current and current liabilities and they can be interest-bearing or non-interest-bearing

An external loan from a financial institution taken out by housing corporations in connection with developer contracting contracts is recognised as a liability to the extent it relates to the unsold shares of the housing corporation. The loan is derecognised when the purchaser assumes the liability.

LEASES

Operating leases

Lease agreements in which the risks and benefits are retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as an expense in the income statement on a straightline basis over the lease term.

INVENTORIES

The costing of raw materials and consumables is measured using weighted average cost method.

The balance sheet item "Work in progress" comprises the cost of construction work and plot for uncompleted construction projects not yet expensed. The acquisition costs included in the Work in progress are raw materials, direct cost of labour, other direct costs, indirect costs of purchase and construction as well as borrowing costs.

The balance sheet item "Land areas and plot-owning companies" comprises costs of development stage projects. The costs that are considered to increase the value of land areas and plot-owning companies are capitalised.

The balance sheet item "Shares in completed housing corporations and real-estate companies" comprises unsold completed projects.

The balance sheet item "Advance payments" comprises advance payments in connection with the inventories.

The balance sheet item "Other inventories" comprises share capitals from projects of which the decision to start construction has not yet been made and the property bought for resale.

Inventories are valued at the lower of cost and net realisable value. In ordinary business, net realisable value is the estimated selling price which is obtainable, less the estimated costs incurred in bringing the product to its present condition and selling expenses.

INCOME TAXES

Tax expense in the income statement comprises current taxes and deferred taxes. Current tax is calculated based on the taxable income for the financial period using the statutory tax rate that is force in each country at the balance sheet date (and local tax legislation). Taxes are adjusted for any taxes for previous periods.

Deferred taxes are recognised on temporary differences. Deferred taxes are not recognised in connection with investments made in subsidiaries when the Group can control the timing of the reversal of the temporary difference, and the temporary difference will probably not be reverse in the foreseeable future.

A tax asset is recognised to the extent when it is probable that the asset can be utilised against future taxable income.

EMPLOYEE BENEFITS

Pension liabilities

Group companies have various pension plans in accordance with the local regulations and practices of each country of operation. Pension plans are funded through contributions paid to insurance companies based on paid salaries and wages.

The Group has only defined contribution plans. The payments in connection with Group's defined contribution plans are recognised in the income statement in the period which they relate to.

Share-based payment

The Group applies IFRS 2 Share-based Payment standard on its share-based incentive schemes. Share-based incentive scheme is valued at fair value by using the Black & Scholes pricing model in every interim and annual closing. The change in the incentive liability is recognised in the income statement. The share-based payments of the Group are cash or share settled transactions.

PROVISIONS

A provision is recognised when the company has a legal or constructive obligation as a result of a past event, the payment obligation is probable and the amount of obligation can be reliably estimated.

If compensation can be received from a third party for a part of the obligation, the compensation is recognised as a separate item when it is virtually certain that the compensation will be received. A provision is recognised for a loss-making contract when the costs required to meet the obligations exceed the benefits received from the contract.

SRV and its subsidiaries are reengaged in several legal proceedings which relate to ordinary business or to other processes. The result of these legal proceedings and processes is difficult to predict. In case of litigation a provision is recognised in the financial statements according to the mentioned accounting policies when there is a legal or constructive obligation against third-party, payment obligation is probable and the amount of an obligation can be reliably estimated.

Warranty provisions comprise the costs resulting from the repair of completed projects if the warranty period is still in effect at the balance sheet date. A warranty provision is recognised at the time of the project hand-over, and the amount of provision is based on prior experience of the materialisation of warranty expenses. It is expected that warranty provisions are used during the two years from the completion of the project.

The amount of a 10-year warranty provision in the construction industry is based on prior experience of the materialisation of these expenses. It is expected that a 10-year provision will be used over the ten years following the completion of the project.

DIVIDENDS

The dividend payout proposed by the Board of Directors to the Annual General Meeting is recognised in the financial statements when the company's shareholders have approved the relevant resolution at the Annual General Meeting.

1 SEGMENT INFORMATION

Segment information has been prepared in compliance with IFRS 8 and it follows the accounting standards of Group's financial statements as well as the Group's management and organisational structure. IFRS 8 has been early adopted.

Pricing of transactions between the operating segments equals the market price. Segments assets and liabilities are those assets and liabilities that the segment uses in its operations or which can be allocated to the segments on a reasonable basis. Unallocated items include income taxes and financial items as well as Group level items.

OPERATING SEGMENTS

SRV Group has the following operating segments:

Business premises

Business Premises operating segment is specialised in office, commercial, logistics and underground construction in Finland. The customers are primarily users of premises, owners of properties or plots and real-estate investors as well as municipalities, the State and other public sector entities. Business Premises brings special expertise to the design and implementation of the Group's joint projects for the development and construction of commercial and office premises.

Housing

Housing operating segment comprises residential construction in the Greater Helsinki area and its peripheral communities as well as the operations of the regional subsidiaries. The regional companies carry

out residential, commercial, office premises and logistics construction projects. The clientele is made up of consumers, professional developers and public sector entities. Housing brings special expertise to the design and implementation of the Group's joint projects within new residential construction and refurbishment.

International operations

International Operations is specialised in the implementation of construction projects in the Baltic countries and in Russia's regional centres as well as in developer construction of residential projects in selected markets. The product range covers housing, office and commercial premises as well as logistics and industrial sites. The clientele consists primarily of Finnish and international companies expanding into this region as well as real-estate investors and consumers.

Operating segments derive the revenues from construction services. Other operations include Group services and the services related to rental of construction equipment.

The geographical distribution of the Group's operations is in line with the operating segments. International Operations comprise the operations in Russia and in the Baltic countries. The operations of other business segments comprise the operations in Finland.

During the financial year 1 January–31 December 2009, the Group did not have major customers according to the definition of IFRS 8.

During the financial year 1 January–31 December 2008, the Group had one major customer in accordance with IFRS 8 and its share of revenue amounted to EUR 55,4 million. The revenue was allocated to the Business premises segment.

2009

EUR 1,000	Business Premises	Housing	International Operations	Other	Total
Revenue, external	207,899	154,136	22,903	56	384,994
Revenue, internal	94	0	11	8,648	8,753
Total	207,993	154,137	22,914	8,704	393,748
Operating profit	17,984	4,861	-7,887	-4,740	10,218
Segment's assets					
Non-current	863	1,432	25,148	10,918	38,361
Current					
Land areas and plot-owning companies	27,816	41,415	83,553	0	152,784
Work in progress	0	20,388	13,565	0	33,952
Shares in completed housing corporations and real estate companies	25,491	55,470	5,461	0	86,422
Other inventories	5,056	3,710	10,281	0	19,047
Inventories total	58,363	120,983	112,860	0	292,206
Other current assets	29,461	29,063	44,508	203,622	306,654
Total	88,687	151,477	182,516	214,540	637,221
Segment's liabilities					
Non-current	10,989	68,195	18,385	5,190	102,759
Current	44,510	64,680	163,356	74,037	346,582
Total	55,499	132,875	181,741	79,226	449,341
Invested capital					
At the end of period	42,044	123,103	177,062		349,937
Return on investment, %	35.2	3.8	-1.5		4.7
Order backlog	255,329	200,715	24,583		480,627

2008

EUR1,000	Business Premises	Housing	International Operations	Other	Total
Revenue, external	349,097	127,826	60,062	-21	536,964
Revenue, internal	23	50	10	11,494	11,578
Total	349,120	127,875	60,072	11,473	548,541
Operating profit	27,824	704	9,236	-4,926	32,839
Segment's assets					
Non-current	917	1,932	16,232	12,547	31,627
Current					
Land areas and plot-owning companies	24,604	41,560	75,959	0	142,123
Work in progress	29,951	57,267	13,565	0	100,783
Shares in completed housing corporations and real estate companies	0	30,618	3,321	0	33,938
Other inventories	5,048	4,602	9,262	10	18,922
Inventories total	59,602	134,047	102,108	10	295,767
Other current assets	56,355	22,413	40,308	172,552	291,627
Total	116,874	158,392	158,647	185,108	619,022
Segment's liabilities					
Non-current	1,116	58,294	12,677	6,856	78,943
Current	80,551	83,206	134,560	58,825	357,142
Total	81,667	141,500	147,236	65,682	436,084
Invested capital					
At the end of period	63,872	138,925	138,578		339,409
Return on investment, %	60.8	0.7	9.3		12.9
Order backlog	265,728	154,004	35,611		455,343

2007

EUR1,000	Business Premises	Housing	International Operations	Other	Total
Revenue, external	345,254	162,959	53,164	48	561,425
Revenue, internal	141	134	45	11,130	11,450
Total	345,394	163,093	53,209	11,178	572,875
Operating profit	18,042	10,682	-10,239	-3,070	15,415

Revenue

EUR1,000	2009	2008	2007
Segment's revenue	385,044	537,068	561,696
Revenue, others	8,704	11,473	11,178
Eliminations and other adjustments	-8,753	-11,578	-11,450
Total	384,994	536,964	561,425

Operating profit

EUR1,000	2009	2008	2007
Segment's operating profit	14,957	37,765	18,485
Operating profit, others	-4,740	-4,926	-3,070
Eliminations and other adjustments	-281	78	-356
Total	9,937	32,917	15,059

Assets

EUR1,000	2009	2008
Segment's assets	422,681	433,913
Assets, others	214,540	185,108
Eliminations and other adjustments	-221,582	-196,891
Deferred tax assets	2,219	1,698
Total	417,858	423,829

Liabilities

EUR1,000	2009	2008
Segment's liabilities	370,115	370,403
Liabilities, others	79,226	65,682
Eliminations and other adjustments	-196,083	-179,136
Deferred tax liabilities	532	272
Total	253,790	257,220

Order backlog

EUR million	2009	2008
Order backlogs of the segments	480.6	455
Total	480.6	455.3

2 ACQUISITIONS

- ▶ **Acquisitions during 2009**
SRV Group did not acquire new businesses in 2009.
- ▶ **Acquisitions during 2008**
SRV Group did not acquire new businesses in 2008.
- ▶ **Acquisitions during 2007**
SRV Group did not acquire new businesses in 2007.

3 DISPOSALS

- ▶ **Disposals during 2009**
SRV Group did not have significant disposals of businesses in 2009.
- ▶ **Disposals during 2008**
SRV Group did not have significant disposals of businesses in 2008.
- ▶ **Disposals during 2007**
SRV Group did not have significant disposals of businesses in 2007.

4 CONSTRUCTION CONTRACTS

EUR 1,000	2009	2008	2007
Revenue from construction contracts recognised as income during the financial year	383,750	529,719	554,117
Contract costs and profits at the end of financial year (less recognised losses) ¹⁾	286,216	373,377	307,471
Gross amount due from customers related to construction contracts ²⁾	17,517	21,874	32,161
Gross amount due to customers related to construction contracts ³⁾	19,555	18,707	45,516

1) Related to the work in progress.

2) Expenses and recognised profits exceeding the progress billings are disclosed in the balance sheet under Trade and other receivables.

3) If the actual expenses and profits recorded are less than progress billings, the difference is disclosed under Trade and other payables.

5 OTHER OPERATING INCOME

EUR 1,000	2009	2008	2007
Capital gains on sales of property, plant and equipment and intangible assets	11	10	148
Rental income	2,011	1,069	544
Other income	572	292	420
Total	2,594	1,371	1,111

6 OTHER OPERATING EXPENSES

EUR 1,000	2009	2008	2007
Rental expenses	2,508	2,850	2,463
Voluntary indirect personnel expenses	778	1,162	1,149
Car and travel expenses	1,035	1,455	1,115
Entertainment and marketing	792	1,270	1,378
Communications and IT	1,191	1,419	1,317
Other external services	1,010	1,373	1,264
Other fixed expenses	3,080	4,598	3,888
Total	10,394	14,126	12,575

Auditing fees

EUR 1,000	2009	2008	2007
Audit	236	280	252
Auditors' statements	3	10	9
Tax services	10	63	29
Other services	5	69	397
Total	254	422	688

7 DEPRECIATION AND IMPAIRMENTS

EUR 1,000	2009	2008	2007
Depreciation			
Intangible assets			
Other intangible assets	168	369	375
Property, plant and equipment			
Buildings and structures	1,581	746	118
Machinery and equipment	1,929	2,053	1,422
Other tangible assets	0	0	1
Total	3,678	3,168	1,917

8 EMPLOYEE-BENEFIT EXPENSES

EUR 1,000	2009	2008	2007
Wages and salaries ¹⁾	35,789	37,736	33,055
Pension expenses			
- defined contribution plans	5,863	6,011	5,613
Share-based incentive scheme	408	-54	115
Employee offering cost ²⁾	0	0	398
Other indirect personnel expenses	2,442	2,630	2,386
Total	44,503	46,323	41,567

1) Information on management's compensation as well as employee benefits is disclosed in Section 32 Related party transactions.

2) The size of employee offering of 442,700 shares was decided in the Board of Directors meeting held on 11 June, 2007. The employee offering was carried out by EUR 8.10 per share which was EUR 0.90 lower than the institutional and retail offering price. The total cost of employee offering was EUR 398,430.

SRV Group has only defined contribution plans in connection with the pensions.

Average number of personnel

	2009	2008	2007
Business Premises	285	308	281
Housing	234	292	290
International Operations	171	175	102
Other	86	96	88
Total	776	871	761

Share-based incentive scheme

Grant year	2009 ⁴⁾	2006 ³⁾
Subscription ratio	1:1	1:1
Exercise price	4.80	3.85
Dividend adjusted exercise price	4.80	3.49
Amount granted	2,000,000	100,000
Subscription period	2010–2016	2010–2013

3) One member of the Corporate Executive Team of SRV Group Plc has a share-based incentive scheme under which the member is entitled to a share bonus while in the employ of the Group. The amount to be paid as a share bonus is based on the price development of SRV Group Plc's share. SRV Group Plc may upon its discretion pay the share bonus in cash or as shares. SRV Group Plc has decided that half of the bonus shall be paid as shares. The amount to be paid is determined as the difference between the specified initial price and the publicly quoted price of the share determined in a more specified way on the date on which the share bonus is paid. This share-based incentive scheme is valued using the Black & Scholes pricing model. Bonuses paid as shares are valued in accordance with their value at the time when the decision on the payment method is made and those paid in cash are valued at fair value. Changes in value are recognised in the income statement over their effective period. The volatility used in the pricing model is 44%.

On 11 February 2008, the Board of Directors of SRV approved a new share-based incentive scheme for the Group's key personnel. The scheme includes three earning periods – the calendar years 2008, 2009 and 2010. The potential reward will be paid partly as shares in the company and partly as cash. The proportion to be paid in cash will cover taxes and tax-related costs arising from the reward. The shares may not be transferred during the two-year restriction period. If a key person's employment or service ends during said restriction period, he/she must return the shares rewarded under the scheme to the company without compensation. In the 2009 earning period, the target group of the scheme included 77 people and the reward is based mainly on consolidated and partly on business area earnings before taxes. The rewards paid for earning period 2009 amounted to about 80,000 shares. The rewards paid as shares under this share-based incentive scheme are valued in accordance with their value at the time of granting and the rewards paid in cash are valued at fair value. Changes in value are recognised in the income statement over their effective period.

4) On 15 December 2009, the Board of Directors of SRV decided on a long-term share-based incentive scheme that includes two key employees of the Group, one of whom is the future CEO of the Group. The amount to be paid as a share bonus is based on the price development of SRV Group Plc's share. SRV Group Plc is entitled to pay the reward either in cash or as shares. According to the terms of the scheme, half of the post-tax value of the rewards must be tied to SRV Group Plc shares and the shares are subject to a two-year transfer restriction. This share-based incentive scheme is valued at its value at the time of granting. Changes in value are recognised in the income statement over their effective period.

9 RESEARCH AND DEVELOPMENT EXPENSES

SRV Group's research and development costs attribute to the planning costs of the developer contracting projects and the development projects for which construction decision has not been made. These costs are recognised as an expense in the income statement.

10 FINANCIAL INCOME AND EXPENSES

EUR 1,000	2009	2008	2007
Financial income			
Income on available-for-sale assets	129	0	42
Interest income from loans and receivables	2,727	2,545	1,717
Other financial income	3,543	1,661	12
Total	6,399	4,207	1,770

Financial expenses			
Expenses for financial liabilities at amortised cost	-7,819	-10,250	-5,323
Losses on available-for-sale assets	-121	-14	-5
Other financial expenses	-3,018	-2,161	-843
Total	-10,958	-12,425	-6,171

Exchange rate and fair value gains and losses			
Loans and other receivables	43	-364	35
Liabilities at amortised cost	-1	-15	5
Other	356	0	-13
Financial assets/liabilities at fair value	0	-608	852
Total	398	-987	879

Financial income and expenses, total			
	-4,160	-9,204	-3,522

Other aggregate exchange differences charged/credited to the income statement			
Revenue	0	223	232
Materials and services	-35	74	0
Other operating expenses	0	0	-6
Total	-35	297	226

11 INCOME TAXES

Income taxes in the income statement

EUR 1,000	2009	2008	2007
Current taxes	2,868	8,981	5,475
Taxes for previous financial years	854	-30	269
Other taxes	-26	1	0
Deferred taxes	-261	-495	-1,849
Total	3,435	8,457	3,894
Effective income tax rate	59.5%	35.7%	33.8%

The income taxes in the consolidated income statement differ from the statutory income tax rate in Finland (26% in 2009, 2008 and 2007) as follows:

Income tax reconciliation

EUR 1,000	2009	2008	2007
Profit before taxes	5,776	23,712	11,537
Income taxes at statutory tax rate in Finland (26%)	1,502	6,165	3,000
Differing tax rates of foreign subsidiaries	389	154	58
Effect of changes in income tax rates on deferred taxes	-46	-59	0
Tax exempt income	-120	-54	-1
Non-deductible expenses	589	2,267	185
Tax losses and temporary differences not recognised	630	289	311
Taxes for previous financial years	854	-30	269
Group eliminations	-363	-274	73
Income taxes	3,435	8,457	3,894

14 PROPERTY, PLANT AND EQUIPMENT

2009

EUR 1,000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments	Total
Historical cost, 1 Jan	273	13,243	13,313	35	1,001	27,864
Increases	0	14	800	0	0	813
Decreases	0	0	-110	0	0	-110
Reclassifications	0	-39	1,026	-28	-1,000	-41
Historical cost, 31 Dec	273	13,218	15,029	7	1	28,527
Accumulated depreciation and impairments, 1 Jan	0	-1,432	-7,446	0	0	-8,879
Depreciation	0	-1,581	-1,929	0	0	-3,510
Accumulated depreciations of decreases	0	39	88	0	0	127
Accumulated depreciation and impairments, 31 Dec	0	-2,975	-9,287	0	0	-12,262
Carrying amount, 1 Jan	273	11,810	5,867	35	1,001	18,986
Carrying amount, 31 Dec	273	10,243	5,742	7	1	16,265

2008

EUR 1,000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments	Total
Historical cost, 1 Jan	273	3,056	10,726	7	32	14,094
Increases	0	10,105	2,588	0	1,000	13,692
Decreases	0	0	-44	0	-32	-76
Reclassifications	0	0	-35	28	0	-6
Foreign exchange differences	0	82	78	0	0	160
Historical cost, 31 Dec	273	13,243	13,313	35	1,001	27,864
Accumulated depreciation and impairments, 1 Jan	0	-686	-5,393	-3	0	-6,082
Depreciation	0	-746	-2,053	0	0	-2,799
Accumulated depreciations of decreases	0	0	0	3	0	3
Accumulated depreciation and impairments, 31 Dec	0	-1,432	-7,446	0	0	-8,878
Carrying amount, 1 Jan	273	2,370	5,333	4	32	8,012
Carrying amount, 31 Dec	273	11,810	5,867	35	1,001	18,986

Finance lease agreements

SRV Group had no finance lease agreements in 2009 and 2008.

12 EARNINGS PER SHARE

	2009	2008	2007
Net profit for the financial year attributable to equity holders of the parent company, EUR 1,000	2,304	15,702	7,185
During the financial year, 1,000 shares	35,999	36,526	32,703
Earnings per share, EUR/share	0.06	0.43	0.22

SRV Group Plc does not have arrangements that dilute earnings per share.

13 DIVIDEND PER SHARE

The dividends paid in 2009 were EUR 0.12 per share, totalling EUR 4.4 million. The dividends paid in 2008 were EUR 0.12 per share, totalling EUR 4.4 million. The dividends paid in 2007 were EUR 0.12 per share, totalling EUR 3.1 million. A dividend of EUR 0.12 per share will be proposed at the Annual General Meeting on 16 March 2010 corresponding to total dividends of EUR 4.4 million. This proposed dividend is not recorded as liability in the financial statements.

15 GOODWILL AND OTHER INTANGIBLE ASSETS

2009

EUR 1,000	Intangible rights	Goodwill	Other capitalised- expenditure	Total
Historical cost, 1 Jan	250	1,734	1,941	3,925
Increases	0	0	70	70
Decreases	0	0	-13	-13
Reclassifications	0	0	13	13
Historical cost, 31 Dec	250	1,734	2,012	3,996
Accumulated amortisation, 1 Jan	0	0	-1,654	-1,654
Amortisation	0	0	-168	-168
Accumulated depreciations of decreases	0	0	13	13
Accumulated amortisation, 31 Dec	0	0	-1,809	-1,809
Carrying amount, 1 Jan	250	1,734	287	2,271
Carrying amount, 31 Dec	250	1,734	203	2,187

2008

EUR 1,000	Intangible rights	Goodwill	Other capitalised- expenditure	Total
Historical cost, 1 Jan	250	726	1,676	2,652
Increases	0	1,008	258	1,266
Reclassifications	0	0	7	7
Historical cost, 31 Dec	250	1,734	1,941	3,925
Accumulated amortisation, 1 Jan	0	0	-1,282	-1,282
Amortisation	0	0	-369	-369
Accumulated depreciations of decreases	0	0	-3	-3
Accumulated amortisation, 31 Dec	0	0	-1,654	-1,654
Carrying amount, 1 Jan	250	726	394	1,370
Carrying amount, 31 Dec	250	1,734	287	2,271

The increase in goodwill in 2008 relates to the purchase of 30% ownership in Erkki Huhdanpää Oy and 7.5% in SRV Keski-Suomi Ltd.

SRV Group's goodwill is allocated to operating segments and to cash-generating units as follows:

EUR 1,000	2009	2008
Housing		
SRV Asumot Oy	1,734	1,734
Total	1,734	1,734

Impairment test

The recoverable amount of cash-generating units is based on value in use calculation model in which cash flows are based on baseyear figures and on business units growing cash flows for the next 5 years strategy period. SRV's mid-term target is to reach an average annual consolidated revenue growth of about 15 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. Group's objective is also to maintain the equity ratio above 30 %.

In the impairment test of goodwill performed in January 2010, a growth factor of 2 per cent was used and it does not exceed the actual long-term growth of the business. The main factors in impairment test are operating profit margin and discount factor.

The discount factor used is the latest weighted average cost of capital (WACC) pre-tax. In the value in use calculation a WACC of 8 per cent was used. The calculation parameters of WACC are risk-free interest rate, market risk and company specific premium, industry specific beta, the cost of liabilities and equity ratio.

The recoverable amount exceeded the carrying amounts significantly in all cash-generating units with goodwill. According to the impairment tests there were no need for impairments.

Sensitivity analysis

The sensitivity analysis was performed to each cash-generating unit separately. When reassessing the goodwills of the Housing unit a four (4) per cent decline in operating profit margin does not cause impairments.

The performed sensitivity analysis does not cause impairments for cash-generating units when using moderate changes in default factors.

16 CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES

2009

EUR 1,000	Financial assets and liabilities held for trading	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial asset							
Long-term interest bearing receivables	0	16,197	0	0	16,197	16,238	18
Other financial assets	0	0	4,801	0	4,801	4,801	17
Current financial assets							
Trade receivables	0	23,250	0	0	23,250	23,250	21,27
Construction contracts	0	17,517	0	0	17,517	17,517	21
Other receivables	0	22,591	0	0	22,591	22,591	21
Derivative instruments	-650	0	0	0	-650	-650	29
Cash and cash equivalents	0	5,217	0	0	5,217	5,217	22
Total	-650	84,772	4,801	0	88,922	88,964	
Non-current financial liabilities							
Interest bearing liabilities	0	0	0	96,871	96,871	96,924	25
Other non-current liabilities	0	0	0	764	764	764	26
Current financial liabilities							
Interest bearing liabilities	0	0	0	88,233	88,233	88,307	25
Trade payables	0	0	0	14,485	14,485	14,485	26
Total	650	0	0	200,354	201,004	200,480	

2008

EUR 1,000	Financial assets and liabilities held for trading	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial asset							
Long-term interest bearing receivables	0	6,601	0	0	6,601	6,753	18
Other financial assets	0	0	4,266	0	4,266	4,266	17
Current financial assets							
Trade receivables	0	40,438	0	0	40,438	40,438	21,27
Construction contracts	0	21,874	0	0	21,874	21,874	21
Other receivables	0	15,000	0	0	15,000	15,078	21
Derivative instruments	9	0	0	0	9	9	29
Cash and cash equivalents	0	3,372	0	0	3,372	3,372	22
Total	9	87,284	4,266	0	91,558	91,790	
Non-current financial liabilities							
Interest bearing liabilities	0	0	0	69,358	69,358	69,987	25
Other non-current liabilities	0	0	0	390	390	390	26
Current financial liabilities							
Interest bearing liabilities	0	0	0	103,052	103,052	103,084	25
Trade payables	0	0	0	19,761	19,761	19,761	26
Total	0	0	0	192,561	192,561	193,222	

- Carrying amounts of financial assets represent the maximum amount of credit risk at the balance sheet date.

17 OTHER FINANCIAL ASSETS

Other financial assets include both quoted and unquoted shares, which are classified as available-for-sale financial assets.

Quoted shares have been valued at fair value at the closing date and the amount is considered immaterial.

The fair values of unquoted shares cannot be determined reliably. Unquoted shares are measured at cost less possible impairments.

EUR1,000	2009	2008
Carrying amount, 1 Jan	4,266	2,929
Increases	536	1,450
Decreases	-1	0
Amount of available-for-sale financial assets removed from equity and recognised in the income statement	0	0
Net gains on available-for-sale financial assets	0	-114
Carrying amount, 31 Dec	4,801	4,266
Non-current	4,801	4,266
Current	0	0
Quoted shares	0	0
Unquoted shares	4,801	4,266

18 RECEIVABLES

EUR1,000	Fair value		Carrying amount	
	2009	2008	2009	2008
Non-current receivables				
Loan receivables	16,238	6,753	16,197	6,601
Total	16,238	6,753	16,197	6,601

19 DEFERRED TAX ASSETS AND LIABILITIES

2009

EUR1,000	1 Jan	Recognised in the income statement	Recognised in equity	31 Dec
Deferred tax assets				
Tax losses	1,298	232	0	1,529
Consolidation and group eliminations	400	289	0	690
Total	1,698	521	0	2,219
Deferred tax liabilities				
Consolidation and group eliminations	217	306	0	522
Other	55	-46	0	9
Total	272	260	0	532
Net deferred taxes	1,426	261	0	1,687

2008

EUR1,000	1 Jan	Recognised in the income statement	Recognised in equity	31 Dec
Deferred tax assets				
Tax losses	592	780	-74	1,298
Consolidation and group eliminations	530	-156	26	400
Total	1,121	625	-48	1,698
Deferred tax liabilities				
Undistributed profits of foreign subsidiaries	69	-69	0	0
Consolidation and group eliminations	0	217	0	217
Other	73	-18	0	55
Total	142	130	0	272
Net deferred taxes	979	495	-48	1,426

- A deferred tax asset for unused tax losses of subsidiaries, EUR 517,414 (2009) and EUR 378,848 (2008), has not been recognised in the consolidated financial statements because realisation of the tax benefit in this respect is not considered probable.
- The deferred tax liability has been recognised in the consolidated financial statements in connection with for the undistributed profits of subsidiaries whose income tax is determined on the basis of profit distribution. The deferred tax liability has not been recognised when Group is able to control the timing of profit distribution and the distribution is not probable at the balance sheet date.
- Recorded deferred tax receivables and deferred tax liabilities are based on the changes in accounting principles which relates to the adoption of International Financial Reporting Standards (IFRS).

20 INVENTORIES

EUR1,000	2009	2008
Raw materials and consumables	4	1
Work in progress	34,381	100,827
Land areas and plot-owning companies ¹⁾	153,034	142,123
Shares in completed housing corporations and real estate companies ²⁾	86,451	34,008
Advance payments	3,554	3,684
Other inventories	14,019	14,203
Inventories, total	291,443	294,847

- During the financial year 2009 there were impairment losses on inventories, ¹⁾EUR 305,000 and ²⁾EUR 327,000
- During the financial year 2008 there were impairment losses on inventories, ¹⁾EUR 276,000 and ²⁾EUR 1,072,000.

21 TRADE AND OTHER RECEIVABLES

EUR 1,000	Fair value		Carrying amount	
	2009	2008	2009	2008
Trade receivables	23,250	40,438	23,250	40,438
Loan receivables	22,591	15,078	22,591	15,000
Gross amount due from customers related to construction contracts	17,517	21,874	17,517	21,874
Accrued income and prepaid expenses	5,406	1,231	5,406	1,231
Other receivables	8,860	8,164	8,860	8,164
Total	77,623	86,785	77,623	86,706
Interest bearing receivables	22,591	15,078	22,591	15,000
Non-interest bearing receivables	55,032	71,707	55,032	71,707
Total	77,623	86,785	77,623	86,706

In 2009 the Group's trade receivables were on average EUR 31,633,500. The trade receivables are non-interest bearing and they are normally about 30 days by age. During the financial year 2009 there were no impairment losses on trade receivables.

23 EQUITY

Share capital, share premium reserve and invested free equity fund

EUR	Number of shares	Share capital	Share premium reserve	Invested free equity fund	Total
1 Jan 2008	36,768,468	3,062,520	0	87,338,104	90,400,624
Purchase and cancellation of treasury shares	-558,000				
31 Dec 2008	36,210,468	3,062,520	0	87,338,104	90,400,624
1 Jan 2009	36,210,468	3,062,520	0	87,338,104	90,400,624
Purchase and cancellation of treasury shares	-442,000				0
31 Dec 2009	35,768,468	3,062,520	0	87,338,104	90,400,624

Shares, share capital and share premium reserve

On the 31 December 2009, the total number of SRV Group Plc's shares outstanding was 35,768,468 and the share capital amounted to EUR 3,062,520. The share has no nominal value.

The Annual General Meeting of SRV Group Plc authorised on 24 March 2009 the Board of Directors to acquire the company's own shares (treasury shares) using the company's non-restricted equity. A maximum of 3,676,846 own shares, or a lower amount that, in addition to the shares already owned by the company and its subsidiaries, is less than 10 per cent of all shares, may be acquired on the basis of the authorization. The authorisation includes the right to acquire own shares otherwise than in proportion to the holdings of the shareholders.

The company's own shares can be acquired in order to be used as part of the company's incentive programs, as payment in corporate acquisitions or when the company acquires assets relating to its business as well as to be otherwise conveyed, held or cancelled.

The authorisation is in force for 18 months from the decision of the Meeting.

In 2009 SRV Group Plc acquired 376,679 own shares and SRV Kalusto Oy acquired 65,321 own shares. At the end of December there were one million own shares in Group's possession.

22 CASH AND CASH EQUIVALENTS

EUR 1,000	2009	2008
Cash in hand and at bank	5,217	3,372
Total	5,217	3,372

Invested free equity fund

Invested free equity fund consists of the net proceeds from the Offering of SRV Group Plc as well as received and cancelled SRV shares.

Translation difference

Translation difference comprises of the translation of financial statements of the foreign subsidiaries to the functional currency of the parent company.

Fair value reserve

Fair value reserve comprises of the changes in available-for-sale financial assets.

Dividends

After the balance sheet date, the Board of Directors proposed a dividend of EUR 0.12 per share.

24 PROVISIONS

2009

EUR 1,000	Provisions for construction contracts	Other provisions	Total
1 Jan	9,380	0	9,380
Increase in provisions	3,504	307	3,812
Provisions used	-3,740	0	-3,740
Reversals of unused provisions	-537	0	-537
31 Dec	8,607	307	8,914
Non-current	4,771	0	4,771
Current	3,837	307	4,144
Total	8,607	307	8,915

2008

EUR 1,000	Provisions for construction contracts	Other provisions	Total
1 Jan	9,959	0	9,959
Increase in provisions	3,558	0	3,558
Provisions used	-4,024	0	-4,024
Reversals of unused provisions	-113	0	-113
31 Dec	9,380	0	9,380
Non-current	5,571	0	5,571
Current	3,809	0	3,809
Total	9,380	0	9,380

- Provisions for construction contracts include the contractual warranty provisions for the projects and a 10-year warranty on residential construction. The 10-year warranty provision is based on index-adjusted historical data.

25 INTEREST-BEARING LIABILITIES

EUR 1,000	Fair value		Carrying amount	
	2009	2008	2009	2008
Non-current				
Loans from financial institutions	50,653	16,291	50,600	16,340
Housing corporation loans	46,271	53,696	46,271	53,018
Total	96,924	69,987	96,871	69,358

EUR 1,000	Fair value		Carrying amount	
	2009	2008	2009	2008
Current				
Loans from financial institutions	69,350	95,983	69,316	95,994
Commercial papers	18,800	6,930	18,760	6,887
Housing corporation loans	157	171	157	171
Total	88,307	103,084	88,233	103,052

26 OTHER LIABILITIES

EUR 1,000	Fair value		Carrying amount	
	2009	2008	2009	2008
Non-current				
Subordinated loan	0	0	0	0
Other advance payments	0	0	0	0
Other liabilities	764	390	764	390
Total	764	390	764	390
Current				
Trade payables	14,485	19,761	14,485	19,761
Advance payments related to construction contracts	19,555	18,707	19,555	18,707
Other advance payments	969	1,827	969	1,827
Other current liabilities	6,488	7,161	6,488	7,161
Accrued expenses and prepaid income	14,659	19,322	14,659	19,322
Total	56,156	66,778	56,156	66,778
Accrued expenses and prepaid income				
Wages and salaries and related expenses	6,456	6,827	6,456	6,827
Interest and other financial liabilities	832	2,419	832	2,419
Periodisations of project expenses	2,168	5,263	2,168	5,263
Other	5,203	4,814	5,203	4,814
Total	14,659	19,322	14,659	19,322

27 FINANCIAL RISK MANAGEMENT

Interest-rate risks

Changes in interest rates on interest-bearing debts and receivables create interest-rate risks. Interest-rate risk management is centralized to Group's Treasury unit. Majority of Group's interest-bearing debt is servicing short-term financing need for the construction period of Group's ongoing projects. The interest period for these loans is chosen to facilitate economic repayment or refinancing of the loans upon release of the property. Interest-bearing loan receivables relating to ongoing projects are funded with ear-marked financing arrangements to meet the on-lending terms. Interest-rate risk is monitored and measured with gap-analysis and average maturity of interest periods. Interest-rate risks are managed with the selection of interest period or with interest rate derivatives. At the end of 2009 the nominal value of interest rate swaps amounted to 63,4 million euros. Interest rate swaps are used to hedge against changes in the market interest rates, and changes in the fair value of interest rate

swaps are entered in financing income or expenses in the financial period in which they were incurred. Derivatives are non-current liabilities when their maturity is more than 12 months and current liabilities when the remaining maturity is less than 12 months. The fair value of derivative instruments equals the value the Group would receive or pay, if the derivative contract would be terminated. The fair value of interest rate forward agreements are based on the counterparts' quoted prices. These quoted prices for agreements are based on general market conditions and common pricing models. Hedge accounting was not applied. Changes in interest rate levels have direct impact on Group customers' investment decisions and therefore to Group's operational cash flow. The sensitivity analysis below includes floating rate debt and loan receivables with interest period maturing within the next 12 months.

Interest-bearing debt

	2009				2008	
	Carrying amount	Average interest rate	Average maturity, months	Sensitivity EUR ¹⁾	Carrying amount	Sensitivity, EUR
EUR 1,000						
Debt	112,072	1.71%	1.8	1,031	101,814	935
Receivables ¹⁾	12,038	6.23%	2.0	-30	9,859	-25

¹⁾ Effect of one percentage point rise in market interest rates on the Group's interest expenses and revenue during the next 12 months. All other variables assumed unchanged.

Currency risks

The Group is exposed to currency risks relating to the international business' commercial cash flows, financing of the ongoing projects during the construction period and equity and other investments in foreign subsidiaries and project companies. The objective of currency risk management is to minimise the effect of currency fluctuation on earnings and equity. The Group targets to stay currency neutral. Open positions can be hedged with derivatives or currency loans according to Group financing policy. Currency risks are divided into transaction risk and translation risk. Transaction risk relates to business (sales and purchases) and financing (loans) cash flows in foreign or non-operational currencies. Translation risk relates to investments in foreign subsidiaries and project companies and the effect is shown in translation differences in Group consolidated equity. Translation risk relates to investments in foreign subsidiaries and the effect is shown in translation differences in Group consolidated equity. The Group is exposed to RUB, EEK and LVL risk in those entities where the operational currency is not euro.

Sensitivity to currency fluctuation

The sensitivity analysis illustrates the impact of currency fluctuations to Group earnings and equity. In the table below the positions are shown as net positions after matching the in- and outgoing cashflows and possible hedge transactions. At the end of 2008 there were no open hedge instruments. The positions include only financial instruments at the balance sheet date and therefore e.g. highly probable sales and purchases that could have been hedged or that could have a neutralising impact on the cashflows are not noted. A change of +/-10% is used as it is considered to be a potential change in the currency areas in question.

EUR 1,000	2009			2008		
	RUB	EEK	LVL	RUB	EEK	LVL
Net position ¹⁾	2,819	-12,657	3,437	366	-16,499	3,849
Impact on earnings						
euro 10% strengthening	-238	-1,632	113	-110	-1,960	145
euro 10% weakening	291	1,994	-138	134	2,395	-177
Impact on equity ²⁾						
euro 10% strengthening	-18	-461	-199	76	-205	-445
euro 10% weakening	22	563	244	-93	251	544

1) Net position countervalue in euros at balance sheet date. The transaction risk and translation risk positions combined. The sign illustrates the direction of the cash flow, e.g. negative sign shows that there is more outgoing than incoming cashflow in that particular position.

2) Direct impact, effect through earnings not noted.

Liquidity and Refinancing risks

Liquidity and refinancing risk may have an impact on Group result and cash flow if the Group is not able to secure sufficient financing for the operations. The Group maintains adequate liquidity by efficient cash management and related instruments, like committed current account overdraft limits (31,3 million euros). The Group has a long-term committed Revolving Credit Facility (100 million euros) and in addition to that an uncommitted Commercial Paper Programme (100 million euros) for short-term financing needs. Refinancing risk is managed by maintaining the maturity of the committed credit lines in relation to the cash flows of

debt payments. The committed Revolving Credit Facility will expire during years 2012-2013 (2012: exp. 55 million euros, 2013: exp. 45 million euros). At the end of December 2009 the amount of committed credit lines and cash in hand and in bank accounts amounted to 103 million euros and committed undrawn housing and other project financing facilities amounted to 41 million euros. Committed credit offers amounted to 21 million euros. There are standard covenant clauses in financial contracts, the financial covenant being the equity ratio.

Financial liabilities

EUR 1,000	2009		Maturity					2008	
	Carrying amount	Contractual liability ¹⁾	2010	2011	2012	2013	later	Carrying amount	Contractual liability
Loans from financial institutions ²⁾	119,917	126,580	38,792	44,665	26,835	2,341	13,947	112,334	118,790
Housing loans ³⁾	46,428	52,772	557	604	961	1,949	48,701	53,189	84,829
Commercial Papers	18,760	18,800	18,800	0	0	0	0	6,887	7,000
Subordinated loans	0	0	0	0	0	0	0	0	0
Derivative liabilities	0	0	0	0	0	0	0	0	0
Trade payables	14,485	14,485	14,485	0	0	0	0	19,761	19,761
Investment commitment ⁴⁾	0	22,902	22,902	0	0	0	0	0	2,708
Total	199,590	235,539	95,537	45,269	27,795	4,290	62,648	192,171	233,088

1) Includes all contractual payments, e.g. interest and commitment fees

2) On the basis of contract terms committed current account overdrafts are assumed to expire later than 2013

3) Housing loans book value corresponds the sales rate. Interest payment liability is noted for the full contractual amount until the completion of the property and in proportion of the sales rate at the end of December 2009 thereafter.

4) Off-balance sheet liability

Available liquidity reserves

EUR 1,000	31 Dec 09	31 Dec 08
Committed credit facility	80,000	90,000
Committed current account overdraft limits	18,145	13,604
Cash in hand and at bank accounts	5,217	3,372
Total	103,362	106,976

- In addition to the above the Group has 41 million euros of undrawn housing loans and other project financing facilities available for selected projects. These are not included in the liquidity reserves.

Credit risk

The Group is exposed to credit risk relating to receivables from ongoing projects, accounts receivables, loan receivables, cash investments and receivables from derivative Instrument counterparties. The Group does not have any significant investment activities or derivative instrument trading. The investments relate to daily cash management and are mainly short-term bank deposits with the Group's solid relationship banks. The Group Treasury unit is responsible for investment and derivative instrument counterparty risks in accordance with the Group financing policy approved by the Board of Directors. Business units are responsible for credit risk management relating to ongoing projects and accounts receivables in accordance with the Group credit policy which defines the requirements for credit decision process, sales terms and collection process. The Group's commercial counterparties are mainly publicly listed companies or notable institutional- and property investors. In Housing business there are mainly individuals as buyers and during 2009 some rental agreements have also been made relating to completed apartments. The same Group credit policy principles are applied to tenant selection. The loan receivables relate to financing the construction period for ongoing or development projects where the Group has also equity interest.

At the balance sheet date there were some 0,4 million euros of accounts receivables with renegotiated terms. At the balance sheet date there were some 0,7 million euros (incl. VAT) of accounts receivables under customer complaint. Based on the opinion of the business unit management no impairment has been made for these receivables. At the end of December 2009 the book value of receivables corresponds the maximum credit risk. It is estimated that the securities received, e.g. mortgages or pledged shares, do not decrease the credit risk because due to the exceptional situation prevailing at the balance sheet date it is difficult to make a reliable market valuation for these securities. There were no credit risk concentrations at the end of 2009. There were no relevant credit losses during 2009.

Ageing of accounts receivables

EUR 1,000	2009	2008
Current	17,995	27,123
1-30 days past due	2,896	4,919
31-60 days past due	139	349
Over 60 days past due	2,219	8,047
Total	23,250	40,438

- There were no past due receivables in any other group of financial assets.

Price risk

At the end of December 2008 and at the end of December 2009 there were no financial instruments exposed to price risk.

Capital risk management

The Group secures with the efficient capital structure that the group can give support to its businesses and can grow the shareholder value of the investors. The Group does not have a public rating. The capital structure of the Group is reviewed by the Board of Directors of SRV on a regular basis.

To maintain the capital structure the Group can balance the dividends or issue new shares. Additionally the Group can adjust the businesses and capital to be used to maintain the capital structure. The Group monitors its capital on the basis of equity ratio. Group's objective is to maintain the ratio of total equity to total assets less advance payments above 30 %. Total equity consists of equity attributable to equity holders of the parent company and minority interest.

EUR 1,000	2009	2008
Total equity	164,068	166,609
Total assets	417,858	423,829
- Advance payments	-20,534	-20,534
	397,324	403,295
Equity ratio, %	41.3%	41.3%

28 OPERATING LEASES, COMMITMENTS AND CONTINGENT LIABILITIES

Group as lessee

The future minimum lease payments under non-cancellable operating leases:

EUR 1,000	2009	2008
In less than a year	1,947	2,391
In more than one but less than five years	1,879	1,829
In more than five years	4	0
Total	3,829	4,220

Liabilities in connection with the operating lease agreements of employee cars generally have duration of three to four years.

The Group has leased the office premises in use. The maximum duration of the operating lease agreements is 60 months. The various terms and conditions of the office premises contracts including the index, renewal and other terms differ from each other.

EUR 1,000	2009	2008
Collateral given for own liabilities		
Real-estate mortgages given	106,039	114,693
Pledges given	0	0
Other commitments		
Guarantees given for liabilities on uncompleted projects	0	421
Investment commitments given	22,090	2,708
Plots purchase commitments	21,607	29,908

29 FAIR AND NOMINAL VALUES OF DERIVATIVE INSTRUMENTS

EUR1,000	2009		2008	
	Fair values		Fair values	
	Positive	Negative	Positive	Negative
Hedge accounting not applied				
Foreign exchange forward contracts	0	0	0	0
Interest rate swap	0	650	9	0
	0	650	9	0
EUR1,000	2009		2008	
Nominal values of derivative instruments				
Foreign exchange forward contracts		0		0
Interest rate swap		63,400		18,808
		63,400		18,808

- The fair values of foreign exchange forward contracts are based on market prices at the balance sheet date.
- Open foreign exchange forward contracts are hedging the financing cash flow.

30 ADJUSTMENTS TO CASH FLOWS FROM OPERATION

EUR1,000	2009	2008	2007
Non-cash transactions			
Minority interest	1,456	-125	-528
Price difference between institutional/retail offering and employee offering	0	0	398
Change in provisions	-773	-578	1,509
Others	1,997	192	73
Total	2,680	-511	1,452

31 SUBSIDIARIES AND JOINT VENTURES

Name	Domicile	Group's holding, %	Group's voting right, %
Shares in subsidiaries			
SRV Toimitilat Oy	Espoo	100.00	100.00
SRV Asunnot Oy	Espoo	100.00	100.00
SRV International Oy	Espoo	100.00	100.00
SRV Baltia Oy	Espoo	100.00	100.00
SRV Investments S.à.r.l	Luxembourg	100.00	100.00
Rakennusliike Purmonen Oy	Joensuu	65.00	65.00
SRV Kalusto Oy	Vihti	100.00	100.00
Porvoon Puurakennus Oy	Porvoo	100.00	100.00
Rakennus Pirttimaan Oy	Hämeenlinna	100.00	100.00
KOy Nummelanrinne	Vihti	100.00	100.00
SRV Russia Oy	Espoo	100.00	100.00
OOO SRV Development	St. Petersburg	100.00	100.00
SRV Stroi OOO	Moscow	100.00	100.00
SRV Terbelat Sia	Riga	100.00	100.00
SRV Ehituse AS	Tallinn	100.00	100.00
TBE-Construction Oy	Espoo	100.00	100.00
SRV Kinnisvara AS	Tallinn	65.00	65.00
SRV Develita UAB	Vilnius	100.00	100.00
SRV Realty B.V	Amsterdam	100.00	100.00
Jupiter Realty B.V	Amsterdam	87.50	87.50

- The Group has a 50% control in a Russian joint venture OOO MMSG. In the financial year 1 January–31 December 2009 the following assets, liabilities, income and expenses of the joint venture have been included in the Group's balance sheet and income statement: income and expenses EUR 0.7 million, assets EUR 15.0 million and liabilities EUR 0.0 million.

32 RELATED PARTY TRANSACTIONS

2009 Transactions between related parties

EUR 1,000	Selling of goods and services	Management salaries and other short-term employment-based benefits	Purchase of goods and services	Receivables	Liabilities
Management	35	1,393	0	0	0
Joint ventures	1,419	0	0	17,147	0
Associate company	2,740	0	0	8,541	0
Other related parties	4,159	0	0	25,689	0
Total	8,352	1,393	0	51,377	0

2008 Transactions between related parties

EUR 1,000	Selling of goods and services	Management salaries and other short-term employment-based benefits	Purchase of goods and services	Receivables	Liabilities
Management	0	1,711	0	0	0
Joint ventures	3,885	0	0	13,334	0
Associate company	0	0	0	3,094	0
Other related parties	0	0	0	0	0
Total	3,885	1,711	0	16,428	0

2007 Transactions between related parties

EUR 1,000	Selling of goods and services	Management salaries and other short-term employment-based benefits	Purchase of goods and services	Receivables	Liabilities
Management	19	1,389	0	0	0
Joint ventures	3,348	0	0	7,077	0
Other related parties	0	0	82	0	0
Total	3,367	1,389	82	7,077	0

- The related parties of SRV include subsidiaries and affiliated companies as well as joint ventures, the Management and owners of SRV as well as companies controlled by the owners of SRV.
- Other related parties include transactions carried out with other companies under the control of the Group's management or with other companies under control of minority shareholders.
- Goods and services are sold to related parties at market price.
- Subsidiaries included in related parties are listed above in Section 31 Subsidiaries and joint ventures. Subsidiaries are included in the consolidated financial statements and therefore the transactions between Group companies are not included in Section 32 Related party transactions.

Compensation to President and CEO and Board of Directors

EUR 1,000	2009	2008
Hannu Linnoinen, President and CEO and CFO ¹⁾	104	0
Heliövaara Eero, President and CEO ¹⁾	169	342
Nieminen Timo, Deputy CEO	160	177
Members of the Board		
Kokkila Ipo, Chairman	70	71
Kurkilahhti Lasse, Vice Chairman	59	58
Hienonen Jukka	46	47
Mustaniemi Matti	45	45
Sarkamies Markku ²⁾	14	44
Hannu Leinonen ²⁾	21	0
Members of the Board, total	255	264

1) Eero Heliövaara resigned from his post of SRV 12.8.2009 and Hannu Linnoinen started as President and CEO 13.8.2009.

2) The term of Markku Sarkamies as a member of the Board of Directors ended on 24 March 2009 and the term of Hannu Leinonen ended on 30 September 2009.

The president's period of notice is 6 months. If SRV dismisses the president, he is entitled to receive termination compensation amounting to six months' total pay (excluding bonuses) over and above his salary for the period of notice. If the president is dismissed before 1 January 2010, an additional amount equal to six month's pay must also be paid as termination compensation. The president's retirement age and pension are set in accordance with the legislation in force.

33 EVENTS AFTER THE BALANCE SHEET DATE

Value of new contracts in the Business Premises business area grew by EUR 55.7 million in January. The Housing business area sold 38 residential units in January (6 units in January 2008).

In January, SRV signed a contract for the construction of spa hotel Holiday Club Saimaa in Lappeenranta, in the historical area of Rauha. In addition to the spa hotel, the contract will include an aqua park with a wellness area, a restaurant world and a multifunction ice arena. SRV acts as a contractor and investor in the project. The spa hotel will be completed in the summer of 2011.

In January, SRV signed an agreement to buy a total of 28,000 square metres of building rights from VVO Rakennuttaja Oy. The land areas transferred in the agreement consist of leaseholds, purchase options and direct landed property. These areas are located in the Metropolitan Helsinki area: in Arabianranta and Kannelmäki in Helsinki and in Matinkylä in Espoo. The areas have been zoned for the construction of apartment buildings.

On 5 January 2010, SRV implemented the agreement signed with Eero Heliövaara on 11 August 2009 and Nordea Bank AB (publ) acquired the shares for a per-share price of EUR 4.45. SRV signed a similar EUR 8.5 million derivative agreement with Nordea maturing in July for 1,909,483 company shares, according to which the shares will be sold to SRV or an entity named by SRV.

► PARENT COMPANY'S FINANCIAL STATEMENTS, FAS

INCOME STATEMENT OF THE PARENT COMPANY

EUR1,000	2009	2008	2007
Revenue	5,226	7,232	6,704
Other operating income	185	23	6
Purchase during the financial year	0	0	15,222
Change in inventories, increase (-) / decrease (+)	0	0	-15,222
Personnel costs			
Salaries and other remuneration	-3,962	-4,449	-3,944
Indirect personnel costs			
Pension costs	-656	-695	-726
Other indirect personnel costs	-280	-366	-254
Depreciation and impairments			
Depreciation	-215	-398	-418
Other operating expenses	-4,916	-6,606	-6,028
Operating loss	-4,617	-5,259	-4,660
Financial income and expenses	20,815	4,795	-1,857
Loss before extraordinary items	16,198	-464	-6,517
Extraordinary items +/-	8,237	4,432	21,695
Profit before appropriations and taxes	24,435	3,969	15,177
Income taxes	-1,401	-961	-1,089
Net profit for the financial year	23,034	3,007	14,089

BALANCE SHEET OF THE PARENT COMPANY

EUR 1,000	2009	2008
ASSETS		
Non-current assets		
Intangible assets	381	456
Property, plant and equipment	499	552
Investments		
Shares in group companies	20,552	17,550
Receivables from group companies	300	900
Other financial assets	4,222	4,167
Non-current assets, total	25,954	23,626
Current assets		
Inventories	5	16,937
Other receivables	205,272	157,784
Current assets, total	205,277	174,720
ASSETS, TOTAL	231,231	198,346
EQUITY AND LIABILITIES		
Equity		
Share capital	3,063	3,063
Invested free equity fund	87,338	87,338
Retained earnings	31,067	34,138
Net profit for the financial year	23,034	3,007
Equity, total	144,501	127,545
Obligatory provisions	239	0
Liabilities		
Non-current liabilities	4,458	5,866
Current liabilities	82,033	64,935
Liabilities, total	86,491	70,801
EQUITY AND LIABILITIES, TOTAL	231,231	198,346

CASH FLOW STATEMENT OF THE PARENT COMPANY

EUR1,000	2009	2008	2007
Net profit for the financial year	23,034	3,007	14,089
Adjustments:			
Depreciation	215	398	418
Non-cash transactions	239	101	0
Financial income and expenses	-20,815	-4,896	1,857
Capital gains on sales of tangible and intangible assets	0	0	20
Income taxes	1,401	961	1,089
Adjustments, total	-18,960	-3,437	3,385
Changes in working capital:			
Change in trade and other receivables	-46,091	-18,754	-81,453
Change in inventories	16,932	-1,200	-15,727
Change in trade and other payables	-906	1,080	-5,037
Working capital, total	-30,065	-18,874	-102,216
Interest paid	-2,159	-2,743	-1,328
Interest received	3,683	7,460	3,317
Dividends received	19,209	390	85
Income taxes paid	2,610	-1,063	-3,741
Net cash from operating activities	-2,649	-15,259	-86,410
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	-2,290	-1,328	0
Property, plant and equipment	-51	-71	-157
Intangible assets	-36	-242	-86
Other financial assets	-549	-1,493	-5,349
Sale of property, plant and equipment and intangible assets	2	1	216
Sale of investments	601	0	252
Net cash used in investing activities	-2,323	-3,133	-5,124
Cash flow from financing activities			
Proceeds from share issue	0	0	116,602
Offering fees	0	0	-4,286
Proceeds from loans	0	7,000	433
Repayments of loans	-1,408	-167	0
Change in loan receivables	-4,708	-1,381	6,532
Change in credit limits	17,167	19,088	859
Purchase of treasury shares	-1,715	-1,787	-29,263
Dividends paid	-4,363	-4,412	-3,128
Net cash from financing activities	4,972	18,340	87,749
Net change in cash and cash equivalents	0	-52	-3,785
Cash and cash equivalents at the beginning of financial year	0	52	3,837
Cash and cash equivalents at the end of financial year	0	0	52

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

EUR 1,000	2009	2008	2007
Share capital, 1 Jan	3,062	3,063	1,303
Transfer from share premium reserve to share capital			1,759
Share capital, 31 Dec	3,062	3,063	3,063
Share premium reserve, 1 Jan	0	0	1,759
Transfer from share premium reserve to share capital	0	0	-1,759
Share premium reserve, 31 Dec	0	0	0
Invested free equity fund, 1 Jan	87,338	87,338	0
Share issue and employee offering	0	0	116,602
Cancellation of treasury shares	0	0	-29,263
Invested free equity fund, 31 Dec	87,338	87,338	87,338
Retained earnings, 1 Jan	34,138	26,249	17,480
Profit for the previous financial year	3,007	14,089	11,897
Dividends paid	-4,364	-4,412	-3,128
Purchase of treasury shares	-1,715	-1,787	0
Retained earnings, 31 Dec	31,066	34,138	26,249
Net profit for the financial year	23,034	3,007	14,089
Equity, 31 Dec	144,501	127,547	130,738
Statement of distributable funds at 31 Dec			
Invested free equity fund, 1 Jan	87,338	87,338	87,338
Retained earnings	37,145	40,337	26,249
Dividends paid	-4,364	-4,412	-3,128
Purchase of treasury shares	-1,715	-1,787	0
Net profit for the financial year	23,034	3,007	14,089
Distributable funds, 31 Dec	141,439	124,484	124,548

▶ SIGNATURES TO THE FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS, AUDITOR 'S NOTE

SIGNATURES TO THE FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS

Espoo, 10 February 2010

Ilpo Kokkila
Chairman

Lasse Kurkilahti
Vice Chairman

Jukka Hienonen

Matti Mustaniemi

Hannu Linnoinen
President and CEO

AUDITOR 'S NOTE

The report of the audit conducted by us has been submitted today.

Espoo, 10 February 2010

Mikko Ryttilahti
Authorized Public Accountant

TO THE ANNUAL GENERAL MEETING OF SRV YHTIÖT OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of SRV Yhtiöt Oyj for the year ended on 31 December, 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director of the parent company have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Espoo 10 February, 2010

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Ryttilähti
Authorized Public Accountant

► GROUP AND SEGMENT INFORMATION BY QUARTER (UNAUDITED)

Revenue

EUR million	IFRS 10-12/2009	IFRS 7-9/2009	IFRS 4-6/2009	IFRS 1-3/2009	IFRS 10-12/2008	IFRS 7-9/2008	IFRS 4-6/2008	IFRS 1-3/2008
Business premises	66.9	40.2	46.1	54.8	77.9	74.3	92.2	104.8
Housing	49.9	37.9	40.5	25.8	33.3	31.4	37.1	26.0
International	3.4	6.2	7.6	5.8	10.2	21.0	13.1	15.7
Other operations	2.3	2.1	2.1	2.2	3.0	2.7	2.8	2.9
Eliminations	-2.3	-2.1	-2.1	-2.2	-3.1	-2.7	-2.9	-2.9
Group, total	120.1	84.3	94.2	86.4	121.4	126.7	142.4	146.4

Operating profit

EUR million	IFRS 10-12/2009	IFRS 7-9/2009	IFRS 4-6/2009	IFRS 1-3/2009	IFRS 10-12/2008	IFRS 7-9/2008	IFRS 4-6/2008	IFRS 1-3/2008
Business premises	4.3	3.1	4.6	5.9	6.0	3.7	9.9	8.2
Housing	2.0	1.0	1.9	0.0	-1.2	0.5	0.9	0.4
International	-2.0	-1.5	-1.9	-2.5	-2.7	10.8	-0.1	1.2
Other operations	-1.4	-0.7	-1.0	-1.6	-1.4	-1.0	-1.6	-0.9
Eliminations	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Group, total	2.8	1.8	3.5	1.9	0.7	14.1	9.2	8.9

Operating profit

%	IFRS 10-12/2009	IFRS 7-9/2009	IFRS 4-6/2009	IFRS 1-3/2009	IFRS 10-12/2008	IFRS 7-9/2008	IFRS 4-6/2008	IFRS 1-3/2008
Business premises	6.5	7.7	10.0	10.8	7.8	4.9	10.8	7.8
Housing	4.0	2.7	4.6	0.0	-3.6	1.7	2.5	1.6
International	-58.4	-24.1	-25.6	-43.3	-26.5	51.5	-0.9	7.9
Group, total	2.3	2.1	3.7	2.2	0.6	11.1	6.4	6.1

Profit before taxes

EUR million	IFRS 10-12/2009	IFRS 7-9/2009	IFRS 4-6/2009	IFRS 1-3/2009	IFRS 10-12/2008	IFRS 7-9/2008	IFRS 4-6/2008	IFRS 1-3/2008
Business premises	4.2	2.9	4.4	5.6	5.5	2.9	9.2	8.3
Housing	1.6	0.4	1.1	-1.1	-2.4	-0.7	-0.2	-0.5
International	-2.1	-1.6	-2.4	-3.0	-5.3	8.7	-1.5	0.2
Other operations	-1.3	18.9	-0.5	-1.0	-0.5	0.2	-0.5	0.3
Eliminations	-0.2	-20.0	0.0	-0.1	0.2	0.0	-0.2	0.1
Group, total	2.3	0.6	2.5	0.4	-2.6	11.2	6.8	8.3

Order backlog

EUR million	IFRS 31 Dec 2009	IFRS 30 Sep 2009	IFRS 30 Jun 2009	IFRS 31 Mar 2009	IFRS 31 Dec 2008	IFRS 30 Sep 2008	IFRS 30 Jun 2008	IFRS 31 Mar 2008
Business premises	255	252	224	253	266	229	291	235
Housing	201	186	203	170	154	186	187	182
International	25	26	31	32	36	40	43	34
Group, total	481	465	458	454	455	455	521	451
- sold order backlog	316	324	303	286	292	0	0	0
- unsold order backlog	165	141	155	168	164	0	0	0

Group key figures

EUR million	IFRS 10-12/2009	IFRS 7-9/2009	IFRS 4-6/2009	IFRS 1-3/2009	IFRS 10-12/2008	IFRS 7-9/2008	IFRS 4-6/2008	IFRS 1-3/2008
Revenue	120.1	84.3	94.2	86.4	121.4	126.7	142.4	146.4
Operating profit	2.8	1.8	3.5	1.9	0.7	14.1	9.2	8.9
Financial income and expenses, total	-0.5	-1.2	-1.0	-1.5	-3.3	-2.9	-2.4	-0.6
Profit before taxes	2.3	0.6	2.5	0.4	-2.6	11.2	6.8	8.3
Order backlog	480.6	464.8	458.4	453.9	455.3	455.2	521.1	451.3
New agreements	121.1	86.2	98.2	91.3	115.4	36.7	185.0	62.0
Earnings per share, EUR	0.02	0.01	0.03	0.00	-0.06	0.21	0.12	0.16
Equity per share, EUR	4.48	4.46	4.45	4.42	4.54	4.61	4.40	4.38
Share price, EUR	5.89	5.64	4.18	3.00	3.47	4.19	5.28	5.55
Equity ratio, %	41.3	41.0	40.4	40.9	41.3	45.9	44.9	52.1
Net interest bearing debt	180.7	189.2	185.8	170.6	169.4	127.9	122.4	76.1
Net gearing, %	110.1	115.9	115.6	105.3	101.7	75.2	74.8	46.3

Invested capital

EUR million	IFRS 31 Dec 2009	IFRS 30 Sep 2009	IFRS 30 Jun 2009	IFRS 31 Mar 2009	IFRS 31 Dec 2008	IFRS 30 Sep 2008	IFRS 30 Jun 2008	IFRS 31 Mar 2008
Business premises	42.0	61.0	77.0	69.2	63.9	63.5	51.2	43.7
Housing	123.1	123.4	135.9	134.9	138.9	115.9	105.3	97.0
International	177.1	165.8	152.6	151.0	138.6	143.9	145.1	115.1
Other operations and eliminations	7.7	6.2	-12.2	-14.0	-2.0	-16.6	-5.4	4.0
Group, total	349.9	356.5	353.2	341.1	339.4	306.6	296.2	259.8

Housing

Finland, pcs	10-12/2009	7-9/2009	4-6/2009	1-3/2009	10-12/2008	7-9/2008	4-6/2008	1-3/2008
Start-ups	247	0	0	4	0	49	53	8
Sold	86	43	51	27	13	32	63	33
Completed	64	37	93	58	0	31	104	125
completed and unsold ¹⁾	171	161	185	156	133	140	128	105
Under construction ¹⁾	263	80	118	211	265	251	247	298
-of which unsold ¹⁾	231	79	100	180	226	232	227	260

1) at the end of the period



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