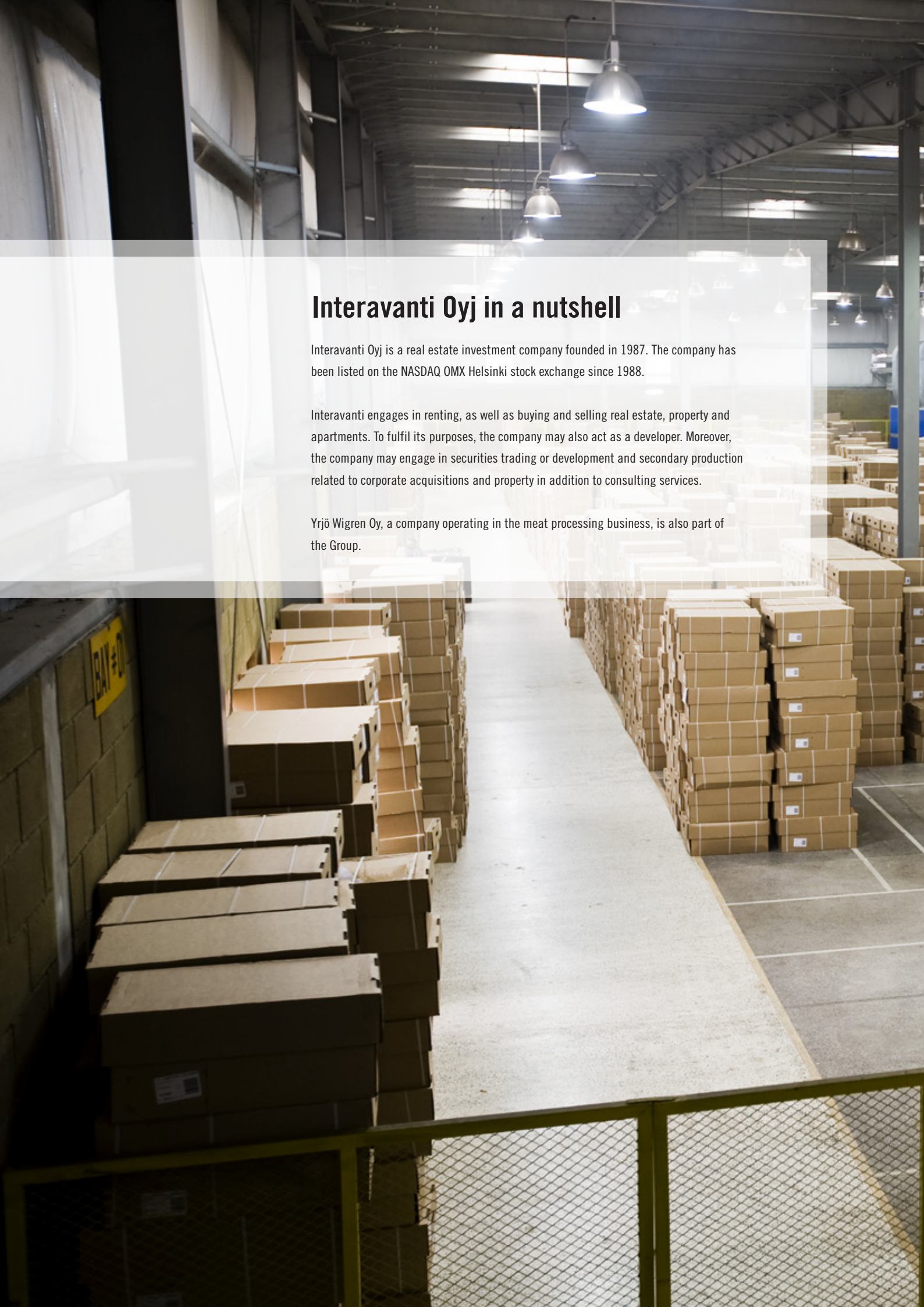
# INTERAVANTI

ANNUAL REPORT 2011

# CONTENT



# Interavanti Oyj in a nutshell

Interavanti Oyj is a real estate investment company founded in 1987. The company has been listed on the NASDAQ OMX Helsinki stock exchange since 1988.

Interavanti engages in renting, as well as buying and selling real estate, property and apartments. To fulfil its purposes, the company may also act as a developer. Moreover, the company may engage in securities trading or development and secondary production related to corporate acquisitions and property in addition to consulting services.

Yrjö Wigren Oy, a company operating in the meat processing business, is also part of the Group.

# Notes from the Managing Director

**Dear reader,**

For Interavanti Oyj Group, the 2011 financial year was an exceptional one. A co-ownership company owned by Interavanti Oyj and Perniön Liha Oy purchased the business operations of the oldest meat processing plant in Finland, Yrjö Wigren Oy.

In 2011, the company invested a total of EUR 1.5 million in its properties. The investments contribute favourably to the rentability, energy efficiency and functionality of the premises.

The utilisation rate of our investment premises was 94.2 %.

We are still looking for property investment as well as holdings in growth companies.

Our liquidity and equity ratio are still favourable. Maintaining the current level and avoiding unreasonable risks will also be our goals in the future.

We believe that our investment property operations will continue as planned, just as they did in 2011. We also expect positive operating profit development from Yrjö Wigren Oy.

I wish to thank all of our customers and partners for the past year.

Helsinki, 14 February 2012

Veikko M Vuorinen

# Investment property

**KEY INDICATORS**

| 1,000 eur | 2011 | 2010 | change % |
|---|---|---|---|
| Turnover | 9 141 | 4 092 | 123,39 % |
| Operating profit | 1 048 | 2 598 | -59,66 % |
| Profit before taxes | 695 | 2 108 | -67,03 % |
| Equity ratio % | 56,4 | 60,8 | -7,24 % |
| **Rented spaces** | | | |
| - surface area m² | 63 190 | 63 208 | -0,03 % |
| - balance sheet value 1,000 eur | 39 316 | 39 908 | -1,48 % |
| - utilisation rate % | 94,2 | 93,5 | 0,75 % |
| - average net profit % | 7,9 | 7,9 | 0,00 % |

The investment property capital, a total of 63,190 m² (63,208), consisted of industrial, business and office premises located in Finland, Estonia, Hungary and Poland.

The value of the rented contracts, roughly EUR 9.6 million, is calculated as based on the fixed rental time of the contracts and current rental rates. As for the contracts valid until further notice, the length of the term of notice was used. There was a total of 170 (118) contracts.

The utilisation rate of the industrial premises was 94% (95), of the business premises 91% (100), and of the office premises 97% (85). The average net yield for the total balance sheet value was 7.9% (7.9). The average net yield for the balance sheet value of the rented premises was 8.6% (8.6), divided as based on the type of premises as follows: industrial premises 8.1% (8.4), office premises 8.9% (8.0), and business premises 11.8% (10.7). The average book price (IFRS) for all premises was EUR 622/m² (631). In addition to the investment property, the company had a total of 662m² (246) of its properties in internal use in Finland.

**The rented facilities are mostly industrial, office, and business premises, and they are divided as follows:**

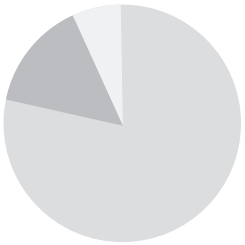
| Surface areas % | 2011 | 2010 |
|---|---|---|
| Industrial premises | 78 % | 77 % |
| Business premises | 7 % | 7 % |
| Office premises | 15 % | 16 % |

| Surface areas m² | 2011 | 2010 |
|---|---|---|
| Industrial premises | 49 539 | 48 836 |
| Business premises | 4 153 | 4 212 |
| Office premises | 9 228 | 9 889 |
| Apartments | 270 | 270 |

| Distribution of premises, percentage of surface area | 2011 | 2010 |
|---|---|---|
| Finland | | |
| Helsinki, Metropolitan area | 22 % | 22 % |
| Tampere | 4 % | 4 % |
| The rest of Finland | 7 % | 7 % |
| Countries other than Finland | | |
| Estonia | 38 % | 38 % |
| Hungary | 19 % | 19 % |
| Poland | 10 % | 10 % |

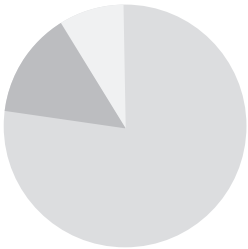
5.9 % (6.6) of the total balance sheet value consists of unoccupied facilities.

**Surface areas, %**



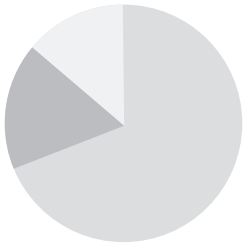
| | |
|---|---|
| Industrial | 78 % |
| Office | 15 % |
| Business | 7 % |

**Property capital by categories, MEUR**



| | |
|---|---|
| Industrial | 30,2 |
| Office | 5,5 |
| Business | 3,6 |

**Accumulation of rental income %**



| | |
|---|---|
| Industrial | 69 % |
| Office | 17 % |
| Business | 14 % |

# INTERAVANTI OYJ
# Report of the Board of Directors

## Consolidated turnover

The consolidated turnover was MEUR 9.1 (4.1) including MEUR 5.1 from Yrjö Wigren Oy. Other consolidated returns include MEUR 0.5 of loans receivable that were recognised as credit losses in the previous years.

## Consolidated profit

The profit for the period was MEUR 0.8 (2.0). The return per share was EUR 0.10 (0.21). The equity ratio was 56.4% (60.8) and gearing 60.2% (52.5).

The profit for the property business was unfavourably influenced by changes in the market values of the investment properties: MEUR -0.8; decontamination of soil in a property in Lahti: MEUR 0.2; and management costs increasing faster than the inflation rate. The meat processing activities contributed MEUR -0.6 to the consolidated profit before taxes, including the share of non-controlling owners.

Key figures for the group's economic development and the reference data are presented in the "Key Figures" section on page 53.

## Investment property

On 31/12/2011, Interavanti Oyj controlled a total of 63,190 m$^2$ (63,208) of investment property. The utilisation rate at the end of the financial year was 94.2 % (93.5). The average net profit from the rented premises was 8.6 % (8.6).

## Distribution of premises and utilisation rate

The total area of investment property in Finland is 20 561 m$^2$ (20 977), which represents approx. 33% (33) of the entire investment property portfolio. The utilisation rate is approx. 84% (82). The investments amounted to EUR 1.0 million, mainly distributed over three properties. The investments contribute favourably to the rentability of the premises. The investments were partly replacement investments.

In Estonia, subsidiary Varasto Estonia Oü owns logistics premises comprising a total of 24,073 m$^2$ (24,073), which represents 38% (38) of the entire property portfolio. The utilisation rate is approx. 98 % (98). A total of approx. 7,000 m$^2$ of permitted building volume remains unused. The investments amounted to EUR 0.3 million with a favourable impact on the property heating costs.

In Poland, subsidiary Varasto Poland Sp. z o.o. owns logistics premises comprising a total of 6,486 m$^2$ (6,486 ), representing approximately 10% (10) of the entire investment property portfolio. The utilisation rate is 100% (100). A total of approx. 35,000 m$^2$ of permitted building volume remains unused.

In Hungary, the subsidiary Warasto Hungary Kft owns logistics premises comprising a total of 12,070 m$^2$ (11,672), which represents 19 % (19) of the entire investment property portfolio. In 2011, the company purchased the 398 m$^2$ building on the site. The investment was worth EUR 0.2 million. The building is rented to the main tenant as previously agreed. The utilisation rate is 100% (100).

## Investments in the property business

- Finland: EUR 1.0 million
- Estonia: EUR 0.3 million
- Hungary: EUR 0.2 million

## Acquisitions

A co-ownership company owned by Interavanti Oyj and Perniön Liha Oy purchased the business operations of the oldest meat processing plant in Finland, Yrjö Wigren Oy, from the bankruptcy estate of Yrjö Wigren Oy. The total investment was EUR 2.8 million including the estimated additional purchase price of EUR 0.7 million.

The 27 persons in Yrjö Wigren Oy's employment will continue as existing employees. Yrjö Wigren Oy continued operating without interruption at Sarankulma, Tampere. At the time of the sale on 16 March 2011, the purchase price paid in cash was EUR 1.9 million. The acquisition cost also includes the purchase price of the inventories: EUR 0.2 million and the estimated additional purchase price of EUR 0.7 million. The company has been consolidated as a subsidiary into the 2011 books of Interavanti Oyj. The meat processing activities contributed EUR 5.1 million to the consolidated turnover and EUR -0.6 million to the consolidated profit before taxes, including the share of non-controlling owners. The business operations and management of the company were thoroughly reorganised in 2011. The reorganisation resulted in non-recurring expenses. The purpose of the reorganisation was to respond to the future challenges of the industry and the financial expectations of the owners.

The business operations of Yrjö Wigren Oy will be reported as "meat processing activities" in the consolidated financial statements of Interavanti Oyj.

## Measurement of assets

The market values of the investment properties were assessed by an external property valuer at the time of the closing of the books on 31 December 2011. In bookkeeping, the company has used the estimate made by the property valuer, having deducted the low point of the valuation margin: -10%.

During the financial year, a total of MEUR -0.8 (0.9) of changes in the market value of investment properties were recognised. Changes in market value comprise both measurement profits and losses.

# Report of the Board of Directors

## Financing

The group has a total of MEUR 17.2 (15.2) of net liabilities, of which a sum of MEUR 1.8 (0.9), due in less than a year, is included in the short-term liabilities on the balance sheet. The company has MEUR 0.4 (0.7) of liquid assets and MEUR 16.8 (14.4) of net liabilities. At the end of the financial period, the current account limit is MEUR 3.4 (0.8), out of which MEUR 2.5 (0.8) is unused.

## Annual General Meeting

The Annual General Meeting on 8 March 2011 verified the financial statements for the financial year 1 January 2010 – 31 December 2010 and discharged the persons accountable from liability for the financial year.

In accordance with the proposal by the Board of Directors, the Annual General Meeting agreed to cover the loss from retained earnings from the reserve for invested non-restricted equity.

In accordance with the proposal by the Board of Directors, the Annual General Meeting agreed to distribute EUR 0.05 per share from the reserve for invested non-restricted equity, EUR 485,160.30 in total. Distribution of earnings began on 18 March 2011.

The General Meeting decided that the Board of Directors will continue to consist of four members. Lasse Jokinen, Pekka Saarenpää, Jorma Lindström and Veikko M Vuorinen were re-elected as the members of the Board.

The General Meeting once again selected the Authorised Public Accountant organisation PricewaterhouseCoopers Oy as the accountants. PricewaterhouseCoopers Oy named Samuli Perälä, APA, as the responsible accountant.

The General Meeting accepted the Board's proposal and authorised the Board to acquire and hand over up to 970,320 of private shares. Acquisition of private shares has not been actuated.

In addition, the General Annual Meeting authorised the Board to decide on issuing up to 20,000,000 new shares in one or several tranches. New shares may be issued to shareholders either in proportion to their existing shareholdings or, as an exception to the shareholders' pre-emptive right, by carrying out a directed issue. The process of issuing new shares has not been actuated.

## Prospects for the future

During the reporting period, operating costs in the property branch have increased faster than the inflation rate, which has contributed negatively to the profit level of properties. Interavanti Oyj expects the trend to continue, yet more moderately, over 2012.

During the reporting period, Interavanti Oyj and Perniön Liha Oy purchased the business activities of Yrjö Wigren Oy from the bankruptcy estate of Yrjö Wigren Oy. Yrjö Wigren Oy contributed EUR 5.1 million to the consolidated turnover and EUR -0.6 million to the consolidated profit before taxes. The company expects a positive result from Yrjö Wigren Oy in 2012.

Interavanti Oyj participates as one of the two founders in a company called PowerTube Oy, specialised in designing equipment for emission-free electricity production. PowerTube Oy is continuing negotiations with potential partners in cooperation for further development.

The company will continue planning the second phase developments on its site in Poland.

Interavanti Oyj is still searching for property investment sites as well as holdings in growth companies.

## Risks of operation

### Risks in the property business

The majority of most material property business risks for Interavanti are related to clients and financing.

The global recession and financial insecurity that started in late 2008 have also had repercussions in Interavanti Oyj's operations. Because the general economic conditions have continued to weaken, they have had an adverse impact on our clients and thus on the business of Interavanti Oyj as well. Our premises abroad have been let on long-term contracts to well-established tenants. All rental contracts of Interavanti in Poland and Hungary are based on euro.

At the beginning of 2008, Interavanti took out a floating-rate loan of MEUR 18.0. At the end of the financial period, the outstanding loan is MEUR 14.2 (15.2), out of which MEUR 12.3 (14.2) has been hedged with an interest rate swap. In 2011, one of the group's subsidiaries took out a floating-rate loan of MEUR 0.8, of which MEUR 0.4 was hedged with an interest rate swap.

As before, Interavanti's aim is to maintain its healthy liquidity and equity ratio as well as avoid unreasonable risks.

### Risks of the meat processing business

The profitability of the meat processing business may be influenced by changes in the market prices of meat raw materials as well as

fluctuations changes in production volumes and the availability of Finnish meat as a raw material. Moreover, changes in meat consumption habits may influence the profitability of meat processing activities and the extent of the business activities.

Yrjö Wigren Oy will shield against any unfavourable changes in production costs by adjusting production and will try to anticipate such changes by adjusting the pricing of end products.

Food production always includes the risks associated with the quality and safety of the raw materials, preparations and production process. Yrjö Wigren Oy has procedures in place to ensure the safety of production processes. The quality of production is ensured by operator control.

The Finnish food retail trading is very centralized. Therefore, dependency on individual customer ships may become greater. Wigren is known for almost a hundred years of tradition and top quality products, which provides a sound footing for developing the company in the future. Yrjö Wigren Oy is a valued brand and will enhance the company's position in the food production chain.

## Insider transactions

During the financial year, Joestoni Investeeringu AS rented premises from Varasto Estonia Oü and Varasto Estonia Oü has purchased building maintenance and administration from Joestoni Investeeringu AS, the owner of which is an insider to Interavanti Oyj.

During the reporting period, Interavanti Oyj has purchased real estate agency services from Suomen Toimitilavälitys Oy, where insider parties of Interavanti Oyj are exercising substantial control.

During 2011, the company acquired a small amount of specialist services from other insider parties.

## Shares

The company has one type of share. The shares have no nominal value or maximum quantity. Each share constitutes one vote in the General Meeting. All shares have equal rights to dividend and company assets. The number of shares on 31 December 2011 was 9,703,206. The company shareholders are listed in the "Shares and shareholders" section on pages 55-56.

## Insider matters

Interavanti Oyj complies with the insider guidelines prepared by NASDAQ OMX Helsinki, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The company manages its own insiders records.

## Interavanti's Corporate Governance Statement, Financial Year 2011

This statement is issued as an independent report and is published together with the Annual Report on the company web pages.

## Product development activities

There were no substantial research and development activities during the financial period.

## Personnel

The group employed 39 (4) persons in average over the financial period. The number of personnel increased in the financial period after consolidation of the subsidiary, Yrjö Wigren Oy, and its personnel. Over the financial period, wages and fees amounted to a total of MEUR 1.3 (0.3).

## Notifications in accordance with the section 2.9 of the Security Markets Act

There were no notifications in accordance with chapter 2, section 9 of the Finnish Securities Markets Act during the period 1 January – 31 December 2011.

## Events after the closing date

There have been no significant events after the closing date.

## The Board of Directors' proposal for the distribution of the parent company funds

The parent company recorded a loss of EUR 398,171.86 for the financial period. The Board of Directors proposes covering of the loss from the reserve for invested non-restricted equity. The parent company's distributable funds are EUR 3,747,143.70. The Board of Directors proposes to the Annual General meeting a dividend of EUR 0.10 per share in 2011, i.e. a total of EUR 970,320.60, from the reserve for invested non-restricted equity. The Board also proposes to the Annual General Meeting that the Board be authorised to distribute a maximum of EUR 0.15 per share in 2011.

There have been no significant changes in the financial standing of the company after the end of the financial year. According to the Board, the proposed distribution of funds does not risk the company's solvency.

The company management avers that the accounting documents have been prepared in compliance with the accounting standards applied to the financial statements and that they provide a true and fair view of the assets, liabilities, financial position, and profit or loss of both the issuer and group.

# Consolidated financial statements

# Consolidated statement of comprehensive income

| EUR 1,000 (IFRS) | Reference | 1.1.-31.12.2011 | 1.1.-31.12.2010 |
|---|---|---|---|
| **TURNOVER** | 4, 5 | **9 141** | **4 092** |
| Other income | 6 | 476 | 49 |
| Change in stock of finished and unfinished products | | 65 | 0 |
| Use of materials, supplies and services | | -2 568 | 0 |
| Maintenance and repair costs | | -1 457 | -1 447 |
| Employment benefit expenses | 8 | -1 551 | -315 |
| Depreciation | 7 | -288 | -16 |
| Changes in the market value of investment properties | 14 | -785 | 876 |
| Profits and losses from the sale of investment properties | 13 | 0 | 27 |
| Other expenses | 9 | -1 985 | -668 |
| **Operating profit** | | **1 048** | **2 598** |
| Financial income | 10 | 515 | 281 |
| Financial expenses | 10 | -868 | -771 |
| **Profit before taxes** | | **695** | **2 108** |
| Income tax | 11 | 58 | -108 |
| **PROFIT FOR THE PERIOD** | | **753** | **2 000** |
| **Total comprehensive profit for the period** | | **753** | **2 000** |
| **Income for the financial year attributable to** | | | |
| Equity holders of the parent company | | 970 | 2 013 |
| Non-controlling owners | | -217 | -13 |
| | | **753** | **2 000** |
| **Total comprehensive income attributable to** | | | |
| Equity holders of the parent company | | 970 | 2 013 |
| Non-controlling owners | | -217 | -13 |
| | | **753** | **2 000** |
| Earnings per share attributed to equity holders of the parent | | | |
| Undiluted and diluted | 12 | 0,10 | 0,21 |

# Consolidated statement of financial position

| EUR 1,000 (IFRS) | Reference | 31.12.2011 | 31.12.2010 |
|---|---|---|---|
| **ASSESTS** | | | |
| **Non-current assets** | | | |
| Investment properties | 14 | 39 316 | 39 908 |
| Intangible assets | 15, 16 | 1 872 | 0 |
| Property, plant, and equipment | 17 | 2 465 | 335 |
| Available-for-sale financial assets | 18, 26 | 75 | 124 |
| Loans and other receivables | 19, 26 | 609 | 3 280 |
| Deferred tax assets | 20 | 120 | 23 |
| | | 44 457 | 43 670 |
| **Current assets** | | | |
| Floating assets | 21 | 359 | 0 |
| Trade and other receivables | 19, 26 | 4 194 | 848 |
| Cash and cash equivalents | 22, 26 | 420 | 737 |
| | | 4 973 | 1 585 |
| **ASSETS TOTAL** | | **49 430** | **45 255** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to equity holders of the parent company** | | | |
| Share capital | 23 | 13 584 | 13 584 |
| Share premium | 23 | 5 788 | 5 788 |
| Reserve for invested non-restricted equity | 23 | 4 145 | 5 485 |
| Translation difference | | -80 | -80 |
| Retained earnings | | 4 484 | 2 659 |
| Total | | 27 921 | 27 436 |
| **The share attributable to non-controlling owners** | | **-118** | **29** |
| **EQUITY TOTAL** | 23 | **27 803** | **27 465** |
| **Non-current liabilities** | | | |
| Loans | 24, 26 | 15 334 | 14 211 |
| Deferred tax liabilities | 20 | 1 276 | 1 237 |
| Other liabilities | 25, 26 | 756 | 0 |
| | | 17 366 | 15 448 |
| **Current liabilities** | | | |
| Loans | 24, 26 | 1 818 | 947 |
| Trade and other payables | 25, 26 | 2 443 | 1 395 |
| | | 4 261 | 2 342 |
| **LIABILITIES TOTAL** | | **21 627** | **17 790** |
| **EQUITY AND LIABILITIES TOTAL** | | **49 430** | **45 255** |

# Consolidated statement of cash flows

| EUR 1,000 (IFRS) | Reference | 1.1.-31.12.2011 | 1.1.-31.12.2010 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Operating profit | | 1 048 | 2 598 |
| Adjustments for the operating profit | 30 | 1 073 | -899 |
| Change in working capital | 30 | -206 | 497 |
| Interest paid | | -784 | -673 |
| Interest received | | 348 | 44 |
| Dividends received | | 121 | 216 |
| Taxes paid | | 0 | 318 |
| **TOTAL CASH FLOW FROM OPERATING ACTIVITIES** | | **1 600** | **2 101** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Asset deal | 31 | -2 128 | 0 |
| Investments in investment properties | 14 | -1 338 | -775 |
| Investments in immaterial and material goods | | -46 | -4 |
| Paybacks from provided loans | | 411 | 8 |
| Sales of tangible and intangible assets | | 15 | 13 |
| Profits from sales of investment properties | | 0 | 149 |
| **TOTAL CASH FLOW FROM INVESTMENTS** | | **-3 086** | **-609** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Loans repaid | | -948 | -948 |
| New loans | | 2 532 | 0 |
| Investments in the company by non-controlling owners | | 70 | 0 |
| Profit distribution | | -485 | -485 |
| **TOTAL CASH FLOW FROM FINANCING ACTIVITIES** | | **1 169** | **-1 433** |
| **CHANGE IN CASH AND CASH EQUIVALENTS, TOTAL** | | **-317** | **59** |
| Cash and cash equivalents 1 January | | 737 | 678 |
| Cash and cash equivalents 31 December | 22, 30 | 420 | 737 |

# Consolidated statement of changes in equity

| EUR 1,000 | Reference | Share capital | Share premium | Reserve for invested non-restricted equity | Translation differences | Retained earnings | Equity attributable to equity holders of the parent total | Non-controlling owners | Equity capital total |
|---|---|---|---|---|---|---|---|---|---|
| **Equity on 01/01/2010** | | **13 584** | **5 788** | **6 521** | **-80** | **95** | **25 908** | **42** | **25 950** |
| Distribution of funds from the reserve for invested non-restricted equity | | | | -485 | | | -485 | | -485 |
| Covering of the parent company's losses from previous years | | | | -551 | | 551 | 0 | | 0 |
| Comprehensive income for the financial year | | | | | | 2 013 | 2 013 | -13 | 2 000 |
| **Equity on 31/12/2010** | 23 | **13 584** | **5 788** | **5 485** | **-80** | **2 659** | **27 436** | **29** | **27 465** |
| **Equity on 01/01/2011** | | **13 584** | **5 788** | **5 485** | **-80** | **2 659** | **27 436** | **29** | **27 465** |
| Distribution of funds from the reserve for invested non-restricted equity | | | | -485 | | | -485 | | -485 |
| Covering of the parent company's losses from previous years | | | | -855 | | 855 | | | 0 |
| Investment in a subsidiary's equity | | | | | | | | 70 | 70 |
| Comprehensive income for the financial year | | | | | | 970 | 970 | -217 | 753 |
| **Equity on 31/12/2011** | 23 | **13 584** | **5 788** | **4 145** | **-80** | **4 484** | **27 921** | **-118** | **27 803** |

# Notes to the consolidated financial statements

# Notes to the consolidated financial statements

## 1. BASIC INFORMATION ON THE GROUP

Interavanti Oyj is a real estate investment company primarily focusing on the building, renting, and sales of business, industrial and storage premises. The investment sites are located in Finland, Poland, Hungary, and Estonia. Yrjö Wigren Oy, a company operating in the meat processing business, is also part of the Group.

The parent company of the Group, Interavanti Oyj, is a public company. The company is registered in Helsinki. The registered address is Mannerheimintie 118, 9th floor, 00270 Helsinki, Finland. Copies of the consolidated financial statements are available from the above address and on the website www.interavanti.fi.

The company is listed on the main list of the NASDAQ OMX Helsinki stock exchange.

In its meeting 14 February 2012, the Board of Interavanti Oyj accepted these financial statements for publication. According to the Finnish Companies Act, shareholders have the opportunity to accept or refuse the financial statements in a General Meeting taking place after the publication of the statements. It is also possible to make a decision on changing the financial statements in the General Meeting.

## 2. ACCOUNTING PRINCIPLES

### Basis for accounting

The Interavanti consolidated financial statements have been drawn in compliance with the International Financial Reporting Standards (IFRS). The IAS and IFRS and the SIC and IFRIC interpretations valid on 31/12/2011 have been observed in the preparation of the statements. The International Financial Reporting Standards are taken to mean any and all standards and their official interpretations accepted to be applied in the EU, according to the procedures enacted in the EU regulation 1606/2002, noted in the Finnish Bookkeeping Act and legal provisions based on the Act. The notes to the consolidated financial statements are also in accordance with the Finnish legislation on bookkeeping and corporations, which complement the IFRS regulations.

The consolidated financial statements were drawn up as based on the original acquisition costs, except for the investment properties and financial assets recognised through profit and loss, which are measured at market value. The information in the financial statements is presented in thousands of euro.

The following new and renewed standards and interpretations have been applied since 01/01/2011:

- *The standard IAS 24 Related party disclosures has been amended. The concept of a related party has been specified, and certain requirements pertaining to the Notes have been amended. The revised standard has had no effect on the consolidated financial statements.*

- *Improvements to IFRSs, amendments in May 2010 Annual Improvements is a procedure for presenting small and non-urgent amendments to IFRSs in a single document to be implemented once per year. The issued amendments are related to seven standards in total. The changes have had a negligible or zero effect on the consolidated financial statements.*

The other new or revised standards or interpretations were not relevant for the Group.

The preparation of financial statements in accordance with the IFRS standards requires the management of the corporation to make certain assessments and apply discretion in the application of the accounting principles. Information on the discretion -- used by the management when applying the corporation's accounting principles for the financial statements and having the most influence on the figures presented in the financial statements -- can be found in the chapter "Accounting principles requiring management discretion and primary uncertainty factors related to assessments".

### Subsidiary companies

The consolidated financial statements include the parent company Interavanti Oyj and all subsidiary companies owned directly or indirectly by Interavanti Oyj. Subsidiaries are companies in which the Group has a controlling interest. A controlling interest is created when the Group holds more than half the voting rights, or it otherwise exercises the right of control. In the assessment of the right of control, the existence of potential controlling interest has also been taken into consideration if the instruments of the potential right of control can be implemented at the time of assessment. Right of control means having the right to govern the company's financial and business principles so as to gain profit from its operations.

Mutual shareholding within the Group has been eliminated using the purchase method. The acquired subsidiary companies are added to the consolidated financial statement from the moment when the Group has gained the right of control, and the sold subsidiaries are consolidated up to the termination of the right of control. All internal transactions, receivables, liabilities and unrealised profits within the Group, as well as the internal profit distribution, are eliminated in the consolidated financial statements.

The distribution of the profit of the financial year to the owners and non-controlling owners of the parent company is presented in the consolidated comprehensive statement of income. The share of non-controlling owners is presented separately in the balance sheet as a part of equity.

# Notes to the consolidated financial statements

**Mutual real estate companies** Mutual real estate companies have been consolidated with a relative merging method so that the premises and other related assets and liabilities controlled by the Group are included in the consolidated financial statements.

Properties owned by mutual real estate companies have been measured at market value at the time of acquisition.

**Other subsidiary companies** Other subsidiary companies are added to the consolidated financial statements in full.

## Affiliate companies

All affiliate companies are housing associations and mutual real estate companies. Affiliate companies are presented in the investment properties section of the balance sheet and are measured at their market value.

## Foreign currency translation

The consolidated financial statements are presented in euro, which is the operating and presentation currency for the Group's parent company.

**Foreign currency transactions** Foreign currency transactions are recorded at the exchange rate valid on the date of the transactions. Monetary items in foreign currencies are translated into the operating currency, using the exchange rate on the closing date. Non-monetary items in foreign currencies measured at their market value are translated using the exchange rate on the measurement date. Otherwise, non-monetary items are measured at the exchange rate prevailing on the date of the transactions.

Foreign currency exchange gains and losses from foreign business transactions and foreign non-monetary items are recorded in the comprehensive statement of income. Exchange gains and losses from business transactions are presented in other items above the profit for the year.

**Translation of the financial statements of foreign Group companies**
The euro is used as the operating currency for the foreign companies, the profits, costs and financial transactions of which are primarily in euro. Monetary foreign currency items for these subsidiaries are recorded in the consolidated financial statements, using the exchange rate on the closing date and non-monetary items, using the exchange rate on the business transaction date. Non-monetary items that are measured at market value are measured in the financial statements using the exchange rates valid on the moment of the determination of the market value.

The profit and loss amounts of other foreign consolidated companies are converted to euro in the comprehensive statement of income, using the medium rates of the business period, and balance sheets using the rates of the closing date. Using different conversion rates for the comprehensive statement of income and the balance sheet causes a translation difference, which is recorded in equity. Translation differences for the elimination of the acquisition costs of foreign subsidiary companies and for the conversion of post-acquisition equity instalments are recorded in equity. When a subsidiary company is sold either partially or completely, the accumulated translation differences are recorded in the comprehensive statement of income as a part of the sales profit or loss.

The figures concerning the return and financial position of the Group are measured in euro.

## Financial assets and liabilities

**Financial assets** Financial assets are classified by the Group in the following categories: financial assets to be recorded at market value through profit and loss, loans and other receivables as well as available-for-sale financial assets. The classification is made in accordance with the purpose of the acquisition of the financial assets, in connection with the original acquisition. All financial assets are originally recorded at their market value, and the transaction costs are included in the original carrying amount of financial assets in the case of an item that is not measured at market value through profit and loss. All purchases and sales of financial assets are recorded on the date of the transaction. Financial assets are removed from the balance sheet when the Group's contractual rights to cash flows have been terminated, or when the Group has substantially transferred all risks and benefits outside of the Group.

Financial assets are classified within the category of financial assets recorded at market value through profit and loss, if acquired as held for trading or originally classified as recorded at market value through profit and loss. Financial assets held for trading have primarily been acquired to gain profit from short-term fluctuations in market prices. Interavanti has included the Group's derivatives, because the Group does not apply hedge accounting as defined in IAS 39. Currently, the Group does not hold other derivatives beyond an interest rate swap. The items of the Group have been measured at their market value, and the realised and unrealised profits and losses arising from the changes in the market value are recorded in the comprehensive statement of income for the financial year in which the profits and losses occurred.

*Loans and other receivables* are non-derivative assets, the payments related to them are either fixed or determinable, and they are not quoted in an active market. They are measured at amortised cost. In the balance sheet, they are included in the non-current assets if they mature after more than 12 months. In other cases, they are included in the current assets. The loans and receivables of the Group comprise trade receivables, loan receivables and purchase money claims.

*Available-for-sale financial assets* are non-derivative assets that are specifically designated as belonging to this category, or are not classified in some other category. They are included in non-current assets unless the Group has the intention to hold them for less than 12 months from the closing date, in which case they are included in the current assets. Available-for-sale financial assets are measured at their market value, and changes in the market value are recorded in equity, net of tax. Changes in market value are transferred from equity to the comprehensive statement of income when the investment is sold, or when its value has been impaired so that an impairment loss on the investment must be recorded. The Group's available-for-sale financial assets on the closing date consist of holdings in shares, the market value of which cannot be defined reliably due to their highly non-liquid market. Such shares are measured at cost.

*Cash and cash equivalents* consist of cash balances, call deposits withdrawable on demand, and other short-term, highly liquid investments. The maturity of the items classified into cash and cash equivalents is three months or less from the date of acquisition.

## Impairment of financial assets

On each closing date, the Group assesses whether there is any objective evidence that a financial asset is impaired. A significant decline in the market value of share investments below their acquisition price within the timeframe determined by the Group is regarded as an indication of the impairment of the available-for-sale share. If there is evidence of such impairment, the cumulative loss is recorded in the comprehensive statement of income. Impairment losses from available-for-sale financial assets are not reversed through the comprehensive statement of income, whereas the subsequent reversal of impairment losses on interest instruments is recorded through profit and loss.

The Group recognises an impairment loss on trade receivables when there is justified evidence that the Group cannot collect the receivables in full. Impairment is assessed by monitoring the creditworthiness of clients. Indications of the impairment of trade receivables include the significant financial difficulties, probability of bankruptcy and failure of making payments of the debtor. The amount of the impairment recorded in the comprehensive statement of income is the carrying amount of the receivable less the estimated present value of estimated future cash flows, discounted by the effective interest rate. If the amount of the impairment declines during any later financial year and if it is justified to regard the impairment as related to an event subsequent to the recognition of the impairment, the recorded loss is reversed through profit and loss.

## Financial liabilities

Financial liabilities are recorded at amortised cost.

The market values of financial assets and liabilities and the principles for their determination are described in the other notes to the financial statements.

## Property, plant, and equipment

Items of property, plant, and equipment mainly include machinery and equipment. The value of property, plant, and equipment item is based on the original acquisition costs, from which write-offs and impairment have been reduced.

Depreciation on property, plant, and equipment items is calculated as follows:

| | | |
|---|---|---|
| Machinery and equipment | expenditure residue depreciation | 25% |

The depreciation value and the financial influence time of the goods are verified at each closing of the accounts, and if necessary, they are revised to reflect the changes in the expectations of the financial gain.

When a property, plant and equipment item is classified as held for sale in accordance with the IFRS 5 Non-current Assets Held for Sale and Discontinued Operations standard, the depreciation of the item is terminated.

The sales profits and losses created in the disposal of property, plant and equipment items are included in other return and costs from business operations.

## Intangible assets

Intangible assets are recorded in the balance sheet at the cost of acquisition if the cost of acquisition can be reliably determined and it is likely that the expected financial benefit from the asset will benefit the Group. Depreciations will not be made from indefinite-life intangible assets, but they are annually tested to determine potential impairment. The useful life of the brand in the meat processing activities segment has been estimated as indefinite.

Depreciation times for other intangible assets are the following:

| | | |
|---|---|---|
| Customer relationships | straight-line depreciation | 5 years |
| Other immaterial goods | straight-line depreciation | 5 years |

There is no goodwill in the Group.

# Notes to the consolidated financial statements

## Borrowing costs

Borrowing costs are recorded as costs during the period in which they have been incurred.

## Impairment testing of tangible and intangible assets

At each closing date, the Group assesses whether there are any indications that an asset may be impaired. If there is any such indication, the Group estimates the amount recoverable from the asset. Furthermore, the Group will annually estimate the amount recoverable from the brand of Yrjö Wigren Oy, whose useful life has been estimated as indefinite. The need for impairment is reviewed at the level of cash-flow generating units, that is, at the lowest unit level which is mainly independent of other units and the cash flows of which can be separated from other cash flows. The recoverable amount is the market value of the asset, less selling costs or the value of use if higher than the selling costs. Value of use refers to the estimated future net cash flows that can be obtained from an asset, or a unit generating cash flow discounted to their current value. The discount rate used is a pre-tax rate that represents the market outlook on the time value of the currency and the risks related to the asset.

An impairment loss is recorded when the carrying amount of the asset is higher than the amount recoverable from the asset. Impairment loss is immediately recorded in the comprehensive statement of income. The economic life of the asset to be depreciated is reassessed in connection with the recognition of the impairment loss. An impairment loss will be reversed if there has been a change in the assessments used in the determination of the recoverable amount. However, the impairment loss will only be reversed up to the carrying amount that the asset would have without recording the impairment loss.

## Investment properties

An investment property is a piece of land, building or part of a building controlled by Interavanti Oyj in order to obtain rental income, increase in value, or both. Properties and apartments owned and managed by the Group have been treated as investment properties.

Investment properties are measured at their market value. The market value is determined at least once per year by an external property valuator according to International Valuation Standards (IVS). The market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing in an active market.

Where necessary, these market prices will be adjusted in accordance with the characteristics, location or condition of the asset. If this information is not available, optional valuation methods will be used, such as the recently realised prices in slightly less active market, the yield value method, or a combination of the two. The company has used the estimate made by the property valuator in bookkeeping, having deducted the lower limit of the assessment margin of 10% as stated by the property valuator.

The property valuator, approved by the Central Chamber of Commerce, represents Comreal Oy. The evaluation report is available on Interavanti Oyj's website. The report includes the evaluation process, influencing factors, evaluation results, and assessment margin.

Changes in the market values of the investment properties are presented separately in the comprehensive statement of income.

No depreciations are made of the values of investment properties.

Subsequent costs, such as renovations of apartments and properties, are capitalised as part of the carrying amount of the investment property only when it is likely that the future financial benefit related to them will benefit the Group and when the costs can be reliably determined. Other repair and maintenance costs are recorded as costs during the financial year in which they have been incurred.

## Floating assets

Floating assets are measured at cost or the net realisation value, whichever is lower. The acquisition cost is determined with the FIFO method (first in, first out). The acquisition cost of complete products includes all purchase costs including immediate transport, handling and other costs. The acquisition cost of self-manufactured finished and unfinished products includes raw materials, immediate costs of work performance, other immediate costs, and a systematically allocated share of variable and fixed production costs at a normal operation rate. The net realisation value is the estimated selling price gained in ordinary business activities, reduced by the estimated costs for finishing the product and the estimated necessary costs for selling it.

## Provisions and contingent liabilities

Provisions are recorded when the Group has a legal or factual obligation based on an earlier transaction, when it is probable that the fulfilment of the obligation will at some point in the future call for a payment, and when the amount of the obligation can be reliably estimated. Provisions are measured based on the assessment made on the closing date concerning the costs required to cover the obligation. If the effect of time value on the valuation of the provision is significant, the provisions are measured at the current value of costs required to cover the obligation.

Contingent liabilities are possible obligations resulting from an earlier event that become certain only upon the occurrence of an uncertain event over which the Group has no control. Contingent liabilities also cover such existing obligations that will not likely require payment, or the

amount of which cannot be reliably determined. Contingent liabilities are presented in the 'Notes to the financial statements' section.

## Principle of revenue recognition

The turnover of the Group consists of property rental income, compensations for use, and sales of goods. Profits and losses from property sales are presented as a separate item in the comprehensive statement of income.

**Rental return** Rental returns from properties and apartments are recorded as income evenly for the entire contract period.

**Sold goods** The sales profits of goods are recognised once the material risks, benefits and the right of control have been transferred to the buyer. As a general rule, this occurs at the time of delivery in accordance with the terms of contract.

**Recognition of sales profits and losses** The profits from the disposal of properties and apartments are entered as income and the sales losses as costs when all risks and benefits are disposed in context with the disposal of the ownership and tenure.

## Pensions

There are no benefit-based arrangements in the Group. The payments of the Group's payment-based, several employer and insured arrangements pensions are recorded in the comprehensive statement of income for the financial year to which the payment is related.

## Share-based payments

The Group has no arrangements based on options or shares.

## Income tax

The tax costs in the comprehensive statement of income consist of the tax based on the taxable income and the deferred taxes for the financial year. The tax effect on items that is recorded directly in equity is similarly recorded in equity. The consolidated financial statements include the taxes calculated using the tax rate valid at the time of the closing of the books on the Group companies' profits and tax provisions.
Deferred tax liabilities or assets are calculated from all accrual differences between bookkeeping and taxation using the tax rates enacted by the date the accounts are closed. However, deferred tax liability is not recorded in the instances of initial recognition of assets or liabilities that do not involve the consolidation of business operations and which have no effect on accounting or taxable profit at the time of their realisation. No deferred tax is recorded for goodwill impairment that is not deductible in taxation.

Deferred tax assets are recorded up to the amount it is probable that future taxable income will be available, and against which the temporary difference can be used.

The most significant accrual differences consist of the measurement of investment properties at their market value.

## Rental contracts

**The Group as a tenant** All rental contracts with regard to property, plant and equipment, where the Group owns a material share of the risks and benefits of ownership, are classified as financial leasing contracts. The assets that are purchased through financial leasing are recognised in the balance sheet at the beginning of the rental period and recorded at the market value of the leased item or the current value of minimum rents, whichever is lower. Depreciation of financial leasing items are carried out during the useful life of the item or the rental period, whichever is shorter. The payable leasing rent is divided in financial costs and partial payments over the rental period, so that the percentage of interest for the remaining debt at each period will remain the same. Lease commitments are included in financial liabilities.

Rental contracts, in which the risks and benefits of ownership remain with the renter, are treated as other rental contracts. Rents payable based on the other rental contracts are recognised as costs in the profit and loss account, as equal instalments during the rental period.

## Accounting principles requiring management discretion and significant uncertainty factors related to assessments

In the preparation of the financial statements, some assessments and assumptions have been necessary. The actual outcomes of these may differ from the assessments and assumptions. In addition, discretion is necessary when applying the accounting principles of the financial statements. The most significant assessments are related to the market values of investment properties, the determination of the market value of the commodities and conditional compensation gained in the merging of businesses, and depreciation testing with regard to the brand of Yrjö Wigren Oy.

**Uncertainty factors related to assessments** The market value for the properties owned by the Group is assessed annually as based on an estimate by an external property valuator. The balance sheet value is corrected where the market value is higher or lower than the balance sheet value. The correction is made through profit and loss. The balance sheet value of investment properties on 31 December 2011 was MEUR 39.3 (MEUR 39.9 on 31 Dec 2010).

In the merging of business activities, the Group uses an external adviser for assessing the market values of both material and immaterial goods. For material goods, comparisons to the market prices of similar goods have been made. In this context, the impairment of value due to the age and wear of the goods and similar factors has also been assessed. The definition of the market value of immaterial goods is based on estimates of the cash flows related to the goods. Note 31, Acquired business activities includes more information on the valuating of material goods acquired in merging business activities.

The acquiring party shall recognise the market value of conditional compensation at the time of acquisition as part of the compensation handed over for the acquired business. Where conditional compensation is classified as a financial liability, the acquiring party shall value the liability at its market value on each reporting day and recognise the change in market value through profit and loss. The important variables are assessments of future turnover and profitability. The Group purchased the business activities of Yrjö Wigren Oy on 16 March 2011. The acquisition cost included conditional compensation of MEUR 0.7 at the time of acquisition. In the financial statements of 31 December 2011, the market value of the conditional compensation was MEUR 0.8.

The Group will annually test the brand of Yrjö Wigren Oy for depreciation. The useful life of the brand has been estimated as indefinite. The brand belongs to the "Meat processing activities" segment, which is a cash-flow generating unit. The amount recoverable from the segment has been determined through service cost accounts. Generating these accounts requires that the estimates are used. Note 15: Intangible assets and 16: Depreciation of intangible assets include additional information on depreciation testing.

The assessments made in connection with the preparation of the financial statements are based on the best opinion by the management at the time of the closing of the books. The assessments lean on earlier experience and future-related assumptions considered most probable. These assumptions may be related to, e.g. the expected development of the Group's financial operational environment from the point of view of sales and the level of costs. The Group regularly monitors the realisation of assessments and assumptions and their underlying factors together with the business units, and utilises several internal and external information sources for the purpose. Any changes in the assessments and assumptions are entered in the bookkeeping for the financial year, during which the assessment or assumption is corrected, as well as all following financial years.

## Dividend distribution

No recognition has been made to the financial statements of the dividend distribution suggested by the Board at the General Meeting. The dividends are taken into account only after the decision is taken in the General Meeting.

## Adoption of new or revised IFRS standards and IFRIC interpretations

IASB has issued the following new or revised standards and interpretation that have not yet been applied by the Group. In 2012, the Group will adopt the following new and amended standards and interpretations:

- *IFRS 7 (amended) Financial instruments: Disclosures. The amendment enhances the transparency of business transactions related to transferring of financial instruments, and provides more information about the risks arising from transferring financial instruments and the impact of these risks to the entity's financial position, especially with regard to securitization of financial assets. The amendment has not yet been accepted for application within the European Union.*

- *IAS 12 (amended) Income Taxes. IAS 12 currently requires an entity to measure the deferred tax relating to an asset, measured at its market value, depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The presumption is, that the book value of certain market value assets is recovered through sale. The presumption is applicable to deferred taxes arising from investment property, property, plants and equipment, and intangible assets that are valued by applying the market value model or the revaluation model. The amendment has not yet been accepted for application within the European Union.*

The above standards or amendments to standards are not expected to have a material impact on future consolidated financial statements. The Group will adopt the following standards, interpretations, and amendments to the existing standards in 2013 or later:

- *IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013). IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard defines the principles of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides guidance to assist in the determination of the control of an investor and whether or not it should be included. The standard also includes the requirements for preparation of consolidated financial statements. The standard has not yet been accepted for application within the EU.*

- *IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2013). IFRS 11 provides guidance for reflection over joint arrangements. It focuses on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. The parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Therefore each party recognises, in relation to*

*its interests, its assets, liabilities, revenue and expenses. In a joint venture, the parties have joint control over the net assets of the arrangement and shall account for their investment using the equity method. Proportionate consolidation of joint ventures is no longer an option. The standard has not yet been accepted for application within the EU.*

- *IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013). IFRS 12 is a comprehensive standard on disclosure requirements on all forms of interests in other entities, including subsidiaries, joint arrangements, associate and unconsolidated structured entities. The standard has not yet been accepted for application within the EU.*

- *IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013). IFRS 13 aims at improving conformity and reducing complexity. The standard defines fair value and sets out, in a single IFRS, a framework for measuring fair value. IFRS 13 does not extend the use of fair value. Rather, the standard provides guidance in determining fair value, when another IFRS requires or permits the item to be measured at fair value. The standard has not yet been accepted for application within the EU.*

- *IFRS 27 (amended in 2011) Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013). The amended standard includes requirements for separate financial statements, other than the ones related the control, which are now included in the new IFRS 10. The standard has not yet been accepted for application within the EU.*

- *IAS 28 (amended in 2011) Investments in Associates and Joint Ventures (effective date 1 January 2013). The amended standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures after issuing IFRS 11. The standard has not yet been accepted for application within the EU.*

- *IAS 1 (amended) Presentation of Financial Statements (effective for annual periods beginning on or after 1 July 2012). The main change is the requirement of grouping other items of comprehensive income on the basis of their potential removal from equity in the future and recognition in profit or loss (reclassification adjustments). The items presented in the other items of comprehensive income are not impacted by the change. The amendment has not yet been accepted for application within the European Union.*

- *IAS 19 (amended) Employee Benefits (effective for annual periods beginning on or after 1 January 2013). The change abolishes the use of "corridor method". For defined benefit plans, the definition of expected return on plan assets will change. Finance cost is defined as net interest on the net defined benefit liability. The amendment has not yet been accepted for application within the European Union.*

- *IFRS 9 Financial Liabilities (effective date as yet undefined). IFRS 9 is the first step in a project to replace IAS 39 with a new standard. Different measuring premises are still in place, but they have been simplified by defining two measurement categories for financial assets: amortised cost and fair value. The classification depends of the entity's business model and the cash flow characteristics of a specific financial asset item. The instructions of IAS 39 on recognition of value changes and hedge accounting still apply. The standard has not yet been accepted for application within the EU.*

- *IAS 32 (amended) Financial Instruments, Offsetting of financial assets and liabilities (effective for annual periods beginning on or after 1 January 2014). The amendment clarifies the IAS 32 instructions for offsetting financial assets and liabilities and reporting the net amount. The amendment clarifies the right to settle financial assets and financial liabilities "every day", meaning that the settlement cannot be dependent on any future transaction. In addition, both parties should be able to offset the items within normal business operations, in the event of failure to pay as well as in the event of liquidation. The amendment also specifies certain gross settlement systems that may be considered equivalent to net settlement as defined in IAS 32.*

- *IFRS 7 (amended) Financial instruments: Disclosures – Offsetting of financial assets and liabilities (effective for annual periods beginning on or after 1 January 2013). Quantitative disclosures have been added to IFRS 7 relating to net amounts of recognised financial instruments and financial instruments that are subject to enforceable master netting arrangements and similar agreements, even if not set off in the balance sheet.*

Any effects of the above amended standard(s) to the consolidated financial statements are currently under study.

## 3. MANAGEMENT OF FINANCING RISKS

In its normal activities, Interavanti Oyj is exposed to several financial risks, which are the market risk (interest and currency risks), credit risk and liquidity risk. The following describes the risks to which the Group is exposed and how they are controlled.

### Market risk

**Interest risk** In its normal business activities, Interavanti Oyj is exposed first and foremost to a financing interest risk. The interest risk for the Group is related to the liability portfolio of the Group, since all the loans from financial institutions of the Group at the closing date are with a floating rate. Through loan receivables, the Group is also exposed to interest risk related to market value, but the risk is of a minor nature.

The Group may hedge from changes in the interest rate level with derivatives, but hedge accounting is not part of Group policies. At the moment, the Group has two interest rate swaps totalling EUR 12,715,788. With the interest rate swaps, the Group has changed 85% of its debts to a fixed rate, and has thus hedged the liabilities against financing interest risk. The fair value of the interest rate swaps would have been approximately 19% higher and the net financing costs roughly EUR 166,000 less, had the interest rate level been 0.5 percentage points higher at the time of valuation. Interest rate swaps are valued in their market value in the balance sheet at each closing date. The market values correspond to the amount of money the Group would pay or earn, should it cancel the interest rate swap.

**Currency risk** The Group functions internationally and has been exposed to transaction risk due to currency positions to a minor degree, as well as risks developing from monetary items in different currencies converted into the functional currency of the parent company. The most significant currencies for the Group are the Polish zloty (PLN) and the Hungarian forint (HUF).

Because nearly all rental contracts are made in euro, the currency risk has no significant effect on the Group return or equity.

## Credit risk

The Group has no significant credit risk accumulations for sales receivable, due to the wide range of customers and the fact that most rents receivable have adequate securities. The amount of credit losses recorded during the financial year is MEUR 0.1 (MEUR 0.1 on 31 December 2010). The specification of the liabilities is in Note 19.

The maximum amount of the Group's credit risk corresponds to the book value of the financing assets at the end of the financial year.

## Liquidity risk

The Group constantly strives to estimate and follow the amount of funding required by the business activities. This is done in order to ensure that the Group has enough liquid assets for funding the activities and making payments on loans that are due. Each year, the company prepares a cash flow forecast, which recognises rental income from long-term rental agreements and the budgeted costs. This ensures adequate liquidity.

The availability and flexibility of the funding is secured with credit limits and by using several financial institutions and forms of financing for acquiring the funding.

The amount of unused credit limits on 31 December 2011 was MEUR 2.5 (MEUR 0.8 on 31 December 2010). The maturity of financial liabilities is presented in Note 24.

## Equity management

The equity structure can be affected through, e.g. dividends and share issue. The Group may change and adapt the amounts of dividends to the shareholders, equity returned, or new released shares; or decide on asset-stripping in order to reduce the amount of liabilities.

The development of the equity structure is monitored with a net indebtedness ratio (gearing) having a strategic optimum level.

The Group loans have a specific term, according to which the ratio of loans to the pledged property must not exceed 75 per cent. Should the above ratio of 75 per cent be exceeded, the Group must regain the agreed ratio within 30 days of exceeding the ratio. Failure to do this will result in immediate maturing of the loan, if the bank so requires. At the time of the closing of the books, the Group's minimum pledged amount, as per the special term, is MEUR 18.9. The Group's securities and contingent liabilities are presented in Note 28.

At the end of 2011, the net liabilities with interest was MEUR 16.7 (MEUR 14.4 at the end of 2010), and the net indebtedness ratio was 60.2% (52.5% on 31 December 2010). When calculating the net indebtedness ratio, the net liabilities with interest were divided by the amount of shareholders' equity. Liabilities with interest subtracted with receivables with interest and liquid assets are included in the net liabilities.

The net indebtedness ratios were as follows:

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Loans | 17 152 | 15 158 |
| Bank accounts and cash reserves | -420 | -737 |
| Net liabilities with interest | -16 732 | -14 421 |
| Total equity | 27 803 | 27 465 |
| Net indebtedness ratio (gearing) | 60,2 % | 52,5 % |

# Notes to the consolidated financial statements

## 4. SEGMENT INFORMATION

Interavanti Oyj engages in the property investment business. The senior operative decision-maker of the Group is the Managing Director. Management and control of real estate business activities is based on a geographical distribution (Finland, Estonia, Poland, and Hungary), which serves as the basis of defining the reporting segments. Meat processing activities, acquired in 16 March 2011, were defined as a specific operational segment. The assessment of segment profitability and the decisions on resource allocation to segments are based on segment turnover and business results.

**SEGMENTS 2011, EUR 1,000**

| TURNOVER | 2011 | 2010 |
|---|---|---|
| **Property investment activities** | | |
| Finland | 1 555 | 1 627 |
| Estonia | 1 396 | 1 403 |
| Poland | 424 | 406 |
| Hungary | 715 | 663 |
| Elimination | -7 | -7 |
| | 4 083 | 4 092 |
| **Meat processing activities** | 5 058 | 0 |
| **Total for the Group** | **9 141** | **4 092** |

| OTHER RETURNS FROM BUSINESS ACTIVITIES | 2011 | 2010 |
|---|---|---|
| **Property investment activities** | | |
| Finland | 486 | 9 |
| Elimination | -12 | -9 |
| | 474 | 0 |
| **Meat processing activities** | 2 | 0 |
| **Other** | 0 | 49 |
| **Total for the Group** | **476** | **49** |

| OPERATING PROFIT | 2011 | 2010 |
|---|---|---|
| **Property investment activities** | | |
| Finland | -29 | -283 |
| Estonia | 912 | 1 057 |
| Poland | 299 | 1 293 |
| Hungary | 466 | 650 |
| Elimination | -12 | -7 |
| | 1 636 | 2 710 |
| **Meat processing activities** | -470 | 0 |
| **Other** | -118 | -112 |
| **Total for the Group** | **1 048** | **2 598** |

| THE RESULTS OF A SEGMENT'S PROPERTIES INCLUDE THE FOLLOWING CHANGES IN MARKET VALUE: | 2011 | 2010 |
|---|---|---|
| **Property investment activities** | | |
| Finland | -327 | -24 |
| Estonia | -367 | -215 |
| Poland | 77 | 1 080 |
| Hungary | -168 | 35 |
| | -785 | 876 |
| **Meat processing activities** | 0 | 0 |
| **Total for the Group** | **-785** | **876** |

| ASSETS | 2011 | 2010 |
|---|---|---|
| **Property investment activities** | | |
| Finland | 18 805 | 18 088 |
| Estonia | 15 336 | 15 349 |
| Poland | 5 282 | 5 156 |
| Hungary | 6 556 | 6 584 |
| | 45 979 | 45 177 |
| **Meat processing activities** | 3 278 | 0 |
| **Other** | 173 | 78 |
| **Total for the Group** | **49 430** | **45 255** |

| INVESTMENTS | 2011 | 2010 |
|---|---|---|
| **Property investment activities** | | |
| Finland | 880 | 502 |
| Estonia | 277 | 35 |
| Poland | 13 | 0 |
| Hungary | 168 | 238 |
| | 1 338 | 775 |
| **Meat processing activities** | 460 | 0 |
| **Other** | 0 | 0 |
| **Total for the Group** | **1 798** | **775** |

## 5. TURNOVER

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Rental profits and compensation for use | 4 082 | 4 092 |
| Sales of products | 5 059 | 0 |
| **Total** | **9 141** | **4 092** |

The Group rents out office, business and storage premises. The rental contracts have an average length of two to five years, or are valid until further notice. The contracts usually define the first possible date of notice. After this date, it is possible to extend the contract until further notice, in which case the period of notice is three to twelve months. The index, renewal, and other terms of the contracts differ from each other. In the financial statements, the rented targets are treated as investment properties.

Minimum rents to be received based on other non-voidable rental contracts:

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Within one year | 3 293 | 3 200 |
| Within more than one but fewer than five years | 5 810 | 6 434 |
| After more than five years | 511 | 1 132 |
| **Total** | **9 614** | **10 766** |

# Notes to the consolidated financial statements

## 6. OTHER RETURNS FROM BUSINESS ACTIVITIES

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Other income* | 476 | 49 |
| **Total** | **476** | **49** |

*Includes reverting receivables from the bankruptcy estate of Yrjö Wigren Oy in 2011 that were recognized as credit losses during the previous financial years as well as research and development aid from Tekes in 2010.

## 7. DEPRECIATION

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| **Intangible assets** | | |
| Customer relationships | 17 | 0 |
| Other immaterial goods | 5 | 0 |
| | 22 | 0 |
| **Property, plant, and equipment** | | |
| Machinery and equipment | 216 | 16 |
| | 216 | 16 |
| **Impairments of long-term assets** | | |
| Available-for-sale financial assets | 49 | 0 |
| | 49 | 0 |
| **Total** | **288** | **16** |

## 8. EMPLOYMENT BENEFIT EXPENSES

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Wages | 1 289 | 264 |
| Pensions – payment-based arrangements | 205 | 41 |
| Other personnel costs | 57 | 10 |
| **Total** | **1 551** | **315** |

| **Group average personnel during the financial years** | 2011 | 2010 |
|---|---|---|
| Property investment activities | 4 | 4 |
| Meat processing activities | 35 | 0 |
| **Total** | **39** | **4** |

Information on employment benefits and liabilities of the management are presented in Note 26: Insider transactions.

## 9. OTHER COSTS OF BUSINESS ACTIVITIES

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Personnel, travel and entertainment | 212 | 113 |
| Marketing costs | 439 | 0 |
| Costs of premises | 785 | 11 |
| Office expenses | 146 | 172 |
| Administrative expenses | 403 | 372 |
| **Total** | **1 985** | **668** |

Auditing fees are included in other costs of business activities.

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Auditing fees | 61 | 51 |
| Tax consulting | 11 | 16 |
| Other services | 12 | 15 |
| **Total** | **84** | **82** |

## 10. FINANCIAL INCOME AND EXPENSES

**Financial income**

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Dividend income | 121 | 217 |
| Interest income from loans and other receivables* | 337 | 30 |
| rest income from impaired receivables | 0 | 1 |
| Other financial income | 57 | 33 |
| **Total** | **515** | **281** |

**Financial expenses**

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Interest costs for financial liabilities measured at amortised cost | -714 | -659 |
| Other financial expenses** | -154 | -112 |
| **Total** | **-868** | **-771** |
| **Net financing expenses** | **-353** | **-490** |

*In 2011, includes e.g. EUR 296 thousand of interest yields related to the reverting of receivables from the bankruptcy estate of Yrjö Wigren Oy, which were recognized as credit losses during the previous financial years.
** Includes, e.g. a change in the market value of an interest rate swap EUR 94 (105) thousand.

## 11. INCOME TAX

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Tax based on the taxable income during the financial year | -1 | -25 |
| Taxes from previous financial years | 0 | -3 |
| Deferred taxes | 59 | -80 |
| **Total** | **58** | **-108** |

Reconciliation between the tax costs in the comprehensive statement of income and income tax costs, using the Finnish 24.5% tax rate:

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Profit/loss before taxes | 694 | 2 108 |
| Taxes calculated using the Finnish 24.5% tax rate | 170 | 548 |
| Non-taxable income | -403 | -785 |
| Non-deductible costs | 41 | 44 |
| Use of previously unrecognised tax losses and impairments | -7 | 4 |
| Previously unrecognised deferred tax assets from tax losses | 220 | 293 |
| Impact of change in tax rate | -70 | 0 |
| Other items | -9 | 4 |
| **Taxes in the comprehensive statement of income** | **-58** | **108** |
| | | |
| Effective tax rate of the Group | -8,4% | 5,1% |

## 12. EARNINGS PER SHARE

Earning per share is calculated by dividing the net profit for the financial year of the parent company by the weighted average of the quantity of externally held shares during the financial year.

| | 2011 | 2010 |
|---|---|---|
| Profit attributable to the equity holders of the parent (EUR 1,000) | 970 | 2 013 |
| | | |
| Weighted average number of shares during the financial year (1,000 pcs) | 9 703 | 9 703 |
| Earnings per share (EUR/share) | 0,10 | 0,21 |

## 13. ACQUIRED INVESTMENT PROPERTIES AND SOLD INVESTMENT PROPERTIES

**Selling property investments**

Interavanti Oyj has sold property investment objects as follows:

| | 2011 (kpl) | 2010 (kpl) |
|---|---|---|
| Apartments | 0 | 1 |

The investments sold had the following effect on the net assets of the Group:

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Property investments | 0 | 81 |
| Assets total | 0 | 81 |
| Total price | 0 | 120 |
| Expenses associated with sales | 0 | 12 |
| Sales profit | 0 | 27 |
| Total price | 0 | 120 |
| Total price paid | 0 | 120 |

The sales profit is calculated as a remainder of the total price and the market value corresponding to the beginning of the financial year.

## 14. INVESTMENT PROPERTIES

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Beginning of the financial year | 39 908 | 38 312 |
| Additions | 1 338 | 775 |
| Sales | 0 | -81 |
| Transfers to own use | -1 153 | 0 |
| Transfers from own use | 8 | 26 |
| Profit/loss from measurement at market value | -785 | 876 |
| **End of the financial year** | **39 316** | **39 908** |

Additions consist of renovation of properties. During the financial year of 2010, one unit in a housing company was sold.

Allocation of changes in market value over operational segments is presented in more detail in Note 4.

## 15. INTANGIBLE ASSETS

| EUR 1,000 | Customer relationships | Brand* | Other immaterial goods | Total |
|---|---|---|---|---|
| Acquisition cost 1 January 2011 | 0 | 0 | 0 | 0 |
| Business combinations | 116 | 1 700 | 29 | 1 845 |
| Additions | 0 | 0 | 49 | 49 |
| Reductions | 0 | 0 | 0 | 0 |
| Acquisition cost 31 December 2011 | 116 | 1 700 | 78 | 1 894 |
| | | | | |
| Depreciation accumulated 1 January 2011 | 0 | 0 | 0 | 0 |
| Depreciation during the financial year | -17 | 0 | -5 | -22 |
| Depreciation accumulated 31 December 2011 | -17 | 0 | -5 | -22 |
| | | | | |
| Carrying amount 31 December 2011 | 99 | 1 700 | 73 | 1 872 |

*The useful life of the brand has been estimated as indefinite, because the analyses made do not indicate a foreseeable limit to the period within which the brand is expected to accumulate cash flow for the Group. Yrjö Wigren is one of the oldest meat processing plants in Finland, and is known for almost one hundred years of tradition as well as its brand. Depreciations will not be made from indefinite-life intangible assets, whose useful life is indeterminable. Instead, their value is annually tested.

## 16. DEPRECIATION TESTING OF INTANGIBLE ASSETS

In depreciation testing, the amounts of cash recoverable from the Meat Processing Activities unit are based on the value of use. The estimates of cash flow are based on the budget in the first year, and after that, on forecasts approved by the management. A growth factor has not been applied in estimating the cash flows beyond the forecast period.

The most important variables used in the estimate were the following:

**Turnover** Growth in sales is based on forecasts made by the management. For 2012-2016, the turnover figures are based on the average annual growth rate of the turnover as anticipated by the management.

**Operating profit** The estimates of operating profit are based on the budget in the first year, and after that, on forecasts approved by the management.

**Discount rate** The discount rate has been calculated by using the return on investment after taxes, based on the weighted average cost of capital (WACC). ROI components include the risk free rate, market risk premium, beta factor, cost of debt and target capital structure. The target capital structure used is the 40/60 ratio of debt to the total value. The discount rate in the meat processing activities was 6.89%.

**Sensitivity analysis in depreciation testing**

Depreciation testing included the following sensitivity analysis. Change in the annual estimate of an important variable, percentage points

| | |
|---|---|
| Turnover | -15,0 % |
| Operating profit | -5,0 % |
| Discount rate | 3,5 % |

It is not probable that the important variables would differ from the management estimates more than presented above.

When applied to depreciation testing, the changes produced in the above sensitivity analysis did not indicate circumstances where the amount of cash recoverable from the meat processing unit would be lower than the book value of the tested assets.

## 17. PROPERTY, PLANT, AND EQUIPMENT

| EUR 1,000 | Apartments in own use | Machinery and equipment* | Total |
|---|---|---|---|
| Acquisition cost 1 January 2011 | 288 | 208 | 496 |
| Business combinations | 0 | 888 | 888 |
| Transfer from investment properties | 1 146 | 0 | 1 146 |
| Additions | 0 | 437 | 437 |
| Reductions | 0 | -117 | -117 |
| Transfer to investment properties | -8 | 0 | -8 |
| Acquisition cost 31 December 2011 | 1 427 | 1 416 | 2 842 |
| | | | |
| Depreciation accumulated 1 January 2011 | 0 | -161 | -161 |
| Depreciation during the financial year | 0 | -216 | -216 |
| Depreciation accumulated 31 December 2011 | 0 | -377 | -377 |
| | | | |
| Carrying amount 31 December 2011 | 1 427 | 1 039 | 2 465 |

*The figures include EUR 422 thousand of acquisition costs for financial leasing machinery and EUR 46 thousand of depreciations.

| EUR 1,000 | Apartments in own use | Machinery and equipment | Total |
|---|---|---|---|
| Acquisition cost 1 January 2010 | 314 | 204 | 518 |
| Additions | 0 | 4 | 4 |
| Transfers from own use | -26 | 0 | -26 |
| Acquisition cost 31 December 2010 | 288 | 208 | 496 |
| | | | |
| Depreciation accumulated 1 January 2010 | 0 | -145 | -145 |
| Depreciation during the financial year | 0 | -16 | -16 |
| Depreciation accumulated 31 December 2010 | 0 | -161 | -161 |
| | | | |
| Carrying amount 31 December 2010 | 288 | 47 | 335 |

Impairment losses have not been recorded during 2010 and 2011.

## 18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Beginning of the financial year | 124 | 126 |
| Return of capital | 0 | -2 |
| Reductions | -49 | 0 |
| **End of the financial year** | **75** | **124** |

Available-for-sale financial assets consist mainly of investments in non-listed shares. The shares have been entered as depreciation during the financial year of 2011, which is present in the comprehensive statement of income item Depreciations.

## 19. LOANS AND OTHER RECEIVABLES

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Acquisition price receivables | 342 | 2 847 |
| Loan receivables | 267 | 433 |
| **Total** | **609** | **3 280** |

The carrying amounts of loans and other receivables are reasonably close to their market value.

Short-term loans and other receivables are presented in the table below. Their fair values correspond to their carrying amounts, because the effect of discounting is insignificant as based on their maturity.

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Loans and other receivables | | |
| Trade receivables | 1 296 | 370 |
| Loan receivable of factoring business | 0 | 245 |
| Unpaid of the acquisition price | 2 559 | 0 |
| **Loans and other receivables total** | **3 855** | **615** |
| Accrued income | 317 | 202 |
| Other receivables | 22 | 31 |
| **Total** | **4 194** | **848** |

Rent receivables in the property investment business activities produced EUR 365 thousand of trade receivables, and the sales of goods in the meat processing activities produced EUR 931 thousand of trade receivables. Out of rent receivables, EUR 313 thousand (330) belong to the Estonian and Hungarian subsidiaries. Based on the rental contracts, Estonian rents mature monthly at the end of each rental period.

The purchase money claims include a purchase money claim of EUR 2,532 thousand, associated with selling the shares of Lippupiste Oy, maturing on 2 May 2012.

The essential items included in accrued income are interests receivables, VAT receivables and expense advances.

Trade and other receivables were distributed across various currencies as follows:

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Euro | 4 015 | 629 |
| PLN | 30 | 4 |
| HUF | 149 | 48 |
| EEK | 0 | 167 |
| **Total** | **4 194** | **848** |

The table below presents the age distribution of long-term and short-term receivables.

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Not matured | 4 216 | 3 808 |
| 1 to 30 days | 115 | 112 |
| 31 to 90 days | 132 | 106 |
| More than 90 days | 343 | 102 |
| | **4 803** | **4 128** |

The credit losses recorded through profit and loss during the year totalled MEUR 0.1 (MEUR 0.1 in 2010).

## 20. DEFERRED TAX ASSETS AND LIABILITIES

| Deferred tax assets EUR 1,000 | 31.12.2010 | Recorded in the profit and loss account | 31.12.2011 |
|---|---|---|---|
| Quoting investment properties at market value | 23 | 98 | 129 |
| Impact of change in tax rate | 0 | -1 | -9 |
| **Total** | **23** | **97** | **120** |
| | | | |
| **Deferred tax liabilities EUR 1,000** | | | |
| Quoting investment properties at market value | -1 237 | -88 | -1 329 |
| Effect of Yrjö Wigren acquisition | 0 | -22 | -22 |
| Impact of change in tax rate | 0 | 71 | 75 |
| **Total** | **-1 237** | **-39** | **-1 276** |

Deferred tax assets are not recognised for confirmed and unconfirmed losses, because of the uncertainty of tax benefit realisation. In 2011, the deferred tax assets were MEUR 1.0 (EUR 0.8 thousand in 2010).

| Deferred tax assets EUR 1,000 | 31.12.2009 | Recorded in the profit and loss account | 31.12.2010 |
|---|---|---|---|
| Quoting investment properties at market value | 43 | -20 | 23 |
| **Total** | **43** | **-20** | **23** |
| | | | |
| **Deferred tax liabilities EUR 1,000** | | | |
| Quoting investment properties at market value | -1 177 | -60 | -1 237 |
| **Total** | **-1 177** | **-60** | **-1 237** |

## 21. FLOATING ASSETS

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Finished products | 119 | 0 |
| Unfinished products | 57 | 0 |
| Raw materials and materials | 183 | 0 |
| **Total** | **359** | **0** |

## 22. CASH AND CASH EQUIVALENTS

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Cash in hand and bank accounts | 420 | 737 |
| **Total** | **420** | **737** |

The balance sheet values of financial assets correspond to their market values. Credit limits are included in long-term liabilities. The cash and cash equivalents on the balance sheet correspond to the cash flows in the cash flow statement.

## 23. NOTES RELATED TO EQUITY

| | Number of shares 1,000 pcs | Share capital EUR 1,000 | Share premium EUR 1,000 | Reserve for invested non-restricted equity EUR 1,000 | Total EUR 1,000 |
|---|---|---|---|---|---|
| 31.12.2010 | 9 703 | 13 584 | 5 788 | 5 485 | 24 857 |
| 31.12.2011 | 9 703 | 13 584 | 5 788 | 4 145 | 23 517 |

Interavanti Oyj has one share type. The shares have no nominal value or maximum quantity. All issued shares have been paid in full. The company does not hold any own shares.

The descriptions of equity funds are presented below:

**Share premium** During the old Companies Act, the share premium was created in the share issues, as a remainder between the issue price and the nominal price.

**Reserve for invested non-restricted equity** The reserve for invested non-restricted equity includes other quasi-equity investments and the issue price, where it is not recorded in the share capital by an specific decision. In 2011, the reserve was used to cover the parent company's losses of the previous years: EUR 854,000, and the distributed funds for the financial year of 2010: EUR 485,000.

**Translation difference** The translation difference fund comprises the translation differences from the conversion of the financial statements of foreign business units.

**Profit distribution** In 2011, EUR 0.05 per share were distributed from the reserve for invested non-restricted equity, EUR 485,000 in total. After the closing of the reporting period, the Board has proposed distribution of EUR 0.10 per share from the reserve for invested non-restricted equity, EUR 970,000 in total.

## 24. LOANS

All bank loans are financing liabilities with a floating rate (1-month Euribor + 0.85%) measured at amortised cost. The instalments for the following year are recorded under the 'Short-term' item.

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Long-term | | |
| Bank loans | 14 063 | 14 211 |
| Current account limit | 921 | 0 |
| Other long-term loans | 350 | 0 |
| Long-term, total | 15 334 | 14 211 |
| | | |
| Short-term | | |
| Bank loans | 947 | 947 |
| Leasing liabilities | 409 | 0 |
| Other short-term loans | 462 | 0 |
| Short-term, total | 1 818 | 947 |
| **Total** | **17 152** | **15 158** |

The carrying amounts of loans are reasonably close to their market value.

Liabilities maturing later than in five years' time are presented below.

| | 2011 | 2010 |
|---|---|---|
| Loans | 6 932 | 8 526 |

The Group's financial liabilities mature as agreed as follows:

| 2011 / EUR 1,000 | 2012 | 2013 | 2014 | 2015 | 2016 | over 5 years |
|---|---|---|---|---|---|---|
| Loans | 1 818 | 1 107 | 2 265 | 2 055 | 2 055 | 6 932 |
| Loan interests, the interest rate swap included | 617 | 541 | 435 | 338 | 180 | 131 |
| Trade and other payables | 1 435 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **3 870** | **1 648** | **2 700** | **2 393** | **2 235** | **7 063** |

| 2010 / EUR 1,000 | 2011 | 2012 | 2013 | 2014 | 2015 | over 5 years |
|---|---|---|---|---|---|---|
| Loans | 947 | 947 | 947 | 1 895 | 1 895 | 8 526 |
| Loan interests, the interest rate swap included | 620 | 550 | 481 | 403 | 318 | 274 |
| Trade and other payables | 504 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **2 071** | **1 497** | **1 428** | **2 298** | **2 213** | **8 800** |

The advances received that are rent deposits as well as the available current account limits have not been included since they do not have a due date. All loans are in euros.

The weighted average of the effective interest rates of long-term financing loans, interest rate swaps included, was 3.975% on 31 December 2011 (4.321%). The weighted average of the effective interest rates of short-term financing loans, interest rate swaps included, was 3.975% on 31 December 2011 (4.321%).

## 25. TRADE AND OTHER PAYABLES

Other long-term liabilities include the estimated additional purchase price of EUR 756 thousand associated with the business combination.

Short-term trade and other payables are presented in the table below.

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Financing liabilities recorded at market value through profit and loss: | | |
| Interest rate swaps | 918 | 824 |
| Financial liabilities measured at amortised cost: | | |
| Trade payables | 698 | 86 |
| Other liabilities | 106 | 159 |
| Total financial liabilities measured at amortised cost | **804** | **245** |
| Advances received | 90 | 67 |
| Accrued expenses and deferred income | 631 | 259 |
| **Total** | **2 443** | **1 395** |

The nominal value of interest rate swaps was MEUR 12.7 (2010:14.2). The company sees no counterparty risks related to them, because the counterparty is an established bank. More information on the interest rate swaps is in Note 3.

The market value of the short-term trade and other payables corresponds to their balance sheet value, since the effect of discounting is not significant when their maturity is considered.

During the financial year, the essential items in the accrued expenses and deferred income consist of personnel and interest liabilities. Advances received are comprised of deposits paid in cash by tenants.

Short-term trade and other payables are distributed across various currencies as follows:

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Euro | 2 365 | 1 202 |
| PLN | 12 | 27 |
| HUF | 66 | 101 |
| EEK | 0 | 65 |
| **Total** | **2 443** | **1 395** |

## 26. FINANCIAL ASSETS AND LIABILITIES BY FINANCIAL INSTRUMENT CATEGORIES

| 2011/EUR 1,000 | Financial assets and liabilities measured at market value through profit and loss | Loans and other receivables | Available-for-sale financial assets | Financial liabilities measured at amortised cost |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Long-term loans and other receivables | | 609 | | |
| Trade and other receivables | | 4 194 | | |
| Available-for-sale financial assets | | | 75 | |
| Cash and cash equivalents | | 420 | | |
| | | | | |
| **Financial liabilities** | | | | |
| Loans | | | | 17 152 |
| Trade and other payables | | | | 2 281 |
| Interest rate swap* | 918 | | | |

*In accordance with the standard, an entity must apply a market value measurement hierarchy to financial instruments at market value which reflects the level of significance of the inputs used in valuation. At the closing date, the Group's financial instruments at market value included only interest rate swaps. The Group classifies these instruments as market value hierarchy 2. The market values of level 2 instruments are based on inputs that are directly or indirectly observable for the instrument in question, but are not based on the quoted prices of similar items in an active market. The market value of interest rate swaps is based on the market value determined by the counterpart banks, calculated by using the regular valuation methods used by OTC market parties, the inputs of which are mainly based on observable market inputs. During the financial year, there was no reclassification between the hierarchies of market value. The Group does not apply the hedge accounting method determined in IAS 39.

The distribution of sales receivables and other receivables to loans and other receivables, and other than financial assets is presented in Note 19.

The distribution of accounts payable and other payables to financial liabilities and other than financial liabilities is presented in Note 25.

| 2010/EUR 1,000 | Financial assets and liabilities measured at market value through profit and loss | Loans and other receivables | Available-for-sale financial assets | Financial liabilities measured at amortised cost |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Long-term loans and other receivables | | 3 280 | | |
| Trade and other receivables | | 848 | | |
| Available-for-sale financial assets | | | 124 | |
| Cash and cash equivalents | | 737 | | |
| | | | | |
| **Financial liabilities** | | | | |
| Loans from financial institutions | | | | 15 158 |
| Trade and other payables | | | | 571 |
| Interest rate swap* | 824 | | | |

The distribution of sales receivables and other receivables to loans and other receivables, and other than financial assets is presented in Note 19.

The distribution of accounts payable and other payables to financial liabilities and other than financial liabilities is presented in Note 25.

## 27. OTHER RENTAL CONTRACTS

**The Group as a tenant**

Minimum rents to be paid based on other non-voidable rental contracts:

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Within one year | 166 | 65 |
| | | |
| Within more than one but fewer than five years | 1 279 | 354 |
| **Total** | **1 445** | **419** |

The rental contracts include land lease contracts and rental contracts for the premises of subsidiary Yrjö Wigren Oy. The comprehensive statement of income includes EUR 65,000 of rental expenses paid, based on other rental contracts (EUR 65,000 in 2010).

## 28. SECURITIES AND CONTINGENT LIABILITIES

| EUR 1,000 | 31.12.2011 | 31.12.2010 |
|---|---|---|
| **Guarantees for own commitments** | | |
| Loans and credit limits with guarantees | 17 211 | 15 158 |
| Property mortgages | 29 230 | 27 118 |
| Business mortgages given | 1 500 | 0 |

| EUR 1,000 | 31.12.2011 | 31.12.2010 |
|---|---|---|
| **Parent company's collateral for Group companies** | | |
| Loans, credit limits and leasing limits with guarantee | 2 348 | 0 |
| General and specific guarantees | 1 721 | 0 |
| Bank guarantees | 150 | 0 |
| Production machinery repurchase commitments | 80 | 0 |
| | | |
| **Other liabilities** | | |
| VAT return liabilities for basic improvements | 283 | 92 |

## 29. INSIDER TRANSACTIONS

Insiders of the Group include Group subsidiaries, affiliated companies and Managing Directors, the Board, their close family and entities, where these people are in direct or indirect control alone or together with another party or exercise substantial control, or where these people have, directly or indirectly, a major right to vote.

**Interavanti Oyj has the following subsidiary companies:**

| Company | Domicile | Share of ownership (%) | Share of voting rights (%) |
|---|---|---|---|
| Aladdin Oy | Helsinki | 100,0 | 100,0 |
| Oy Nordic Foxes Ab | Helsinki | 91,5 | 91,5 |
| Old Foxes Oy | Helsinki | 88,0 | 92,4 |
| Alkutori Oy | Helsinki | 100,0 | 100,0 |
| PowerTube Oy | Helsinki | 80,0 | 80,0 |
| Varasto B.V. | The Netherlands | 100,0 | 100,0 |
| Varasto Poland Sp. z o.o. | Poland | 100,0 | 100,0 |
| Warasto Hungary Kft | Hungary | 100,0 | 100,0 |
| Varasto Estonia Oü | Estonia | 100,0 | 100,0 |
| Mutual real estate companies: | | | |
| Ki Oy Vanha Talvitie 1 | Helsinki | 100,0 | 100,0 |
| Ki Oy Lahden Sopenkorvenkatu 9 | Lahti | 100,0 | 100,0 |
| Ki Oy Työpajankatu 2 | Helsinki | 100,0 | 100,0 |
| Ki Oy Malminkartanontie 1 | Helsinki | 100,0 | 100,0 |
| Yrjö Wigren Oy | Tampere | 65,0 | 65,0 |
| **Affiliate companies:** | | | |
| Pälkäne Oy | Helsinki | 29,1 | 29,1 |

**The following transactions were completed with the insiders:**

a) Sales of products and services

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| **Members of the Board and Managing Director** | | |
| Rental return | 14 | 14 |
| **Total** | **14** | **14** |

b) Purchase of products and services

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| **Members of the Board and Managing Director** | | |
| Other products and services | 143 | 85 |
| **Total** | **143** | **85** |

During the financial year, Joestoni Investeeringu AS rented premises from Varasto Estonia Oü and Varasto Estonia Oü has purchased building maintenance and administration from Joestoni Investeeringu AS, the owner of which is an insider to Interavanti Oyj. During the period, the company has acquired a small amount of specialist services from an insider party.

Business transactions have been conducted at an arm's length/the market price.

**Management employment benefits**

**Wages and fees**

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Managing Director | | |
| Vuorinen, Veikko M | 110 | 110 |
| Members and substitute members of the Board | | |
| Jokinen, Lasse | 2 | 2 |
| Lindström, Jorma | 2 | 2 |
| Saarenpää, Pekka | 2 | 2 |
| Vuorinen, Veikko M | 2 | 2 |
| **Total** | **118** | **119** |

## 30. NOTES TO THE CASH FLOW STATEMENT

**Adjustments to cash flows from operations**

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Depreciation | 288 | 16 |
| Change in the market value of investment properties | 785 | -876 |
| Sales profits of investment properties | 0 | -27 |
| Other corrections | 0 | -12 |
| **Total** | **1 073** | **-899** |

**Change in working capital**

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Floating assets | -131 | 0 |
| Reductions in short-term receivables | -1 050 | 325 |
| Change in short-term liabilities | 975 | 172 |
| **Total** | **-206** | **497** |

**Contents of cash and cash equivalents**

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Bank accounts and cash reserves | 420 | 737 |
| **Total** | **420** | **737** |

## 31. ACQUIRED BUSINESS ACTIVITIES

Acquisitions in financial year 2011

A subsidiary of which 65% is in Group ownership acquired the business operations of Yrjö Wigren Oy from the company's bankruptcy estate on 16 March 2011.

**Acquired net assets and goodwill**

| EUR 1,000 | |
|---|---|
| Intangible assets | 1 845 |
| Material goods | 888 |
| Floating assets | 228 |
| Liabilities | -88 |
| Net assets | 2 873 |
| Acquisition cost | -2 873 |
| | 0 |
| | |
| Acquisition cost, in cash | 2 128 |
| Acquired liquid assets | 0 |
| Cash flow effect | -2 128 |

The acquisition cost also includes the estimated additional purchase price of EUR 0.7 million. The terms of the sale enable an additional purchase price to be paid during the following three years. The additional purchase price will be based on the development of Yrjö Wigren Oy's profitability in 2012-2014 and will be paid annually in the spring of 2013, 2014 and 2015. The additional purchase price is included in the Group's long-term liabilities.

The intangible goods identified in the business combination include Wigren's registered trade mark (MEUR 1.7) and customer relationships (MEUR 0.1). The consolidated financial statements include Yrjö Wigren Oy's balance sheet and profit and loss account as of the trading date, 16 March 2011.


80

# Parent company´s financial statements

# Income statement of the parent company

| EUR 1,000 (FAS) | 1.1.-31.12.2011 | 1.1.-31.12.2010 |
|---|---|---|
| **TURNOVER** | **1 486** | **1 544** |
| Other returns from business activities | 486 | 9 |
| Personnel costs | -242 | -270 |
| Depreciation and changes in value | -370 | 60 |
| Other costs of business activities | -1 660 | -1 856 |
| **BUSINESS RESULT** | **-301** | **-513** |
| Financial income and expenses | -98 | -341 |
| **RETURN BEFORE EXTRAORDINARY ITEMS, TAXES, AND PROVISIONS** | **-398** | **-854** |
| Income tax | 0 | 0 |
| **PROFIT FOR THE PERIOD** | **-398** | **-854** |

# Balance sheet of the parent company

| EUR 1,000 (FAS) | 31.12.2011 | 31.12.2010 |
|---|---|---|
| **Assets** | | |
| **FIXED ASSETS** | | |
| Intangible assets | 186 | 79 |
| Material goods | 37 | 52 |
| | | |
| Investments | | |
| Share in companies within the group | 23 536 | 24 364 |
| Shares in affiliated companies | 439 | 646 |
| Other investments | 3 708 | 3 745 |
| | 27 683 | 28 755 |
| **FIXED ASSETS TOTAL** | **27 907** | **28 886** |
| | | |
| **CURRENT ASSETS** | | |
| Long-term receivables | 10 084 | 12 014 |
| Short-term receivables | 3 542 | 1 021 |
| Liquid assets and cash on hand | 121 | 503 |
| **CURRENT ASSETS TOTAL** | **13 746** | **13 538** |
| | **41 654** | **42 424** |
| | | |
| **Liabilities** | | |
| **EQUITY** | | |
| Share capital | 13 584 | 13 584 |
| Share premium | 5 788 | 5 788 |
| Reserve for invested non-restricted equity | 4 145 | 5 485 |
| Profit from previous financial years | 0 | 0 |
| Profit for the period | -398 | -854 |
| **EQUITY TOTAL** | **23 119** | **24 003** |
| | | |
| **LIABILITIES** | | |
| Long-term liabilities | 15 920 | 16 006 |
| Short-term liabilities | 2 614 | 2 415 |
| **LIABILITIES TOTAL** | **18 534** | **18 421** |
| | **41 654** | **42 424** |

# Cash flow statement of the parent company

| EUR 1,000 (FAS) | 1.1.-31.12.2011 | 1.1.-31.12.2010 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Business result | -301 | -513 |
| Adjustments for the operating profit | 370 | -61 |
| Change in working capital | 305 | 305 |
| Interest paid | -743 | -700 |
| Interest received | 442 | 53 |
| Dividends received | 121 | 217 |
| Taxes paid | 0 | 343 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | 194 | -356 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Investments in material and immaterial goods | -176 | -23 |
| Profits from assignments of material and immaterial goods | 18 | 11 |
| Investments in subsidiary companies | -132 | 0 |
| Profits from sales of other investments | 0 | 30 |
| Dividends received and returns of capital | 950 | 781 |
| Loans granted | -1 480 | -564 |
| Paybacks of loan receivables | 815 | 709 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | -5 | 944 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Long-term loan withdrawals | 861 | 927 |
| Long-term loan paybacks | -947 | -948 |
| Dividends paid and other distribution of funds | -485 | -485 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | -571 | -506 |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | -382 | 82 |
| Cash and cash equivalents 1 January | 503 | 421 |
| Cash and cash equivalents 31 December | 121 | 503 |

# Parent company´s accounting principles

Interavanti Oyj's financial statements have been prepared in accordance with the principles of Finnish accounting legislation. The financial statements cover the 12-month financial period 1 January – 31 December 2011.

## Principle of revenue recognition

The turnover of the company consists of property rental income that is entered as income over the agreement period.

## Valuation and depreciation principles for fixed assets

The planned instances of depreciation have been calculated as straight-line depreciation in accordance with the financial operation period. The fixed assets have been valued at the acquisition cost or a smaller market value as defined by evaluations in previous years. All planned instances of depreciation have been taken into account.

All instances of depreciation planned and carried out during the financial year have been calculated from the balance sheet value as depreciation for the remaining depreciation period.

| | |
|---|---|
| Machinery and equipment | expenditure residue depreciation 25% |
| Other long-term expense items | 5 years |

## Sales profits for fixed assets

Sales profits from property and apartment shares sold during the financial year have been recorded in other returns from business activities.

## Affiliate companies

All affiliated companies are housing associations and mutual real estate companies. Affiliated companies are presented on the balance sheet and are quoted at the acquisition value.

## Other returns from business activities

Other returns from business activities during the financial period include interim dividends from the bankruptcy estate of Yrjö Wigren Oy.

## Derivatives

The company has an interest rate swap of EUR 12,315,788. With the interest rate swap, the company has changed the 1-month Euribor to a fixed rate and, thus, hedged approximately 87 % of its liabilities against financing interest risk. The company does not apply hedge accounting. The interest rate swaps are measured at market value through profit and loss.

# Notes to the parent company´s financial statements

**Notes to the profit and loss account**

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| **Turnover** | | |
| Rental return | 1 486 | 1 544 |
| **Other returns from business activities** | | |
| Other return from the business activities* | 486 | 9 |
| Total | 486 | 9 |

*Includes interim dividends from the bankruptcy estate of Yrjö Wigren Oy in 2011, and administration service fees in 2010.

| | | |
|---|---|---|
| **Personnel** | | |
| Personnel costs | | |
| Wages and fees | 202 | 226 |
| Pensions | 33 | 36 |
| Other personnel costs | 7 | 8 |
| Total | 242 | 270 |
| Wages for the Managing Director | 110 | 110 |
| Wages for the Board | 8 | 9 |
| Personnel | 3 | 3 |

All board fees and wages for the managing director and officials as well as and incidental task fees are included in the personnel costs. The pension schemes for the personnel have been arranged via statutory pension insurance with normal conditions.

| | | |
|---|---|---|
| **Other costs of business activities** | | |
| Costs of renting activities: total | 1 209 | 1 298 |
| Other costs of business activities | 451 | 558 |
| Total | 1 660 | 1 856 |
| **Financial income and expenses** | | |
| Dividend profits | | |
| From others | 121 | 217 |
| Total | 121 | 217 |
| Interest income from long-term investments | | |
| From companies within the Group | 282 | 201 |
| Other financial income | | |
| From companies within the Group | 7 | 0 |
| Other interest and financial income | | |
| From others | 315 | 44 |
| Total | 604 | 245 |
| **Total** | **725** | **462** |
| Interest costs and other financial expenses | | |
| To companies within the Group | 58 | 41 |
| To others | 765 | 762 |
| Total | 823 | 803 |
| **Financing profits and costs total** | **-98** | **-341** |

## Notes to the balance sheet

### EUR 1,000

**Fixed assets and other long-term expense items, changes**

| | Acquisition cost 1 Jan 2011 | Additions 2011 | Reductions 2011 | Transfer between | Acquisition cost 31 Dec 2011 | Straight-line depre-ciations 1 Jan 2011 | Depreciation accumulated for reductions and transfers | Depreciations for the financial year | Impairments reversals | Accumulated depreciation impairments and their reversals total 31 Dec 2011 | Carrying amount 31 Dec 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **PARENT COMPANY** | | | | | | | | | | | |
| **Immaterial and material goods** | | | | | | | | | | | |
| Other long-term expenses | 1 446 | 173 | 0 | | 1 619 | 1 367 | 0 | 66 | 0 | 1 433 | **186** |
| Machinery and equipment | 498 | 4 | 8 | | 494 | 446 | 0 | 11 | 0 | 457 | **37** |
| Immaterial and material total | 1 944 | 177 | 8 | | 2 113 | 1 813 | 0 | 77 | 0 | 1 890 | **223** |
| **Investments** | | | | | | | | | | | |
| Shares, group companies | 24 824 | 172 | 950 | | 24 046 | 460 | 0 | 0 | -50 | 510 | **23 536** |
| Shares, participating interest companies | 646 | 0 | 0 | | 646 | 0 | 0 | 0 | -207 | 207 | **439** |
| Shares, others | 3 803 | 0 | 0 | | 3 803 | 58 | 0 | 0 | -37 | 95 | **3 708** |
| Shares and stakes total | 29 273 | 172 | 950 | | 28 495 | 518 | 0 | 0 | -294 | 812 | **27 683** |

| | Acquisition cost 1 Jan 2010 | Additions 2010 | Reductions 2010 | Transfer between | Acquisition cost 31 Dec 2010 | Straight-line depre-ciations 1 Jan 2010 | Depreciation accumulated for reductions and transfers | Depreciations for the financial year | Impairments reversals | Accumulated depreciation impairments and their reversals total 31 Dec 2010 | Carrying amount 31 Dec 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **PARENT COMPANY** | | | | | | | | | | | |
| **Immaterial and material goods** | | | | | | | | | | | |
| Other long-term expenses | 1 428 | 18 | 0 | | 1 446 | 1 335 | 0 | 32 | 0 | 1 367 | **79** |
| Machinery and equipment | 493 | 5 | 0 | | 498 | 430 | 0 | 16 | 0 | 446 | **52** |
| Immaterial and material total | 1 921 | 23 | 0 | | 1 944 | 1 765 | 0 | 48 | 0 | 1 813 | **131** |
| **Investments** | | | | | | | | | | | |
| Shares, group companies | 25 604 | 0 | 780 | | 24 824 | 568 | 0 | 0 | 108 | 460 | **24 364** |
| Shares, participating interest companies | 646 | 0 | 0 | | 646 | 0 | 0 | 0 | 0 | 0 | **646** |
| Shares, others | 3 804 | 0 | 1 | | 3 803 | 58 | 0 | 0 | 0 | 58 | **3 745** |
| Shares and stakes total | 30 054 | 0 | 781 | | 29 273 | 626 | 0 | 0 | 108 | 518 | **28 755** |

# Notes to the parent company´s financial statements

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| **CURRENT ASSETS** | | |
| **Long-term receivables** | | |
| Receivables from companies within the Group | | |
| Loan receivables | 8 820 | 8 684 |
| Subordinated loan receivables | 655 | 0 |
| | **9 475** | **8 648** |
| Receivables from others | | |
| Loan receivables | 267 | 433 |
| Purchase price receivables, long-term | 342 | 2 897 |
| | **609** | **3 330** |
| **Total** | **10 084** | **12 014** |
| | | |
| **Short-term receivables** | | |
| Receivables from companies within the Group | | |
| Accrued income | **799** | **653** |
| Receivables from others | | |
| Trade receivables | 47 | 57 |
| Acquisition price receivables | 2 576 | 0 |
| Loan receivables | 2 | 245 |
| Accrued income | 118 | 66 |
| | **2 743** | **368** |
| **Total** | **3 542** | **1 021** |

Accrued income consists mostly of periodic interest income, administration services paid on behalf of other group companies, and tax assets.

**Deferred tax assets**

Deferred tax assets are not recognised for confirmed and unconfirmed losses, because of the uncertainty of tax benefit realisation. In 2011, the deferred tax assets were EUR 680 thousand and in 2010, EUR 673 thousand in total.

| | | |
|---|---|---|
| **Changes in shareholders' equity** | | |
| Share capital 1 January | 13 584 | 13 584 |
| Share capital 31 December | 13 584 | 13 584 |
| | | |
| Share premium 1 January | 5 788 | 5 788 |
| Share premium 31 December | 5 788 | 5 788 |
| | | |
| Reserve for invested non-restricted equity 1 January | 5 485 | 6 521 |
| Covering of losses from previous years | -854 | -551 |
| Profit distribution | -485 | -485 |
| Reserve for invested non-restricted equity 31 December | 4 145 | 5 485 |
| | | |
| Profit from previous financial years 1 January | -854 | -551 |
| Covered from the reserve for invested non-restricted equity | 854 | 551 |
| Profit from previous financial years 31 December | 0 | 0 |
| Profit for the period | -398 | -854 |
| **Total equity** | **23 119** | **24 003** |

| EUR 1,000 | 2011 | 2010 |
|---|---|---|
| Distributable funds | | |
| Reserve for invested non-restricted equity | 4 145 | 5 485 |
| Profit from previous financial years | 0 | 0 |
| Profit for the year | -398 | -854 |
| **Total** | **3 747** | **4 631** |
| | | |
| **Current liability** | | |
| | | |
| **Long-term liabilities** | | |
| | | |
| Liabilities to companies within the Group | | |
| Other liabilities | 1 898 | 1 795 |
| Liabilities from others | | |
| Loans from financial institutions | 14 022 | 14 211 |
| **Total** | **15 920** | **16 006** |
| | | |
| Loans maturing later than in five years' time | | |
| Loans from financial institutions | 6 632 | 8 526 |
| | | |
| **Short-term liabilities** | | |
| | | |
| Liabilities to companies within the Group | | |
| Other liabilities | 398 | 398 |
| Accrued expenses and deferred income | 32 | 25 |
| Liabilities from others | | |
| Loans from financial institutions | 947 | 947 |
| Advances received | 90 | 67 |
| Trade payables | 26 | 42 |
| Other liabilities | 9 | 20 |
| Accrued expenses and deferred income | 1 112 | 916 |
| **Total** | **2 614** | **2 415** |

The essential items in the accrued expenses and deferred income consist of personnel expenses, interest liabilities and a cost reservation related to an interest rate swap. Advances received comprises deposits paid by tenants.

**Securities and contingent liabilities**

| 1 000 eur | 31.12.2011 | 31.12.2010 |
|---|---|---|
| Guarantees for own commitments | | |
| Loans and credit limits with guarantees | 17 211 | 15 158 |
| Carrying amount of the shares pledged | 8 917 | 9 144 |
| Parent company's collateral for group companies | | |
| Loans, credit limits and leasing limits with guarantee | 1 148 | 0 |
| General and specific guarantees | 1 721 | 0 |
| Bank guarantees | 150 | 0 |
| Production machinery repurchase commitments | 80 | 0 |
| Other liabilities | | |
| Other liabilities | 58 | 26 |

# Notes to the parent company´s financial statements

## Interavanti Oyj tytäryhtiöt

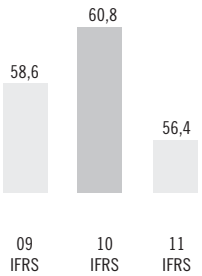
| Company | Domicile | Share of ownership (%) | Voting right (%) |
|---|---|---|---|
| Aladdin Oy | Helsinki | 100 | 100 |
| Oy Nordic Foxes Ab | Helsinki | 91,54 | 91,54 |
| Old Foxes Oy | Helsinki | 87,96 | 92,36 |
| Alkutori Oy | Helsinki | 100 | 100 |
| PowerTube Oy | Helsinki | 80 | 80 |
| Varasto B.V. | The Netherlands | 100 | 100 |
| Varasto Poland Sp z o.o. | Poland | 100 | 100 |
| Warasto Hungary Kft | Hungary | 100 | 100 |
| Varasto Estonia Oü | Estonia | 100 | 100 |
| Ki Oy Vanha Talvitie 1 | Helsinki | 100 | 100 |
| Ki Oy Lahden Sopenkorvenkatu 9 | Lahti | 100 | 100 |
| Ki Oy Työpajankatu 2 | Helsinki | 100 | 100 |
| Ki Oy Malminkartanontie 1 | Helsinki | 100 | 100 |
| Yrjö Wigren Oy | Tampere | 65 | 65 |
| **Affiliate companies** | | | |
| Pälkäne Oy | Helsinki | 29,1 | 29,1 |

# Key indicators for the group

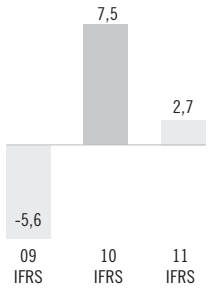
| | | IFRS 2011 | IFRS 2010 | IFRS 2009 |
|---|---|---|---|---|
| **BUSINESS ACTIVITY** | | | | |
| Turnover | MEUR | 9,1 | 4,10 | 4,10 |
| Other returns from business activities | MEUR | 0,5 | 0,05 | 0,23 |
| Operating profit | MEUR | 1,0 | 2,60 | -0,67 |
| % of turnover | % | 11,5 | 63,5 | -16,3 |
| Profit before taxes | MEUR | 0,7 | 2,11 | -1,32 |
| % of turnover | % | 7,6 | 51,5 | -32,2 |
| Profit for the year | MEUR | 0,8 | 2,00 | -1,53 |
| % of turnover | % | 8,2 | 48,9 | -37,2 |
| Gross investments | MEUR | 1,8 | 0,8 | 0,2 |
| % of turnover | % | 19,6 | 18,9 | 4,9 |
| Personnel | avg./ financial year | 39 | 4 | 4 |
| Wages and fees | MEUR | 1,3 | 0,26 | 0,23 |
| Return on equity (ROE) | % | 2,7 | 7,5 | -5,6 |
| Return on investment (ROI) | % | 3,6 | 6,8 | -0,8 |
| **FINANCIAL STANDING** | | | | |
| Equity ratio | % | 56,4 | 60,8 | 58,6 |
| Net indebtedness ratio | % | 60,2 | 52,5 | 59,5 |
| **KEY INDICATORS PER SHARE** | | | | |
| Earnings/share | EUR | 0,10 | 0,21 | -0,16 |
| Shareholders' equity/share | EUR | 2,88 | 2,83 | 2,67 |
| Distribution of funds/ share | EUR/ share | 0,10* | 0,05 | 0,05 |
| Distribution of funds/ bottom line | % | 100,0 | 23,8 | -31,3 |
| Effective dividend return | % | 2,4 | 1,4 | 1,1 |
| P/E ratio | | 41,0 | 17,6 | -27,7 |
| Market value of share base | MEUR | 40 | 36 | 43 |
| Total | | | | |
| trade quantity | Thous. pcs | 12 | 21 | 30 |
| portion of the total number of shares | % | 0,1 | 0,2 | 0,3 |
| Price development of shares | | | | |
| highest | EUR | 4,40 | 4,65 | 6,30 |
| lowest | EUR | 2,34 | 3,60 | 4,14 |
| Final trade price of the closing date | EUR | 4,10 | 3,70 | 4,43 |
| Average price of share | EUR | 3,11 | 3,98 | 5,44 |
| Average number of externally held shares during the financial year | Thous. pcs | 9703 | 9703 | 9703 |
| Quantity of externally held shares at the end of the financial year | Thous. pcs | 9703 | 9703 | 9703 |

*Board proposition

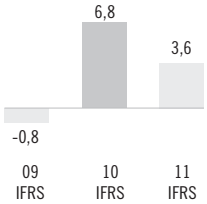
**Equity ratio %**



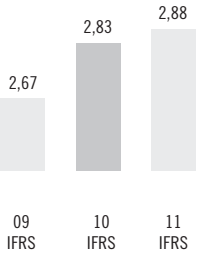

**Return on equity %**




**Return on investment %**




**Equity / share, eur**



# Calculation formulae for key indicators

**1. Return on equity % (ROE)**

$$\frac{\text{Return before extraordinary items and taxes - taxes}}{\text{Shareholders' equity (average during the year)}} \times 100$$

**2. Return on investment % (ROI)**

$$\frac{\text{Return before extraordinary items and taxes + interest costs and other financing costs}}{\text{Grand total of the balance sheet – interest-free liabilities (average during the year)}} \times 100$$

**3. Equity ratio, %**

$$\frac{\text{Shareholders' equity}}{\text{Grand total of the balance sheet – advances received}} \times 100$$

**4. Earnings per share (EPS)**

$$\frac{\text{Profit attributable to the equity holders of the parent}}{\text{Average number of shares during the financial year}}$$

**5. Shareholders' equity / share**

$$\frac{\text{Shareholders' equity belonging to the owners of the parent company}}{\text{Number of shares on the closing date}}$$

**6. P/E ratio**

$$\frac{\text{Final trade price of the closing date}}{\text{Earnings per share (EPS)}}$$

**7. Net indebtedness ratio % (gearing)**

$$\frac{\text{Liabilities with interest - liquid assets and cash on hand}}{\text{Shareholders' equity}} \times 100$$

**8. Dividend / share**

$$\frac{\text{Dividend to be paid for the financial year}}{\text{Total number of externally held shares at the end of the period}}$$

**9. Dividend / bottom line**

$$\frac{\text{Dividend to be paid for the financial year / share}}{\text{Earnings per share}} \times 100$$

**10. Effective dividend return**

$$\frac{\text{Dividend / share}}{\text{Final trade price of the closing date}} \times 100$$

**11. Net rental income**

$$\frac{\text{Net rental income at the end of the period x 12}}{\text{Balance sheet value of investment properties at the end of the period}} \times 100$$

**12. Utilisation rate**

$$\frac{\text{Rented surface area}}{\text{Rentable surface area}} \times 100$$

# Shares and shareholders

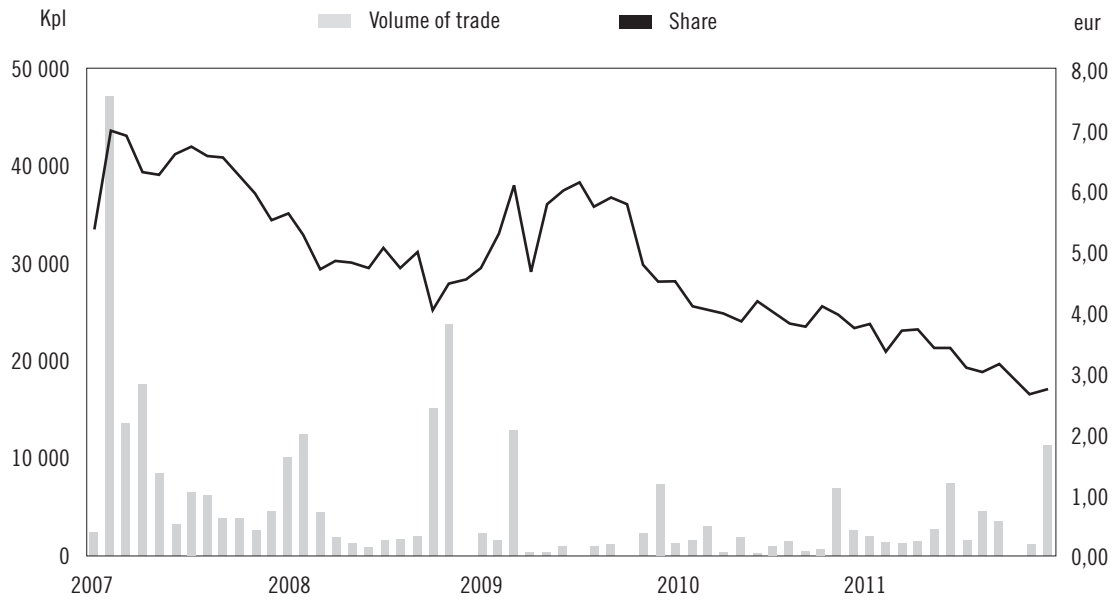
## Share capital and shares

Interavanti Oyj shares have been listed on the NASDAQ OMX Helsinki since 11 July 1988. The shares have been in the book-entry system since October 1994.

| Largest shareholders on 31/12/2011 | | number of shares | ownership % |
|---|---|---|---|
| Jokinen Lasse | 198 333 | | |
| Oy Joeston Ltd | 4 605 180 | 4 803 513 | 49,5 % |
| Vuorinen Veikko M | | 4 297 875 | 44,3 % |
| Lakkapää Vilppu | | 57 500 | 0,6 % |
| Jokinen Harri | | 45 000 | 0,5 % |
| Pulkkanen Esko | | 37 443 | 0,4 % |
| Kiinteistö- ja sijoitushovi Oy | | 32 500 | 0,3 % |
| Vuorinen Liisa-Mari | | 23 423 | 0,2 % |
| Joutsenharju Kiint. Oy | | 21 000 | 0,2 % |
| Assi Group Oy | | 20 000 | 0,2 % |
| Kuassa Oy | | 19 318 | 0,2 % |
| Kaitala Pirjo | | 12 000 | 0,1 % |
| Tuunanen Taito | | 11 805 | 0,1 % |
| Harima Tarja | | 11 500 | 0,1 % |
| Hälläväliä Oy | | 11 487 | 0,1 % |

The total number of shares held by the Managing Director, Board members and their controlling and influential entities was 9,129,656, totalling approximately 94% of shares and votes.

### Number of trade and average price of share



# Shares and shareholders

## Shareholders' agreement

The parties of the agreement are Lasse Jokinen and, under his control, Oy Joeston Ltd, together with Veikko M. Vuorinen.

The term of the agreement is the period of share ownership. The principal content of the agreement states that the parties are responsible when selling the shares for offering them so that the other parties have the opportunity to redeem them. The parties commit themselves to vote and to use their right to vote in a congruent manner at the shareholders' meetings of Interavanti Oyj. The parties commit themselves to vote mutually in a way that enables 50% of the Board members to be selected from the candidates proposed by both groups of owners. A member of the Board -- selected alternately by each group of owners -- acts as the chairman of the Board.

## Price development and trade of the shares

In 2011, a total of 12,169 (20,709) Interavanti Oyj shares were traded in NASDAQ OMX Nordic, Helsinki. The value of the share trade was MEUR 0.04 (0.08). The highest trading rate was EUR 4.40 (4.65), and the lowest EUR 2.34 (3.60). At the end of the year, the market value of the share capital was approx. MEUR 40 (36).

| Distrubution of ownership | Shares | Shareholders | % | Shares and votes | % |
|---|---|---|---|---|---|
| | 1-100 | 81 | 22,7 | 3 409 | 0,0 |
| | 101-1000 | 180 | 50,4 | 70 664 | 0,7 |
| | 1001-10000 | 80 | 22,4 | 214 569 | 2,2 |
| | 10001-100000 | 13 | 3,6 | 313 176 | 3,2 |
| | 100.001- | 3 | 0,8 | 9 101 388 | 93,8 |
| Total quantity issued | | 357 | 100,0 | 9 703 206 | 100,0 |
| nominee-registered ownership | | 1 | 0,0 | 30 | 0,0 |

| Distribution of sectors | Shareholders | % | Shares and votes | % |
|---|---|---|---|---|
| Households | 324 | 90,8 | 4 959 937 | 51,1 |
| Companies | 28 | 7,8 | 4 733 214 | 48,8 |
| Non-profit | 1 | 0,3 | 1 000 | 0,0 |
| Financial and insurance institutions | 1 | 0,3 | 30 | 0,0 |
| Foreign owners | 3 | 0,8 | 9 025 | 0,1 |
| Total quantity issued | 357 | 100,00 | 9 703 206 | 100,0 |
| nominee-registered possessions | 1 | 0,0 | 30 | 0,0 |

# Signatures for the annual report and financial statements

## Signatures for the annual report and financial statements

Helsinki, 14/02/12

Lasse Jokinen
Chairperson

Jorma Lindström

Pekka Saarenpää

Veikko M Vuorinen
Managing Director

## Entry of closing the accounts

An auditor's report concerning the inspection has been issued today.

Helsinki, 14/02/12

PricewaterhouseCoopers Oy
Organisation authorised by the Central Chamber of Commerce in Finland

Samuli Perälä
APA

# Auditor's report

## To the shareholders' meeting of Interavanti Oyj

We have audited the bookkeeping, financial reports, annual report, and Board of Interavanti Oyj for the financial year January 1 to December 31 2011. - 31.12.2011. The financial statements include the Consolidated Balance Sheet, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity and Notes, as well as Balance Sheet, Profit and Loss Account, Cash Flow Statement and Notes for the Parent Company.

## Liability of the Board of Directors and Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of financial statements and the Report of the Board of Directors and for ensuring that the consolidated financial statements give a true and fair view in accordance with the International Financial Reporting Standards as approved for use in the EU, as well as for ensuring that the financial statements and the Report of the Board of Directors provide a true and fair view in accordance with the Finnish rules concerning the preparation of financial statements and Reports of the Board of Directors. The Board of Directors is responsible for the appropriate supervision of accounting and asset management and the Managing Director for ensuring that the company's accounting practices comply with the law, and that asset management is organised in a reliable manner.

## Auditor's responsibilities

Our duty is to provide a statement concerning the financial statements, consolidated financial statements and the Report of the Board of Directors on the basis of the audit. The Auditing Act requires us to follow a professional code of conduct. We have performed the audit according to good auditing principles applied in Finland. Good auditing practice requires that the audit is planned and conducted so as to obtain reasonable assurance that neither the financial statements nor the Report of the Board of Directors contain any material misstatements, and that the members of the Board of the parent company and the Managing Director have not committed an action or act of negligence that may result in liability for damages to the company, or have breached the Finnish Companies Act or the Articles of Association.

The audit involves measures for obtaining auditing evidence from the numeric data in the financial statements as well as the Report of the Board of Directors and other information therein. The choice of measures is based on the auditor's consideration on the risks of material inaccuracies due to misdemeanour or error. In considering the above risks, the auditor shall pay attention to internal control, which is relevant to the preparation of correct and adequately informative financial statements and the Report of the Board of Directors. The auditor assesses the internal control in order to determine appropriate auditing measures, considering the circumstances, but not to issue any statement on the effectiveness of the company's internal control. The audit also assesses whether the applied accounting principles for the financial statements are appropriate, whether the assessments related to accounting made by the operative management are reasonable, and the general manner of presentation of the financial statements and the Report of the Board of Directors.

In our view, we have obtained a sufficient amount of accounting evidence for the purpose of our statement.

## Statement on the Consolidated Financial Statements

In our view, the consolidated financial statements provide true and fair information on the financial position, operational result and cash flows of the Group in accordance with the International Financial Reporting Standards approved for use in the European Union.

## Statement on the Financial Statements and Report of the Board of Directors

In our view, the financial statements and the Report of the Board of Directors provide a true and fair view of the result of operations and financial position of the group and the parent company in accordance with the Finnish rules concerning the preparation of financial statements and Reports of the Board of Directors. The information in the Report of the Board of Directors and the financial statements contain no inconsistencies.

Helsinki, 14 February 2012
**PricewaterhouseCoopers Oy**
Authorised Public Accountant organisation

Samuli Perälä
APA

# Interavanti Oyj's Corporate Governance Statement, financial year 2011

Interavanti complies with the Finnish Corporate Governance Code of the Securities Market Association, adopted in October 2010. The Code is publically available on the website of the Securities Market Association at www.cgfinland.fi.

This Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the Code, as a separate statement in addition to the annual report. The statement and the annual report are available on the company's webpages at www.interavanti.fi/ Sijoittajatiedot.

## Exceptions to the code:

The company has departed from the following recommendation in the code:

Recommendation 9: Number, composition, and competence of the directors

Both genders are not represented on the Board for the present.

Due to the company size and the scope of operations, the current number of Board members and Board composition are sufficient for the time being.

## The outline of the internal control and risk management systems

**Internal control** The purpose of internal control is to ensure effective and profitable operations, generation of reliable information, and compliance with the operating principles.

The Board shall define the operating principles of internal control.

In its meetings, the Board looks into the current financial status, cash flows, action plans and market conditions of the company.

The purpose of internal control is to monitor the correctness of daily accounting and financial reporting, and to prevent and identify any misconduct. The Managing Director has an active role in the company's control system.

Foreign subsidiaries submit a monthly accounting report for regular monitoring and control. Foreign payment transactions mainly take place within the parent company, which ensures effective control.

Internal control is not separately organised, due to the scope and nature of the company's business operations. The company's internal control system is continuously developed in accordance with the control recommendations by the external auditing organisation.

**Risk management** The purpose of Interavanti's risk management is to identify, analyse and manage the risks related to business operations, in order to ensure the continuity of operations and maximise the value of shares. Most material risks are determined in preparation of the interim report and financial statements, and they are detailed in the annual report each year.

## Risks in the property business

The majority of most material property business risks for Interavanti are related to clients and financing.

The global recession and financial insecurity that started in late 2008 have also had repercussions in Interavanti Oyj's operations. Because the general economic conditions have continued to weaken, they have had an adverse impact on our clients and thus on the business of Interavanti Oyj as well. Our premises abroad have been let on long-term contracts to well-established tenants. All rental contracts of Interavanti in Poland and Hungary are based on the euro.

At the beginning of 2008, Interavanti took out a floating-rate loan of MEUR 18.0. At the end of the financial period, the outstanding loan is MEUR 14.2 (15.2), out of which MEUR 12.3 (14.2) has been hedged with an interest rate swap. In 2011, one of the group's subsidiaries took out a floating-rate loan of MEUR 0.8, of which MEUR 0.4 was hedged with an interest rate swap.

As before, Interavanti's aim is to maintain its healthy liquidity and equity ratio as well as avoid unreasonable risks.

## Risks of the meat processing business

The profitability of the meat processing business may be influenced by changes in the market prices of meat raw materials as well as fluctuations changes in production volumes and the availability of Finnish meat as a raw material. Moreover, changes in meat consumption habits may influence the profitability of meat processing activities and the extent of the business activities.

Yrjö Wigren Oy will shield against any unfavourable changes in production costs by adjusting production and will try to anticipate such changes by adjusting the pricing of end products.

Food production always includes the risks associated with the quality and safety of the raw materials, preparations and production process. Yrjö Wigren Oy has procedures in place to ensure the safety of production processes. The quality of production is ensured by operator control.

The Finnish food retail trading is highly centralized. Therefore, dependency on individual customer ships may become great. Wigren is known for almost a hundred years of tradition and top quality products, which provides a sound footing for developing the company in the future. Yrjö Wigren Oy is a valued brand and will enhance the company's position in the food production chain.

## Board of Directors

**Selection of members and the term** The General Meeting elects the Board of Interavanti Oyj, which may include 3-6 members in accordance with the Articles of Association. The Board selects a chairperson from among its members.
The Board members are appointed for a year at the time, and the members' term ends at the end of the first Annual General Meeting following the election.

Member candidates who are either proposed by the Board or supported by shareholders holding no less than 10% of the votes, carried by the company shares, must be included in the notice of the General Meeting. The Articles of Association do not refer to any specific order of appointment of Board members.

**Composition of the Board** The present Board was elected in the Annual General Meeting. The Board has four members, two of whom are principal shareholders in the company:

- **Lasse Jokinen**, born 1955, Chairman of the Board since February 2001, on the Board since April 2000; shareholding in the company: 49.5%, dependent of significant shareholders, full-time occupation: Managing Director in a transport and car dealing company, vocational training, extensive experience as an entrepreneur in excavating, transport and vehicle sales, no other relevant positions of trust

- **Veikko M Vuorinen**, born 1946, a Board member since February 2001; shareholding in the company: 44.3%; a dependent member due to his position as the Managing Director and dependency of significant shareholders, full-time occupation: Managing Director, since January 2002, comprehensive school, The English College, substantial experience as an entrepreneur and managing director in the restaurant, food and trading industries, a Member of the Board of Governors of Suomen Hypoteekkiyhdistys

- **Pekka Saarenpää**, born 1955, a Board member since 02/2001, an independent member, no shareholding in the company, full-time occupation: entrepreneur, building engineer/1979, job experience in construction, an entrepreneur: 9 years. General foreman: 10 years. Acquisition and other tasks: 7 years (4 years out of which on export sites abroad); no other relevant positions of trust.

- **Jorma Lindström**, born 1950, a Board member since February 2004; an independent member, no shareholding in the company; Master of Laws, an independent solicitor; full-time occupation: in law practice since 1980, no other relevant positions of trust Three out of four Board members are independent of the company and two out of four are independent of significant shareholders in the company.

## The tasks of the Board

- Approval of strategic goals
- Supervision and control of company operations by promoting the best interest of the company and all its shareholders
- Appointing and dismissing the Managing Director
- Considering and approving interim reports, the consolidated financial statements and the annual report
- Adoption of the group's action plan, budget and investment plan
- Deciding on strategically or financially material individual invest ments, business acquisitions, divestments or arrangements
- Preparing the dividend policy
- Preparing the principles of internal control.

In Board meetings, the Managing Director reports the status and changes in the business operations and markets.

The Board has not established any committees. The Board performs the duties of an audit committee.

The Board makes an annual assessment of its operations and methods. The company does not have a supervisory board.

In 2011, the Board had 10 meetings with a 97.5% attendance by the members.

## Managing Director

The Board appoints the Managing Director in accordance with the Companies Act.
The Managing Director is responsible for managing the company's operative administration in accordance with the decisions and instructions adopted by the Board.

Interavanti Oyj's Managing Director since 2002 is **Veikko M Vuorinen** (born 1946), also an ordinary member of the Board and a principal shareholder. Detailed personal information is available in the section entitled "Composition of the Board".

# Interavanti Oyj's Annual Summary 2011

In 2011, Interavanti Oyj released the following stock exchange releases, which can be read in full on the company website. The releases deal with events in 2011, so they may also contain out-of-date information.

## STOCK EXCHANGE RELEASES 2011

| | |
|---|---|
| **01 Feb 2011** | Interavanti Oyj's Annual Summary 2010 |
| **01 Feb 2011** | Interavanti Oyj's Release concerning the Financial Statements 2010 |
| **14 Feb 2011** | Summons to the General Meeting |
| **14 Feb 2011** | Publication of the Financial Statements, the Annual Report and the Statement of Corporate Governance |
| **04 Mar 2011** | Publication of Interavanti Oyj's Annual report |
| **08 Mar 2011** | The decisions taken by the Annual General Meeting of Interavanti Oyj |
| **16 Mar 2011** | Interavanti Oyj and Perniön Liha Oy purchase the oldest meat processing plant in Finland |
| **16 Mar 2011** | Correction: Interavanti Oyj and Perniön Liha Oy purchase the oldest meat processing plant in Finland |
| **21 Apr 2011** | Interim Management report 1 Jan – 21 Apr 2011 |
| **29 Jul 2011** | Interavanti Oyj's interim report 1 Jan – 30 Jun 2011 |
| **6 Sep 2011** | The bankruptcy estate of Yrjö Wigren Oy distributed interim dividends |
| **28 Oct 2011** | Interim Management report 1 Jan – 28 Oct 2011 |
| **22 Dec 2011** | Interavanti Oyj's financial information and Annual General Meeting 2012 |

**INTERAVANTI OYJ**
Mannerheimintie 118, 9. krs
00270 HELSINKI
puh. 09 477 7220
y-tunnus: 0680026-0
www.interavanti.fi

# Information for shareholders

## Annual General Meeting

The Annual General Meeting of Interavanti Oyj shall take place on Wednesday, 7 March 2012 at 10:00 a.m. at the company's office at Mannerheimintie 118, 9th floor, FI-00270 Helsinki, Finland.

Participating shareholders must register for the meeting by 1 March 2012, 3:00 p.m. by phone, email, or a posted letter. The contact person is Mirja Kopsa, tel. +358 9 477 7220, telefax +358 9 477 72240, email: mirja.kopsa@interavanti.fi, and the postal address for written enrolments is Mannerheimintie 118, FI-00270 Helsinki. Should you have a proxy, please deliver it by the end of the enrolment period.

The right to participate in the General Meeting applies to those who are registered by 24 February 2012 as shareholders in the list of shareholders maintained by Euroclear Finland Oy.

## Distribution of funds

The Board of Directors proposes to the Annual General meeting the following distribution of funds from the reserve for invested non-restricted equity in 2011: EUR 0.10 per share, i.e. a total of EUR 970,320.60. The Board also proposes to the Annual General Meeting that the Board be authorised to distribute a maximum of EUR 0.15 per share in 2011.

## Share basics

NASDAQ OMX Helsinki Oy

| | |
|---|---|
| Trading code | INAS1 |
| ISIN code | FI0009002349 |
| Listed | 11.7.1988 |
| Number of shares | 9,703,206 |

## Price development of share

| | 2011 | 2010 |
|---|---|---|
| 12 month low | 2,34 | 3,60 |
| 12 month high | 4,40 | 4,65 |
| Average price | 3,11 | 3,98 |
| Closing price | 4,10 | 3,70 |

## Financial Information

During the financial year 2012, Interavanti Oyj will release

- an interim management report for 1 January – 27 April 2012, release date 27 April 2012
- an interim report for 1 January - 30 June 2012, release date 27 July 2012
- an interim management report for 1 January – 26 October 2012, release date 26 October 2012

On the basis of the Finnish Securities Markets Act (152/2007) introduced on 9 February 2007, and taking into account the size of the company (the value of the company's shares in circulation is less than MEUR 75), Interavanti Oyj will -- instead of disclosing interim reports for the first three and nine months of the year -- disclose the interim management reports accordant with Chapter 2, Section 5 C of the Finnish Securities Markets Act.

The interim reports and the interim management reports are available on the company website at www.interavanti.fi. Printed copies will be mailed on request.

# Determination of the market value of Interavanti Oyj's real property on 31 December 2011

## Client

Interavanti Oyj, Managing Director Veikko M. Vuorinen

## Author

Seppo Pakarinen, Authorised Property Valuer (AKA), Comreal Oy

## Sources of information

In compiling the statement, the author has had access to property-specific documents, submitted by the client, including information about the rental income, condition, repair needs and other costs related to the scope of the statement.

The condition of the soil at the property sites, the technical condition of the buildings, and any possible damage are presented only if the valuer has had access to specific reports submitted by the client.

## Intended use

The statement has been prepared for Interavanti Oyj's financial reporting purposes. It can be used for other purposes only by written authorisation of Comreal Oy.

## Scope

At the client's request, the property-specific reports are concise.

## Definition of value

"Market value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion." (International Valuation Standards, IVS 1).

## Valuation methods

The applied value formation methods are mentioned in each property-specific report. The main valuation methods are yield value (direct capitalisation) and market value.

## Value added tax

All amounts of money mentioned in context of specific properties are value added tax excluded. The reports include no comment on whether the properties in question are VAT registered.

## Market value

The total market value of the real property is forty-six million three hundred and eighty-five thousand euros (€46,385,000)

The market value of the property in Finland is fifteen million seven hundred and twenty thousand euros (€16,885,000).

The market value of the properties outside Finland is twenty-nine million and five hundred thousand euro (€29,500,000).

## Inspections

The property valuer has inspected all the valued properties externally between 2006 and 2010. The majority of properties were also inspected from inside.

## Valuation accuracy

The accuracy margin is +/- 10 per cent.

## Compliance statement

We hereby confirm that Comreal Oy, as the valuation expert, has determined the value of Interavanti Oyj's real property as an independent and external property valuer, authorised by the Central Chamber of Commerce. To the best of the valuer's knowledge, the assignment has no conflicts of interest.

In Vantaa, 31/12/2011

Seppo Pakarinen, M.Sc. econ, Authorised Real Estate Agent (LKV),
higher degree in real estate studies (YKV)
Authorised Property Valuer approved by the Central Chamber of Commerce (KHK)
Authorised Property Value (AKA), general authorisation
Comreal Oy

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