SRV'S ORDER BACKLOG REMAINS ROBUST – PROFITABILITY IMPROVES SIGNIFICANTLY: SRV'S FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2013

Reporting period 1 January – 31 December 2013 in brief:

- SRV's revenue was EUR 679.4 million (EUR 641.6 million 1-12/2012), change +5.9%
- Operating profit was EUR 26.4 million (EUR 6.9 million), change +283.3%
- Profit before taxes was EUR 22.8 million (EUR 2.8 million), change +718.2%
- The order backlog at the close of the review period was EUR 825.8 million (EUR 827.8 million), change -0.2%
- Equity ratio was 36.4 per cent (34.7%)
- Earnings per share were EUR 0.39 (EUR 0.02)
- Proposed dividend per share is EUR 0.12 (EUR 0.06)

Fourth quarter 1 October – 31 December 2013 in brief:

- Revenue amounted to EUR 171.6 million (EUR 175.4 million 10-12/2012)
- Operating profit was EUR 4.6 million (EUR 2.4 million)
- Profit before taxes was EUR 3.6 million (EUR 2.2 million)
- Earnings per share were EUR 0.01 (EUR 0.03)

CEO Jukka Heinonen comments on SRV's result:

Our result clearly moved in the right direction last year. The take-off of our Russian projects, the improved profitability of our operations in Finland and Russia, and the fruit of correct strategic choices can be seen in the result. The difficult operating environment underlines the value of the financial performance we achieved last year. The situation in our industry turned out to be more difficult than we had expected at the beginning of the year.

In early months of the year, housing production directed at consumers was selling well, but thereafter a significant slowdown took place as the year progressed. We have also shifted the emphasis of our housing production towards SRV-developed rental housing projects, built for housing investment funds and other institutional investors. We succeeded well in this; in 2013 we signed with investors negotiated contracts for a total of 404 residential units. This is the highest figure for investor sales in our history. In addition, we are awaiting the start of construction on 164 investor-sold residential units, which have not yet been entered in our order book. We reduced the level of our developer-contracting housing production directed at consumers by halving the number of housing starts. The sales risk of our own production has been reduced; at the turn of the year, SRV had 360 residential units on sale (455 units in 12/2012). We have continued to respond critically to competitive contracting projects.

We started last year with a strong order backlog. Through hard work, we have managed to maintain our order backlog at the same level as last year. Most of last year's business premises projects came from the public sector, because around 20 per cent of private business premises are vacant in the Helsinki Metropolitan Area and demand for new premises is much reduced. This situation has been partly addressed by converting business premises for residential use.

We continued the development of our tower projects in Helsinki and Espoo. Our REDI project at Kalasatama in Helsinki has advanced positively after a delay caused by a planning appeal. An underground waste station and a new metro bridge ordered by the City of Helsinki were completed in summer 2013. We are negotiating

with the City of Helsinki on a change to the city plan that will facilitate the further development of a social services and health station to correspond best to the required changes planned by the city. We expect that construction of the first stage of the private part of the project, the REDI shopping centre and parking facility, will begin this year when multi-lateral investor and financing negotiations are completed.
The SRV's goal in the investor negotiations is to retain a 50% ownership of REDI, and we have strengthened our capital structure and financial reserves significantly. Tenant interest in REDI, which will open in 2017, has been positive. Negotiations are already under way on 70% of the shopping centre's commercial space.

Last year was a notable turning point in SRV's Russian operations. We opened the Pearl Plaza Shopping Centre in St. Petersburg. The number of visitors to the centre has exceeded even our boldest expectations. In addition, construction also began on the Septem City project, a product of long development work. The first phase of the project consists of the Okhta Mall Shopping Centre, which will open in spring 2016. Around one third of the centre's premises have already been leased.

Our investor partner in this project is Russian Invest, a real-estate investment company consisting of financially sound Finnish partners. This is the investment model that we will use in projects in the Russian market in future. In Russia we have focused on shopping centre construction in St. Petersburg and Moscow, where we are not only a developer and builder of the properties but also an owner and shopping centre operator.

The adjustments we have made to our strategy have produced results. In terms of the mix of different forms of contract, we are now in a healthier situation, which is evident in an improvement in our margins. At the same time, we have specified more precisely the kind and size of projects in which we wish to participate. We are also more selective in terms of the location of projects.

Our strong order backlog provides us with a good foundation for 2014. We will continue to focus on launching our own projects, and we will develop further long-term target holdings for SRV. Of course, the practice of income recognition on transfer means that an even greater part of construction-related margin remains unrecognised to await future sales, but we believe that future rental income during the period of ownership as well as the proceeds of sales will confirm that our chosen approach has been correct.

SRV GROUP PLC'S FINANCIAL STATEMENT RELEASE 1 JANUARY – 31 DECEMBER 2013

Group key figures (IFRS, EUR million)	1-12/ 2013	1-12/ 2012	change, MEUR	change, %	10-12/ 2013	10-12/ 2012
Revenue	679.4	641.6	37.8	5.9	171.6	175.4
Operating profit	26.4	6.9	19.5	283.3	4.6	2.4
Financial income and expenses, total	-3.6	-4.1	0.5		-1.0	-0.2
Profit before taxes	22.8	2.8	20.0	718.2	3.6	2.2
Order backlog	825.8	827.8	-2.0	-0.2		
New agreements	600.7	594.5	6.2	1.0	68.3	248.0
Operating profit, %	3.9	1.1			2.7	1.4
Net profit, %	2.7	0.1			0.9	0.8
Equity ratio, %	36.4	34.7				
Net interest-bearing debt	215.8	267.9	-52.1	-19.5		
Gearing, %	97.1	126.2				
Return on investment, %	5.4	2.2				
Return on equity, %	8.4	0.5				
Earnings per share, EUR	0.39	0.02	0.37		0.01	0.03
Equity per share, EUR	4.99	4.62	0.37	8.0		
Share price at end of period, EUR	4.05	3.26	0.79	24.2		
Weighted average number of shares outstanding, millions	35.5	35.5		0.0		

Overall review

SRV's order backlog and the value of new agreements remained on a par with the comparison year. The Group's order backlog amounted to EUR 825.8 million (EUR 827.8 million 12/2012) and the value of new agreements to EUR 600.7 million (EUR 594.5 million 1-12/2012).

Thanks to growth in revenue from International Operations, the Group's revenue grew by 5.9 per cent to EUR 679.4 million (EUR 641.6 million 1-12/2012). The Group's operating profit improved to EUR 26.4 million (EUR 6.9 million) following year-on-year growth in operating profit in both International Operations and Domestic Operations. The operating profit margin was 3.9 per cent (1.1%). Several factors contribute to the quarterly variation in the operating profit and operating profit margin: SRV's own projects are recognised as income upon delivery, the part of the order backlog that is continuously recognised as income mainly consists of low-margin contracting, a share equivalent to the ownership of SRV's associated companies is eliminated from the profit margins of construction carried out for these companies, and the project development nature of operations. The Group's profit before taxes was EUR 22.8 million (EUR 2.8 million). Financial expenses decreased, which also had a positive effect on the result for the financial year.

The Group's equity ratio was 36.4 per cent (34.7%). Profitability improvement contributed to the growth in equity ratio.

Revenue from Domestic Operations was EUR 574.8 million (EUR 568.3 million 1-12/2012) and operating profit was EUR 21.4 million (EUR 14.8 million). Revenue and operating profit growth was driven by the increase in revenue from developer contracting of housing as well as the positive trend in the revenue and profitability of housing and commercial contracting in the third and fourth quarters. The level of operating profit was also affected by the fact that the order backlog recognised as income mainly consisted of low-margin contracting, and a EUR 5.3 million profit margin decrease was recognised for one ongoing and four completed projects, primarily in the first quarter. The domestic order backlog was EUR 645.8 million (EUR 774.4 million). In order to improve profitability, the company has shifted the focus of operations to increasing developer contracting and negotiated contracts.

On the whole, housing sales developed favourably in Finland, with SRV selling a total of 701 units (745 1-12/2012) to consumers and investors. In addition, SRV has made preliminary agreements for the sale of 164 housing units to investors under negotiated contracts. These units will be built on plots owned by SRV. The units to be built under the preliminary agreements are not included in either the domestic order backlog or total housing sales. As sales to consumers slackened after the first quarter due to growing economic uncertainty and the transfer tax hike, the focus has been shifted to rental housing development projects, and the volume of developer contracting has been scaled down.

SRV had 1,054 rental and owner-occupied units under construction (1,849 on 31 December 2012), of which 249 were developer-contracted. Based on advance marketing, decisions have been made to initiate the construction of 22 additional housing units. 83 per cent of housing units under construction have been sold, and 76 per cent of production consists of rental and right-of-occupancy units. The volume of housing contracting has been reduced, and 68 per cent of production (48%) consisted of developer-contracted production or rental housing development projects sold to investors.

Revenue from International Operations rose to EUR 104.7 million (EUR 73.1 million). Most of the revenue was generated by the construction of the Pearl Plaza shopping centre, 50%-owned by SRV, and the sale in June of a 55 per cent stake in the Okhta Mall shopping centre project in St. Petersburg to investment company Russia Invest. Operating profit was EUR 10.0 million (EUR -3.2 million). Growth in the level of activity, the sale of the holding in the shopping centre project, and the implementation of cost-savings measures contributed to the improvement in operating profit. Other contributing factors included the EUR 8.3 million change in the fair value of the holding in the Okhta Mall shopping centre following the surrender of SRV's controlling interest in a transaction carried out in June and the subsequent measurement of its remaining holding at fair value based on the sale of the majority holding.

The Group’s fourth-quarter revenue was EUR 171.6 million (EUR 175.4 million) and operating profit was EUR 4.6 million (EUR 2.4 million). The level of revenue was affected by the lower volume in both Domestic and International Operations in the fourth quarter. The higher profitability of Domestic Operations in turn contributed to operating profit growth.

Of SRV’s major international projects, the Pearl Plaza shopping centre in St. Petersburg was completed and opened in August 2013. All of its premises have either been leased or a lease is in the final stages of negotiation. Leasing of the Okhta Mall shopping centre project in St. Petersburg has progressed well, and its construction has begun. Projects in Finland include the construction of the Derby Business Park in the Perkkaa district of Espoo. Phase II of this project was completed in June 2013, and over 90 per cent of the premises have been leased.

SRV’s own project development operations are paving the way for substantially increasing operating volumes in Finland. These projects require long-term development work and are carried out over the course of several years. Many of SRV's projects are so-called landmark projects – innovative new solutions for the needs of sustainable regional construction. Such projects include, for example, the Keilaniemi Towers housing project, the Kalasatama Centre, or REDI, in Helsinki, and a project to develop the area adjacent to the Niittykumpu metro station in Espoo. In St. Petersburg and Moscow, SRV will from now on focus on the development of shopping centre projects. SRV will harness the investment potential of the Russia Invest investment company in order to support the financing of these projects.

Key figures for the segments

Revenue (EUR million)	1-12/ 2013	1-12/ 2012	change, MEUR	change, %	10-12/ 2013	10-12/ 2012
Domestic Operations	574.8	568.3	6.5	1.1	155.8	157.2
International Operations	104.7	73.1	31.5	43.1	15.7	18.1
Other Operations	13.0	14.4	-1.4	-9.5	3.8	3.4
Eliminations	-13.1	-14.3	1.2		-3.8	-3.3
Group, total	679.4	641.6	37.8	5.9	171.6	175.4

Operating profit (EUR million)	1-12/ 2013	1-12/ 2012	change, MEUR	change, %	10-12/ 2013	10-12/ 2012
Domestic Operations	21.4	14.8	6.7	45.2	8.0	1.6
International Operations	10.0	-3.2	13.2		-1.7	2.4
Other Operations	-5.0	-4.7	-0.4		-1.7	-1.7
Eliminations	0.0	0.0	0.0		0.0	0.0
Group, total	26.4	6.9	19.5	283.3	4.6	2.4

Operating profit, (%)	1-12/2013	1-12/2012	10-12 /2013	10-12 /2012
Domestic Operations	3.7	2.6	5.1	1.0
International Operations	9.5	-4.4	-10.7	13.3
Group, total	3.9	1.1	2.7	1.4

Order backlog (EUR million)	12/2013	12/2012	change, MEUR	change, %
Domestic Operations	645.8	774.4	-128.7	-16.6
International Operations	180.1	53.4	126.7	237.4
Group, total	825.8	827.8	-2.0	-0.2
- sold order backlog	618	610	8	1.4
- unsold order backlog	208	218	-10	-4.7

Earnings trends of the segments

Domestic Operations (EUR million)	1-12/ 2013	1-12/ 2012	change, MEUR	change, %	10-12/ 2013	10-12/ 2012
Revenue	574.8	568.3	6.5	1.1	155.8	157.2
- business construction	319.2	305.3	14.0	4.6	89.1	83.5
- housing construction	255.5	263.0	-7.5	-2.9	66.8	73.7
Operating profit	21.4	14.8	6.7	45.2	8.0	1.6
Operating profit, %	3.7	2.6			5.1	1.0
Order backlog	645.8	774.4	-128.7	-16.6		
- business construction	392.8	438.7	-45.9	-10.5		
- housing construction	253.0	335.7	-82.7	-24.6		

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

Revenue for Domestic Operations totalled EUR 574.8 million (EUR 568.3 million 1-12/2012), and accounted for 85 per cent of the Group's revenue (89%). Operating profit totalled EUR 21.4 million (EUR 14.8 million), generating an operating profit margin of 3.7 per cent (2.6%). Revenue and operating profit growth was driven by the increase in revenue from developer contracting of housing as well as the positive trend in the margins of both housing and business construction projects during the financial year. Moreover, the financial result has now been confirmed for four previously completed projects in which SRV had EUR 25.4 million in receivables due at the end of 2012, primarily from additional work and alterations, which also affected operating profit. The profit margin decreases recognised for the financial result of these four projects and one project completed during the financial year had a total impact of EUR -5.3 million on the operating profit for the financial year. The order backlog declined to EUR 645.8 million (EUR 774.4 million 12/2012).

Fourth-quarter revenue amounted to EUR 155.8 million (EUR 157.2 million 10-12/2012) and operating profit came to EUR 8.0 million (EUR 1.6 million). The positive trend in the project margins of commercial and housing construction contributed to growth in operating profit during the quarter. A total of 117 housing units (207) were sold to consumers and investors in the fourth quarter.

Business construction

Revenue from business construction totalled EUR 319.2 million (EUR 305.3 million). The order backlog was EUR 392.8 million (EUR 438.7 million). Competition for new contracts has remained tight.

Renovation projects completed during the financial year include Building F of the Viikki laboratory for the University of Helsinki, the CityCenter property for Sponda, the Brondankulma business premises contract on Etelä-Esplanadi, and extensive renovations at Itis shopping centre in Itäkeskus. New construction projects completed included the main building of the Mankola School in Jyväskylä, the Pyynikki social and health services centre in Tampere, the Laukaa health centre, interim hospital facilities in Jyväskylä, a parish hall in the centre of Oulu, the extension of the Galleria at Helsinki Messukeskus expo and convention centre, new commercial premises for Finnair at the Helsinki-Vantaa airport and Finnprotein Oy's soy processing plant in Uusikaupunki. In addition, the excavation and construction of the Otaniemi metro tunnel and station were completed for the western stretch of the metro line during the fourth quarter.

During the financial year, new contractor agreements worth EUR 213.2 million were signed with external clients. SRV signed fixed-price contractor agreements with the Tampereen Kotilinna Foundation for the construction of the Pispa Service Centre, with Tampereen Tilakeskus for the construction of Tredu Sähkötalo, with the municipality of Pöytyä for the construction of a day-care centre in Kyrö, with the City of Lappeenranta for the construction of a day-care centre in Joutseno, with the City of Lahti for the construction of the Liipola multipurpose hall, and with Tikkamaan Palvelut Oy for the construction of a car park in Joensuu. Production facilities are being built for Orion and Sandvik in Turku, and for Grene Noramaa in Paimio. SRV signed project management-type contractor agreements with Suomen Yliopistokiinteistöt for the construction of TTY Kampusareena in Tampere, with the Hospital District of Helsinki for the construction of an additional emergency room building in Jorvi, with the City of Espoo for the construction of the Opinmäki campus in Suurpelto, with Itella for the construction of a postal building in Oulu, and with Ilmarinen for the construction of a medical centre, hospital and other commercial premises in Oulu.

Two development project agreements covering construction on plots previously owned by SRV, with SRV responsible for design and building, were signed during the financial year: one to build a Biltema department store in Vaasa and the other to erect a logistics centre in Vantaa for the Hospital District of Helsinki.

A new developer-contracted commercial project was started up: the construction of a repair facility and warehouse in Kerca, Kerava, with a total floor area of 4,070 m2. The project will be completed in summer 2014 and 85% of the premises have already been leased out. SRV estimates that annual rental income from the project will amount to about EUR 0.5 million once it has been fully leased out. Sales efforts are currently under way.

In the Perkkaa district of Espoo, SRV completed a developer-contracted commercial project for three office buildings with a total floor area of 20,000 m2. Phase I of the project was completed in August 2012, and the last two office buildings in June 2013. Among other tenants, the buildings house the head offices of Siemens Osakeyhtiö and SRV. Over 90 per cent of the premises have been leased. SRV estimates that annual rental income from the project will amount to about EUR 4.2 million once it has been fully leased out. Sales efforts are currently under way.

The Administrative Court of Helsinki had earlier dismissed the complaint lodged against the city plan for the Kalasatama Centre in the Sörnäinen district of Helsinki. The Supreme Administrative Court did not grant the appellants permission to appeal the ruling. The city plan thus entered into force. Due to the appeal process, SRV had already taken the decision in 2012 to adjust the construction schedule in order to reduce the amount of capital tied up in the project. Now that the city plan has come into force, the suspended negotiations with tenants, financers and investors were resumed. Once these negotiations have been concluded, construction site operations can be restarted. Two major projects for the Kalasatama Centre have already been completed: the underground waste facility and the new metro bridge ordered by the City of Helsinki were both finished in summer 2013.

In March, the Finnish Court of Arbitration announced its decision on the dispute between SRV Construction Ltd and Kiinteistö Oy Espoontori, ordering Kiinteistö Oy Espoontori to pay SRV Construction Ltd the sum of about EUR 0.7 million. As a result of this decision, SRV recognised about EUR 0.6 million in expenses. In March, SRV also came to an agreement with Mutual Pension

Insurance Company Varma on the contractual liability to pay the costs for additional work and alterations to the Primulan Herkkupaja bakery and the Holiday Club Saimaa spa hotel.

Housing construction

Revenue from housing construction totalled EUR 255.5 million (EUR 263.0 million). The order backlog was EUR 253.0 million (EUR 335.7 million). At the end of the financial year, SRV had a total of 1,054 units (1,849) under construction. Of the residential units under construction, 83 per cent were contracted housing units or own sold production.

Projects for external clients that were completed during the financial year include 45 units on Keskipellonkatu in Kerava, 26 units in the Vanttila district of Espoo, 33 housing units in the Seppälä district of Jyväskylä, and 35 units in the Toppila district of Oulu, all of which were built for TA. For ICECAPITAL, 124 units were completed in Vantaa and 20 in Kannelmäki. In addition, 122 units were completed for Sato in Kalasatama, Helsinki, 345 units for KEVA in Herttoniemi, 52 units for VVO in Hyvinkää, 22 units for VASO in Kaarina, 22 units for Timedi Oy in Laukaa, and 96 units for YH in Tampere and Nokia. Towards the end of the year, a major housing renovation project on Vuolukiventie in Helsinki was completed for the university; 77 new housing units were also built as part of this project.

During the financial year, contracts worth EUR 120.5 million were signed with external clients for the construction of 673 housing units. SRV and VVO signed agreements for two development projects on plots that were earlier owned by SRV: 88 units will be built at Nihtitorpankuja 3 in Espoo and 114 units at Lehtikallio 4 in Vantaa. 88 housing units in Espoo and 76 units in Vantaa were sold to the Lähi-Tapiola housing fund and 38 housing units in Vantaa were sold to the ICECAPITAL housing fund. In addition, SRV will build 113 units for Sato in Suurpelto, Espoo, 39 units for Auratum in Helsinki, 34 units for VVO in Tampere and 79 units for Opiskelija Asunnot Oy in Joensuu under projects that SRV acquired through competitive bidding. In addition to these agreements, SRV has signed preliminary agreements with two housing funds for the construction of 164 housing units on plots SRV owns in Espoo and Kirkkonummi. The units to be built under the preliminary agreements are not included in the domestic order backlog.

SRV won a design and build competition held by the Helsinki Housing Production Department (ATT) for the construction of four wooden apartment houses on Eskolantie in Pukinmäki in association with Stora Enso. These houses will have 89 rental and right-of-occupancy units. This agreement will be added to the order backlog once the actual contractor agreement has been signed. ATT also commissioned SRV and Stora Enso to build a residential project consisting of a total of 98 housing units in several eight-storey apartment buildings in the Jätkäsaari district of Helsinki. This agreement will be added to the order backlog once the actual contractor agreement has been signed.

During the financial year, SRV launched the construction of 202 (415) developer-contracted housing units included in the RS system. 63 of these units will be built in Myyrmäen Kilterinmetsä in Vantaa, 35 in Penttilänrannan Kotisatama in Joensuu, 25 in Marmori in Jyväskylä, 35 in Atalan Metsäkeiju in Tampere and 26 in Raholan Ruhtinas in Tampere. Furthermore, an 18-unit HITAS project was started up and completed in the Vallila district of Helsinki. In addition to the projects initiated during the financial year, SRV has decided to start the construction of 22 housing units in the Telakkaranta residential area in Turku.

During the financial year, SRV sold a total of 701 (745) housing units. 297 (477) of the developer-contracted housing units that fall within the scope of the RS system were sold, and 404 (268) units were sold to investors under negotiated contracts. At the end of the period, 249 (586) housing units for the consumer market were under construction, of which 178 (356) had not yet been sold. The number of completed but unsold housing units was 182 (99). A total of 539 (451) developer-contracted housing units were completed during the review period: 170 in Espoo, 89 in Helsinki, 76 in Kerava, 29 in Lahti, 24 in Kaarina, 25 in Jyväskylä, 35 in Oulu and 91 in Pirkanmaa.

Based on the current schedules, SRV estimates that a total of 186 developer-contracted housing units included in the RS system will be completed in 2014, of which 100 in the first quarter.

Housing production in Finland (units)	1-12/ 2013	1-12/ 2012	change, units	10-12/ 2013	10-12/ 2012
Housing sales, total	701	745	-44	117	207
- sales, developer contracting	297	477	-180	29	140
- sales, negotiation contracts 2)	404	268	136	88	67
Developer contracting					
- start-ups	202	415	-213	0	95
- completed	539	451	88	151	114
- completed and unsold 1)	182	99	83		
Under construction, total 1)	1 054	1 849	-795		
- construction contracts 1)	334	969	-635		
- negotiation contracts 1) 2)	471	294	177		
- developer contracting 1)	249	586	-337		
- of which sold 1)	71	230	-159		
- of which unsold 1)	178	356	-178		

1) at the end of the period 2) investor sales under negotiation contracts

The order backlog for housing construction was EUR 253 million (EUR 336 million 12/2012). The order backlog for contracts and negotiated contracts was EUR 122 million (EUR 129 million), accounting for 48 per cent (38%) of the total order backlog. Of the housing production order backlog, EUR 136 million (EUR 188 million) was sold. The completed but unsold order backlog was EUR 57 million (EUR 28 million). The developer-contracted unsold order backlog under construction totalled EUR 60 million (EUR 119 million).

Order backlog, housing construction in Finland (EUR million)	31.12.13	31.12.12	change, MEUR
Negotiation and construction contracts	122	129	-7
Under construction, sold developer contracting	14	59	-45
Under construction, unsold developer contracting	60	119	-59
Completed and unsold developer contracting	57	28	28
Total	253	336	-83

Development of Domestic Operations

SRV continued to participate in the Model Nova work package of the RYM PRE research programme, led by Senate Properties, which will continue until spring 2014. The programme seeks to create a business model and operational culture that utilise information modelling and support sustainable development for the built environment. SRV's research project deals with the development of a general information model process that facilitates optimal cooperation and supports the progress of construction projects through modelling.

SRV is participating in two projects conducted as part of the Aalto University's Energizing Urban Ecosystems (EUE) programme, which seeks to identify operating models and solutions to the challenges and opportunities involved in urbanisation. In 2012, SRV joined the Nordic Built Charter initiative, a Nordic trade and industry policy programme aiming at green growth. The programme runs from 2012 to 2014 and is funded by the Nordic Council of Ministers and Nordic Innovation. In this initiative, SRV has committed itself to promoting energy-efficient and sustainable construction in all of its operations. In the case of building systems, SRV focused particularly on energy-efficient solutions and has already introduced energy consumption monitoring at several sites.

The company has worked towards preventing the grey economy by means such as further developing the SRV Network Register and organising internal theme days on the topic of grey economy prevention. SRV is committed to the continuous improvement of occupational safety as a member of the Zero Accidents Forum. No serious accidents occurred in 2013. A new mobile tool was developed for carrying out TR-measurements, which assess the level of on-site occupational safety.

International Operations (EUR million)	1-12/ 2013	1-12/ 2012	change, MEUR	change, %	10-12/ 2013	10-12/ 2012
Revenue	104.7	73.1	31.5	43.1	15.7	18.1
Operating profit	10.0	-3.2	13.2		-1.7	2.4
Operating profit, %	9.5	-4.4			-10.7	13.3
Order backlog	180.1	53.4	126.7	237.4		

International Operations comprises SRV's construction and property development business in Russia and Estonia. In addition, SRV aims to expand its business in Russia into shopping centre management.

Revenue from International Operations totalled EUR 104.7 million (EUR 73.1 million), and accounted for 15 per cent of the Group's revenue (11%). Operating profit was EUR 10.0 million (EUR -3.2 million). Most of the revenue was generated by the construction of the Pearl Plaza shopping centre, 50%-owned by SRV, and the sale of a 55 per cent stake in the Okhta Mall shopping centre project in St. Petersburg. A proportion of the profit margin of construction equivalent to the ownership of SRV's associated company is eliminated from operating profit. Growth in the level of activity, the sale of the holding in the shopping centre project, and the implementation of cost-savings measures contributed to the improvement in operating profit. Other contributing factors included the EUR 8.3 million change in the fair value of the holding in the Okhta Mall shopping centre following the surrender of SRV's controlling interest in a transaction carried out in June and the subsequent measurement of its remaining holding at fair value based on the sale of the majority holding. The operating profit for the comparison period was impacted by EUR 1.1 million in non-recurrent depreciation booked for a warehouse that was destroyed in SRV's Septem City quarter in St. Petersburg in January 2012, capital gains from the divestment of a development project company in Russia in December 2012, and a VAT refund in Estonia. The order backlog was EUR 180.1 million (EUR 53.4 million). The order book grew following the signing of project management contractor agreements for the Okhta Mall shopping centre in June, which are valued at a total of over EUR 160 million.

Fourth-quarter revenue amounted to EUR 15.7 million (EUR 18.1 million 10-12/2012) and operating profit came to EUR -1.7 million (EUR 2.4 million). Revenue for the comparison period was increased by the sale of a development project company in December 2012 in Russia. The level of operating profit is affected by the project development nature of operations and the elimination of a proportion equivalent to SRV's ownership from the profit margin of the construction of the shopping centre project. Operating profit for the comparison period was affected by capital gains recognised from the divestment of a development project company in December 2012 and a VAT refund in Estonia.

Russia

SRV has been developing the large-scale Septem City project in the Okhta area of St. Petersburg for several years. The project covers a total of 8.5 hectares. The plans for the area include constructing a commercial complex measuring over 400,000 m2, which will house a shopping centre, office and business premises, as well as premises for hotel, restaurant, and entertainment services. The project will be implemented in several phases. The realisation of the project's Phase I, the Okhta Mall shopping centre, commenced when the Russia Invest investment company owned by SRV, Ilmarinen, Sponda, Etera and Onvest made a decision to invest in the project. Under agreements signed in June, Russia Invest acquired a 55 per cent holding in the shopping centre from SRV, and will invest approximately EUR 50 million in the project. In addition to its direct ownership of the remaining 45 per cent, SRV owns part of the project through its holding in Russia Invest. According to the investment decision, SRV will invest about EUR 44 million into the project while it is under construction. The cash flows from the project management agreements and the sale of the holding will cover the amount of capital committed to the project. SRV maintains a 100 per cent holding of the other phases in the extensive Septem City project.

Okhta Mall will be opened in spring 2016 and it will have about 144,000 m2 of floor area, with leasable space of about 75,000 m2. The centre will feature two underground parking levels, a hypermarket and four aboveground levels. Located close to the heart of St. Petersburg, Okhta Mall will be the first shopping centre in the downtown area with a hypermarket. Preliminary lease agreements have already been signed for about a third of the leasable premises. The target for annual rental income from the shopping centre is about EUR 33 million. The shopping centre investment is valued at a total of about EUR 250 million. A letter of intent has been signed with a Russian bank for EUR 160 million in loan financing for the project, and the parties intend to sign the final loan agreement during the first quarter of 2014.

In June, SRV signed project management contractor agreements valued at over EUR 160 million with the project company that owns the Okhta Mall shopping centre on the development, design, leasing, marketing and construction of the shopping centre. The final building permit for the shopping centre was granted in August, and construction has begun.

Slightly over half of the EUR 95.5 million investment capacity of the Russia Invest investment company will be earmarked for the Okhta Mall project. The remaining capital will be committed when investments have been identified and investment decisions finalised. The remainder of development project funding will be covered with project-specific bank loans. The stakeholders' objective is to withdraw from developed projects within roughly three years after their completion.

The Pearl Plaza shopping centre, owned jointly by SRV and the Shanghai Industrial Investment Company, was opened to the public on 24 August 2013. More than 30,000 people visited the centre on the opening day, clearly exceeding all expectations. The number of visitors has outperformed the target level. The centre's anchor tenants are Prisma, Hennes & Mauritz, Sportmaster, M.Video, Detsky Mir, Kinomir-21 and Sculptors. Other international brands such as McDonalds, Adidas, Lindex, Seppälä and the Inditex Group's Bershka youth fashion chain also have outlets in the centre. Pearl Plaza is also the first shopping centre managed by SRV in Russia.

Total investment in the project amounts to approximately EUR 140 million. SRV's ownership in the joint venture is 50 per cent, and SRV has invested roughly EUR 22 million in the project. In addition to investment from the owners, bank financing has been secured with a EUR 95 million financing agreement with a partner from China. In line with the project management contractor agreements, SRV was responsible for planning, constructing, developing and leasing out the site. The total value of SRV's project management contracts at the site exceeded EUR 120 million. About 93 per cent of the premises have been leased and it is estimated that the premises will be fully leased out during the first half of 2014. The target for annual rental income from the shopping centre is about EUR 18 million.

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

The investment period for the VTBC-Ashmore Real Estate Partners I fund ended in December 2013, as set out in the agreements. SRV has invested EUR 6.3 million in this fund, which acquired an office and logistics property in Moscow in autumn 2011. SRV's investment commitments to the fund (a total of EUR 13.7 million) ended at the close of the investment period.

The existing office premises in the Etmia II office and car park project in downtown Moscow have been leased out in their entirety. Net rental income for 2014 is estimated at about EUR 4.2 million. SRV is a co-owner in the project with a 50 per cent stake, and was also responsible for its construction as the project management contractor. Sales efforts are under way with the aim of selling the project to investors during 2014.

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

The new commercial concept plan for the Mytishi shopping centre project in the Moscow region has been completed. Reservation agreements have been signed for about 40 per cent of the premises. This is also expected to accelerate progress in financing negotiations. The majority owner of the project is the Finnish real-estate investment company Vicus, which holds a 75 per cent stake. SRV owns 25 per cent of the shopping centre project and its total investments amount to EUR 7.5 million. Negotiations are currently under way on investor and bank financing arrangements. Earthworks on the site have begun.

Seventeen apartments in the Papula residential area project in Vyborg were sold during the review period (21 1-12/2012). At the end of the period, 6 completed units remained unsold (8). A decision has been made to launch the construction of the next two houses with a total of 111 units. Construction will begin in spring 2014.

Estonia

In April 2013, SRV completed a new bakery building for an Estonian subsidiary of the VAASAN Group. At the end of the period, one housing unit remained unsold (5) in Estonia.

Other operations, (EUR million)	1-12/ 2013	1-12/ 2012	change, MEUR	change, %	10-12/ 2013	10-12/ 2012
Revenue	13.0	14.4	-1.4	-9.5	3.8	3.4
Operating profit	-5.0	-4.7	-0.4		-1.7	-1.7

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

Revenue from Other Operations totalled EUR 13.0 million (EUR 14.4 million) and the operating profit was EUR -5.0 million (EUR -4.7 million). A fall in operating volumes had a negative effect on both revenue and operating profit. During the financial year, development costs expensed for SRV's projects totalled EUR 2.6 million (EUR 3.1 million). Fourth-quarter revenue amounted to EUR 3.8 million (EUR 3.4 million 10-12/2012) and operating profit came to EUR -1.7 million (EUR -1.7 million). During the fourth quarter, development costs expensed for projects amounted to EUR 1.0 million (EUR 1.1 million).

REDI – Kalasatama Centre

The city plan for SRV's large-scale REDI project – the Kalasatama Centre – entered into force in June 2013. The Administrative Court of Helsinki had dismissed a complaint regarding the city plan, and in June the Supreme Administrative Court rejected the appellants' request to appeal the ruling.

REDI will consist of six residential towers, and a tower housing a hotel and offices. The towers will have 20–33 stories, with the highest tower reaching 126 metres. According to the plans, the towers will have 1,200 housing units with floor space of about 100,000 m2 for approximately 2,000 residents, 10,000 m2 of office space and a 10,000 m2 hotel. A 64,000 m2 commercial centre and a car park with around 2,000 parking spots will be built next to the towers. As part of the implementation of the Kalasatama Centre, SRV and the City of Helsinki have agreed that SRV will build a 10,000 m2 social and health services centre in Kalasatama and lease it to the city. REDI will be built in phases by 2021, accounting for the market situation. For the most part, the other public premises planned for the Kalasatama Centre have already been built, as the underground waste station and new metro bridge commissioned by the City of Helsinki reached completion in summer 2013.

The City of Helsinki and SRV have negotiated on changes to the city plan so that the social and health services centre can be built on the north side of the Kalasatama Centre. This would make it possible to further develop the scope of the station, the implementation schedule and the functionality of the premises to better match the needs arising from the city's plan to centralise social services. The Social Services and Healthcare Committee of the City of Helsinki has for its own part approved the revised plan. The City Council will take the final decision on the approval of the revised plan.

Phase I of the private-sector part of the project consists of the construction of the REDI shopping centre and a car park with a total of 2,000 parking spaces, which will also serve park-and-ride commuters at Kalasatama. The REDI shopping centre will have about 64,000 m2 of leasable space.

SRV aims to open the first sections of the shopping centre in 2017. The plans for the shopping centre include two daily consumer goods stores and a wide selection of services and brands, all located in the intersection of the city's best traffic connections and its most densely populated area. REDI will be Finland's first shopping centre that can be easily reached by public bus, metro, tram, car, bicycle, walking – and even by boat. 500,000 people live within a 15 minutes' drive from REDI and 1.1 million within 30 minutes. Each day, more than 100,000 cars use the three main roads that pass through Kalasatama, and the Helsinki city centre is only six minutes away by metro.

REDI leasing negotiations are under way with anchor tenants and a wide range of potential tenants. If the ongoing lease negotiations lead to agreements, 70% of the retail space would be leased out. SRV estimates that the lease agreements signed by the end of the year account for about 25-30% of the retail space.

Investor sales and financing negotiations for the REDI shopping centre and car park are likewise ongoing. The investor negotiations concern a joint venture ownership structure, as SRV intends to keep a 50% holding in the project. The total value of the shopping centre and car park investment will range from about EUR 400 to 450 million, depending on the planned scope. Financing for project construction will be secured both as investments from the owners and as project loans. On the basis of the ongoing financing negotiations, SRV estimates that project financing will account for about 50% of the total value of the investment, and thus SRV's investment in the project could amount to about EUR 100-120 million. SRV seeks to complete the investor and financing negotiations during the first half of 2014. At the same time, SRV intends to sign a contractor agreement valued at about EUR 350-400 million for the implementation of the shopping centre and car park.

Group project development

The Keilaniemi residential towers, a project developed by SRV, is progressing. Complaints had been filed against the city plan approved by the Espoo City Council. The Administrative Court of Helsinki dismissed these complaints. The appellants then sought leave to appeal from the Supreme Administrative Court, but this was not granted. The city plan of the project entered into force on 28 November 2013. The project's total scope is approximately 72,000 m2 of floor area of housing units in four residential towers. SRV has a planning reservation for the area. Project progress hinges on a tunnel for a section of Ring Road I, the cost level of the investments in tunnelling and traffic arrangements and extensive traffic arrangements whose general plan was approved by the Finnish Transport Agency in spring 2013. A complaint has been lodged in the Administrative Court of Helsinki against the approval of the general plan. Road planning has been delayed by this complaint. The aim is to start construction in 2015.

SRV, Mutual Pension Insurance Company Varma and SATO Corporation are progressing with their project to develop the Niittykumpu district in Espoo. The city plan for the area entered into force in December. In addition, the Espoo City Council has taken its decision on the construction of the Niittykumpu metro station. The aim is to launch the construction of Phase I of the metro station, measuring about 5,000 m2, during 2014.

SRV and Orion have jointly developed a residential area on a property owned by Orion in the Ylä-Mankkaa district of Espoo. The total scope of the project is about 36,000 m2 of floor area, of which SRV seeks to purchase at least 40%.

SRV, Mutual Pension Insurance Company Ilmarinen and SATO Corporation are progressing with their project to develop their jointly owned area in the Perkkaa district of Espoo. The Espoo City Planning Committee approved the proposed city plan for viewing on 12 June 2013. The scope of the project is being confirmed at about 110,000 m2 of housing building rights, of which SRV's share is approximately one third. The aim is to launch housing construction during 2014.

The terms and conditions for reserving plots in the Airut eco-quarter, which will be built in the Jätkäsaari district of Helsinki, were confirmed in summer 2013 and building permit planning for the project is under way. Construction can be started in summer 2014 once the building permit has been secured. The project comprises a total of 22,000 m2 of floor area, including a rental apartment building for VVO and SRV's four market-financed owner-occupied apartment buildings, of which two will be built in accordance with HITAS terms. The design of the eco-quarter is based on a multipurpose concept that seeks to offer residents a wide range of services. The project focuses on energy-efficiency and the reporting of apartment energy consumption measurements, which enables the residents to optimise their energy use and uphold the principles of sustainable development in their daily lives.

SRV, Stora Enso Oyj and the Helsinki Housing Production Department (ATT) have a joint reservation for a quarter in the Jätkäsaari district granted by the Helsinki City Council. It is intended that a project showcasing industrial wood construction will be built in this quarter – named Wood City, it will consist of office, housing, hotel and commercial buildings. The project will be based on the winning entry of an architectural competition held in 2012. The draft design of the project is ongoing and the marketing of the premises has been started up. In addition, the preparation of city plan changes for the quarter continued in autumn 2013. In the tender held by ATT for design-and-build apartment buildings for the quarter, SRV and Stora Enso submitted the most competitive proposal. The aim is to start the construction of housing in the quarter when the city plan is confirmed in summer 2014. Work on the office building will begin in 2014 once investor and lease agreements so permit. The quarter is slated for completion in 2016.

At the end of 2013, SRV signed an agreement with Stockmann plc for the development and construction of a new logistics centre in Tuusula, and the acquisition of the plot. Construction will commence in spring 2014 and be completed in 2015. Stockmann will be sole user of the logistics centre and SRV has sold the site to the investor.

Financing and financial position

Net operational cash flow was EUR 62.3 million (EUR -33.2 million 1-12/2012). Major factors contributing to the cash flow improvement included the sale of the 55 per cent stake in the Okhta Mall shopping centre project and a decrease in short-term loan receivables following the refinancing by SRV's associated company Etmia II of its construction funding obtained from SRV with a long-term project loan of about EUR 33 million. The Group's inventories stood at EUR 425.4 million (EUR 431.2 million), of which land areas and plot-owning companies accounted for EUR 151.3 million (EUR 175.0 million). The Group's invested capital totalled EUR 528.0 million (EUR 513.3 million).

At the end of the financial year, the Group's financing reserves totalled EUR 221 million with the Group's cash assets amounting to EUR 90 million, and open-ended account limits, committed undrawn financing reserves and loans to EUR 131 million. In addition, after the end of the review period, SRV agreed on the extension of a EUR 25 million credit facility that matures in January 2014. The financial covenant for SRV's loans is its equity ratio, which is also reported to financers for developer contracting projects as a ratio based on percentage of completion. SRV's equity ratio based on percentage of completion was 36.8 per cent (on 31 December 2013).

During the financial year, SRV received the final financial results of four previously completed projects, from which the company had EUR 25.4 million in past due receivables at the end of 2012. Reaching an agreement on these disputes, which mainly concerned additional work and alterations, improved the Group's liquidity. The value of the Group's trade receivables outstanding for over 360 days amounted to EUR 2.5 million at the end of the financial year (EUR 24.3 million on 31 December 2012).

Capital committed to SRV's developer-contracted housing and business construction projects in Finland, both under construction and completed, totals EUR 200.7 million, of which about EUR 42 million is tied up in infrastructure construction in the Kalasatama Centre. SRV estimates that the completion of these projects (excl. the Kalasatama Centre) requires another EUR 21 million. Undrawn housing corporation loans and receivables for housing construction projects and undrawn business construction financing totalled EUR 24 million. Capital committed to completed international projects amounts to EUR 1.9 million, of which EUR 0.1 million relates to unsold housing projects in Estonia and EUR 1.8 million to unsold housing projects in Vyborg. In completed associated company projects EUR 21.6 million of capital is committed to Pearl Plaza shopping centre and EUR 1.7 million to the Etmia office project. SRV's investment commitments amounted to EUR 14.0 million (EUR 15.0 million).

In December, SRV issued a EUR 75 million senior unsecured bond. The five-year bond matures on 18 December 2018 and carries a fixed annual coupon at the rate of 5.0 per cent. The bond was allocated to 37 investors and the principal amount of the bond was increased due to strong demand. The listing prospectus is available in English on SRV Group Plc's Internet site at www.srv.fi/en/investors.

Equity ratio stood at 36.4 per cent (34.7% on 31 December 2012). Profitability improvement contributed to the increase in equity ratio. The Group's shareholders' equity totalled EUR 222.2 million (EUR 212.3 million). The Group's net interest-bearing liabilities totalled EUR 215.8 million (EUR 267.9 million). Net financing expenses were EUR -3.6 million (EUR -4.1 million). Return on investment was 5.4 per cent (2.2%) and return on equity 8.4 per cent (0.5%).

<u>Investments</u>

The Group's investments totalled EUR 9.9 million (EUR 3.7 million), and mostly consisted of investments in funds and the acquisition of machinery and equipment.

Unbuilt land areas, land acquisition commitments and land development agreements

Land reserve 31.12.2013	Business construction	Housing construction	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights*, m^2	225 028	363 512	751 000	1 339 540
Land development agreements				
Building rights*, m^2	120 900	258 250	52 000	431 150

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

Group structure

SRV is Finland's leading project management contractor. SRV builds, develops and owns commercial and business premises, housing units, and infrastructure projects. In addition to Finland, the company operates in Russia and Estonia. SRV Group Plc, the Group's parent company, is responsible for the Group's management, treasury, finance and administrative functions. The Property Development and Building Systems units support and serve all of the Group's business operations.

SRV's business segments are Domestic Operations, International Operations, and Other Operations. The Domestic Operations segment consists of property development and domestic construction operations led by SRV Construction Ltd. Operations are divided into housing construction and business construction, which comprises retail, office, logistics, earthworks, and rock construction operations. International Operations comprises SRV's business activities in Russia and Estonia. Other Operations consists primarily of SRV Group Plc and SRV Kalusto Oy's operations.

Changes in Group structure

To streamline the Group structure and as part of the decision to withdraw from the Latvian real-estate market and focus in future on Estonia in the Baltic countries, SRV decided to merge SRV Baltia Oy with SRV Group Plc. The juridical changes came into effect on 31 December 2013.

Personnel

SRV had an average payroll of 949 (989) employees, of whom 700 (728) were salaried employees. The parent company had an average staff of 54 (55) salaried employees. At the close of the financial year, the Group had 912 (951) employees, of whom 55 (54) were employed by the parent company. 148 (169) employees were employed by international subsidiaries. SRV's Domestic Operations employed a total of 36 (48) trainees (students on work placements and students working on their thesis or diploma). SRV offers summer jobs to students and a wide range of trainee opportunities, particularly to those studying construction. Systematic cooperation with educational institutions and universities fosters continuity for SRV's own trainee programme, enabling young people to combine studying and work as naturally as possible.

SRV's human resources strategy is designed to secure the availability and high motivation of personnel, and to ensure continued competence and leadership development. In 2013, the most significant investments in personnel development were allocated to contract law and the management of additional work and alterations. An internal training programme has been designed for construction site personnel and those in charge of projects. 300 employees have participated in the programme. The programme will continue in 2014. The content of SRV's occupational safety training has been updated to better serve the Group's supervisors and salaried employees. The Group-wide personnel survey that was carried out at year's end indicated that the development efforts were successful. The survey assessed the strategy, values, own opportunities, behaviour in the work community and the leadership of supervisors. The results improved across the board. The labour market survey carried out by Trade Union Pro showed similar results – SRV was ranked as Finland's fourth best employer in terms of overall satisfaction.

Personnel by segment	31.12.2013	31.12.2012	Percentage of Group personnel, 31.12.2013
Domestic Operations	670	685	73,5
International Operations	156	179	17,1
Other operations	86	87	9,4
Group, total	912	951	100,0

Outlook for construction

The sluggish recovery of the world economy and the prolonged crisis in Europe weaken the outlook of the Finnish economy. The problems facing economic growth have turned out to be longer-term than expected and total production in Finland is estimated to have contracted by about one per cent in 2013. Growth of around one per cent is forecast for 2014. The number of start-ups in building construction saw a further slight decline in 2013 and is expected to remain more or less at the 2013 level in 2014. The rise in building costs has levelled out.

General uncertainty has to a certain extent contributed to the slowdown in housing production. It is estimated that the construction of about 27,000 housing units was started in Finland in 2013, and the forecast for 2014 is about 25,000. Sales of new housing units have slackened, especially outside the Helsinki Metropolitan Area. Business with new housing funds has partly compensated for the weaker housing sales to households. Demand for housing currently involves major uncertainty factors. In the longer term, trends such as migration to population growth centres and the smaller size of households will maintain the need for housing construction in Finland.

Commercial and office real-estate markets remained muted. Both reduced demand and increased supply are lowering the occupancy rates of office premises in the Helsinki Metropolitan Area. However, there is a need for modern premises with good transport connections. In 2014, the number of commercial and office construction start-ups is expected to remain on a par with 2013.

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

Russian economic growth slowed down significantly in the second half of 2013. Private consumption has served as a weak engine of the economy, but investments have been minor. The GDP growth estimate for 2014 is no more than one and a half per cent. In 2014, total production is forecast to see growth of two per cent at most. The Estonian economy is estimated to have grown by about one per cent in 2013. Growth of around three per cent is forecast for 2014.

Risks, risk management and corporate governance

The general business cycle and changes in customers' business environments have immediate effects on the construction and property markets, and this may, for example, alter the volume of SRV's order backlog and the profitability of operations. It may also lead to an increased amount of capital being tied up in projects for a longer time. A change in the general level of interest rates has direct impacts on both SRV's cash flow from operating activities and financing costs. The general economic climate is unstable, and the international country-level financing crisis adds to the economic uncertainty. Property values are under pressure. General economic uncertainty and difficulties in securing financing keep the volume of property transactions at a low level and delay the start-up of new large-scale projects in particular. Demand for property investments has remained weak.

Bank regulation is once again becoming stricter, and this will affect the availability of bank financing, the length of loan periods and loan margin levels. Despite the extremely low interest rates, financing costs will grow as loan margins rise. If the international financial crisis escalates, it may further increase the cost of financing and weaken its availability. If the availability of financing for clients continues to weaken, client receivables may grow and SRV will face tighter liquidity.

In developer-contracted projects, recognition of income is largely based on the completed contract method, and recognition depends on the percentage of sold premises in delivered projects. The delivery schedules of developer-contracted projects can have a material impact on the development of both quarterly and full-year revenue and earnings. Factors that affect project sales include the occupancy rate of the project and the availability of financing for buyers. When sales are delayed, the recognition of revenue and operating profit is likewise postponed. To accelerate sales, the sales prices of slow-turnover projects might have to be lowered. Postponed start-ups in developer-contracted projects increase development expenses, which are recognised as costs.

Slower sales increase sales and marketing costs and interest expenses in developer-contracted housing production. In Finland, housing sales in the Helsinki Metropolitan Area have been performing reasonably well thanks to sales to investors, but economic uncertainty and tax increases, both implemented and planned, have weakened the sales outlook and volume. The asset transfer tax on the transfer of shares in a housing corporation was raised to 2.0 per cent as of 1 March 2013, and this tax is now also applicable to participations in housing corporation loans included in the shares. Banks' interest margins on both homebuyers' mortgages and housing corporation loans for housing construction climbed steeply during the past year. Key risks affecting demand for housing include consumer confidence in the future, the availability of financing, and a strong rise in interest rates.

Construction is subject to significant cost risks relating to subcontracting and procurements. Long-term planning is vital to keep these risks under control. SRV's operating model requires an adequate supply of skilled and competent personnel. A weak economic climate increases the financial risks relating to subcontractors. The construction sector has implemented a reverse value added tax policy, which, as a method, requires greater administrative accuracy. Post-construction warranty and liability obligations can last up to ten years. The rise in building costs has levelled out and the building cost index remained quite steady in the whole latter half of 2013.

SRV's revenue is generated by construction projects, and the company's result depends on the profitability and progress of individual projects. Competition for new orders in the construction sector is fierce, and this might affect the volume and profitability of SRV's new order backlog. Contractor agreements in the construction industry are substantial in value. Their terms and conditions require all parties to achieve the agreed targets within a set timetable, and to adhere to agreed working methods. In particular, carrying out additional works and alterations may involve financial risks that increase in a poor economic climate. Project receivables can involve additional work and alterations that are subject to complaints or disputes over payment liability. Segment management estimates the provisions required for receivables; however, these provisions may prove to be insufficient. If no mutual agreement on payment liability is reached during the final financial analysis of a project, the company may have to instigate legal proceedings against the client. The outcomes of legal proceedings involve uncertainties. SRV has initiated legal proceedings against clients concerning two completed projects involving client complaints or disputes over payment liability for additional work and alterations. In June, SRV initiated legal proceedings against Auroratalo Oy and HDL-Talot Oy concerning the payment liability for construction costs in the renovation and new construction contract for the Auroratalo building. SRV's claim amounts to about EUR 3.6 million (VAT 0%). In December, SRV launched legal proceedings against the real-estate company Kiinteistö Oy Abraham Wetterintie 6. The dispute concerns construction costs and scheduling as well as the real-estate company's liability to pay in a construction contract in which SRV Construction Ltd built a project comprising a number of apartment buildings for the real-estate company. The real-estate company is wholly owned by Keva, the Local Government Pensions Institution. SRV's claim amounts to about EUR 7.1 million (VAT 0%). SRV's management believes that these cases and their outcomes will not have a significant impact on SRV's financial position.

In addition to land acquisition risks, property projects face other risks, such as those related to the outcome of zoning, soil conditions, financing, the liquidity of funding based on financing commitments, the commercialisation of the project, implementation schedules and agreements, partners, the geographical location, and the type of project. In line with IFRS requirements, SRV measures its land reserves at acquisition cost. If the acquisition cost plus construction costs is lower than the sale value of the planned project, the value of the plot will be reduced. In accordance with its strategy, SRV has developed developer-contracting projects and invested in land acquisition in Finland and especially in Russia. The availability of property financing affects project start-up decisions and the progress of development projects. SRV aims to carry out large-scale development projects in cooperation with real estate investors using project funding. SRV's investment commitments in projects entail maintaining sufficient liquidity and financing capacity. A decline in the availability of investor and project funding may increase SRV's own share of project funding, and this would lower the Group's equity ratio and weaken both the Group's liquidity and the availability of other funding.

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

Liquidity risks may have an effect on the Group's earnings and cash flow if the Group is unable to ensure sufficient financing for its operations. SRV maintains adequate liquidity through efficient management of cash flows and related solutions, such as binding lines of credit that are valid until further notice. The company has a long-term binding liquidity arrangement (EUR 100 million), which will mature in December 2015. The company's financing agreements are subject to customary terms and conditions. The financial covenant is the company's equity ratio, which is also reported to banks for developer contracting projects as a ratio based on percentage of completion.

Capital structure risks may adversely affect the availability of financing for the Group if the company's equity ratio falls too low. The Group does not have a public credit rating issued by a credit institution. In order to maintain its capital structure, the Group may adjust its dividend payment, issue new shares or float equity bonds. In order to maintain its equity ratio, the Group may be forced to downscale its business operations and use of capital. The equity ratio is affected by factors such as the profitability of business operations, postponements in the sale and handover of developer-contracted projects, plot investments, and other balance sheet growth. The Group monitors its capital structure using its equity ratio. The Group seeks to keep the share of the balance sheet total less advances received accounted for by shareholders' equity at no less than 30 per cent. On 28 December 2012, SRV issued a EUR 45 million domestic hybrid bond (equity bond). The bond has no maturity, but the company has the right to redeem it in four years' time. The interest payable on the bond will increase after the first redemption date.

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

A Corporate Governance Statement is issued as a separate report. A detailed account of SRV's risks, risk management and corporate governance policies will be published in the 2013 Annual Report and Notes to the Financial Statements. They will be available on the company's website at www.srv.fi during week 8.

Environmental issues

The Group seeks to minimise the adverse environmental impacts of its operations and to promote sustainable development in the built environment. SRV wants to be a pioneer in the development and implementation of attractive living and working environments that encourage people to adopt ecological lifestyles. SRV builds housing in locations with good access to public transport. In the Helsinki Metropolitan Area, the company relies on the metro and railway. SRV has joined the Nordic Built initiative for sustainable construction and is a member of Green Building Council Finland. SRV also seeks to reduce the volumes of waste and unsorted construction waste generated on sites as well as deliver as much waste as possible for recovery. SRV's environmental reporting system keeps track of waste amounts and indicators.

SRV is also participating in numerous R&D projects dealing with sustainable urban environments and living solutions. An office building built for the Wood City project – an urban quarter developed by SRV and StoraEnso in the Jätkäsaari district of Helsinki – was included in a pilot project for life-cycle indicators for buildings that was commissioned by Green Building Council Finland. The findings made during the calculation of these indicators in the project phase, such as factors influencing the life-cycle carbon footprint, will be utilised in the design of Wood City and other SRV projects. SRV is participating in the Energizing Urban Ecosystem RYM SHOK research programme, which aims to create new business opportunities by developing world-class expertise and knowhow in the design and implementation of sustainable urban environments that promote the creation of innovation ecosystems.

The Derby Business Park built by SRV achieved the highest Platinum level of the LEED environmental certification system thanks to its environmental friendliness and energy efficiency. Furthermore, Derby is Finland's first office property to use geothermal heating. SRV's own head office is also housed in Derby.

Corporate governance and resolutions of general meetings

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

The AGM authorised the Board of Directors to decide on the acquisition of the company's own shares, using the company's unrestricted equity. The Board was authorised to acquire a maximum of 3,676,846 the company's own shares in such a manner that the number of shares acquired on the basis of this authorisation, when combined with the shares already owned by the company, does not at any given time exceed 3,676,846 shares, or 10 per cent of all shares of the company. Based on this authorisation, the Board may acquire a maximum of 3,676,846 shares in public trading arranged by Nasdaq OMX Helsinki Oy at a market price valid at the moment of acquisition, and a maximum of 1,000,000 shares in public trading arranged by Nasdaq OMX Helsinki Oy, or otherwise, without consideration or for a maximum price of EUR 4.45 per share, the maximum total being, however, 3,676,846 shares. The aforementioned authorisations include the right to acquire shares other than in proportion to the holdings of shareholders. Shares acquired on the basis of this authorisation may be acquired in one or several instalments. The authorisations as described above shall be in force for 18 months from the decision of the general meeting and cancel the authorisation granted by the Annual General Meeting to the Board of Directors on 14 March 2012.

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

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

Shares and shareholders

SRV Group Plc's share capital is EUR 3,062,520. The share has no nominal value and the number of registered shares is 36,768,468. The company has one class of shares. SRV had a total of 6,078 shareholders on 31 December 2013.

The share closing price at OMX Helsinki at the end of the financial year was EUR 4.05 (EUR 3.26 on 31 December 2012, change 24.2%). The highest share price in the financial year was EUR 4.72 and the lowest was EUR 2.95. SRV's equity per share at the end of the financial year amounted to EUR 4.99 (EUR 4.62 on 31 December 2012). During this period, the all-share index of the Helsinki Stock Exchange (OMX Helsinki) changed by 26.5 per cent, and the OMX Construction and Materials index by 10.0 per cent.

At the end of the financial year, the company had a market capitalisation of EUR 143.8 million, excluding the Group's treasury shares. 3.4 million shares were traded during the financial year with a trade volume of EUR 12.6 million. SRV bought back a total of 552,833 of its own shares when the Total Return Swap derivative contract with Nordea matured on 13 May 2013. As set in the agreement made on 5 January 2010, the per-share acquisition cost was EUR 4.45. The number of treasury shares reported did not increase, because said shares were recognised as treasury shares while the derivative contract was in force. At the end of the financial year, SRV Group Plc held 1,273,539 SRV Group Plc shares (3.5 per cent of the total number of the company's shares and combined number of votes). On 13 February 2014, the Group held 1,273,539 shares (3.5 per cent of the total number of the company's shares and combined number of votes).

Financial targets

On 13 February 2014, SRV's Board of Directors confirmed the Group's strategy targets for 2014–2018. The following strategic targets were set for the Group:

- During the strategic period, SRV will focus on improving profitability rather than on growth
- The average annual revenue of International Operations will rise to more than EUR 150 million
- The operating profit margin will reach 6 per cent
- The return on equity will be at least 15 per cent
- The equity ratio will remain above 30 per cent
- A dividend payment equalling 30 per cent of the annual result, taking into account the capital needs of business operations

For the set targets to be achieved, the number of developer-contracted projects must be stepped up substantially.

Events after the reporting period

The trend in new order intake remained favourable in January and SRV signed new contractor agreements valued at a total of EUR 90 million with external clients.

Outlook for 2014

The quarterly variation and development of revenue and result in 2014 will be affected by several factors, such as: SRV's own projects are recognised as income upon delivery, the part of the order backlog that is continuously recognised as income mainly consists of low-margin contracting, the development of the order backlog's profit margins, the sales volume of developer-contracted housing and the completion schedules of the properties, the number of new contracts, the start-up of own projects, the project development nature of operations, and the realisation of planned project sales. Investor demand for commercial properties in Finland is estimated to remain muted and the outlook for 2014 does not include the sale of the Derby Business Park property. The construction of the REDI shopping centre that SRV is developing in Kalasatama is expected to start in 2014. Based on current completion schedules, SRV estimates that a total of 186 developer-contracted housing units will be completed during 2014.

SRV estimates that its developer-contracting volume will increase in 2014. The recognition of revenue and earnings in 2014 will be affected by the recognition of income upon delivery and the elimination of a share equivalent to SRV's holding from profit margins. The Group's full-year revenue is expected to be on a par with the previous year (EUR 679.4 million 1-12/2013) and profit before taxes to amount to EUR 10-20 million (EUR 22.8 million 1-12/2013).

Proposal for the distribution of profits

The parent company's distributable funds on 31 December 2013 are	EUR 133,506,384.88
of which net profit for the financial year is	EUR 1,348,845.17

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

A dividend of EUR 0.12 per share be paid to shareholders, or	EUR 4,412,216.16
The amount to be transferred to shareholders' equity is	EUR 129,094,168.72

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

Espoo, 13 February 2014

Board of Directors

All forward-looking statements in this review are based on management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

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Key figures:

		1-12/ 2013	1-12/ 2012	10-12/ 2013	10-12/ 2012
Revenue	EUR million	679.4	641.6	171.6	175.4
Operating profit	EUR million	26.4	6.9	4.6	2.4
Operating profit, % of revenue	%	3.9	1.1	2.7	1.4
Profit before taxes	EUR million	22.8	2.8	3.6	2.2
Profit before taxes, % of revenue	%	3.4	0.4	2.1	1.2
Net profit attributable to equity holders of the parent company	EUR million	14.0	0.8	0.5	1.3
Return on equity, %	%	8.4	0.5		
Return on investment, %	%	5.4	2.2		
Invested capital	EUR million	528.0	513.3		
Equity ratio	%	36.4	34.7		
Net interest-bearing debt	EUR million	215.8	267.9		
Gearing ratio	%	97.1	126.2		
Order backlog	EUR million	825.8	827.8		
New agreements	EUR million	600.7	594.5		
Personnel on average		949	989		
Property, plant and equipment investments	EUR million	9.9	3.7	2.1	1.7
Property, plant and equipment investments, % of revenue	%	1.5	0.6	1.2	1.0
Earnings per share	EUR	0.39	0.02	0.01	0.03
Earnings per share (diluted)	EUR	0.39	0.02	0.01	0.03
Equity per share	EUR	4.99	4.62		
Dividend per share [1)]	EUR	0.12	0.06		
Dividend payout ratio	%	30.8	300.0		
Dividend yield	%	3.0	1.8		
Price per earnings ratio		10.4	163.0		
Share price development					
Share price at the end of the period	EUR	4.05	3.26		
Average share price	EUR	3.75	3.76		
Lowest share price	EUR	2.95	3.00		
Highest share price	EUR	4.72	4.89		
Market capitalisation at the end of the period	EUR million	143.8	115.7		
Trading volume	1 000	3364	2937		
Trading volume, %	%	9.5	8.3		
Weighted average number of shares outstanding during the period	1 000	35495	35499		
Weighted average number of shares outstanding during the period (diluted)	1 000	35595	35 532		

1) The Board of Directors's proposition as a dividend from the year 2013.

Calculation of key figures:

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

SRV Group Plc Financial Statement Release 1 January – 31 December 2013: Tables

APPENDIXES
1) Consolidated financial statement information: Income statement, balance sheet, cash flow statement, statement of changes in equity, commitments and contingent liabilities and derivative contracts liabilities
2) Quarterly development
3) Segment information, inventories and related-party transactions
4) Events after the reporting period

1. Group financials 1 January – 31 December 2013

SRV Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid on 31 December 2013. The figures in the tables have been rounded, which should be noted when counting the total sums. The condensed consolidated financial statement information has been prepared in accordance with the accounting policies set out in the IAS 34 standard, and the information disclosed for the periods January–December 2013 and January–December 2012 is audited and the information disclosed for the periods October–December 2013 and October–December 2012 is unaudited. The consolidated financial statements have been prepared based on a historical cost basis, except for available-for-sale investments, financial assets and liabilities measured at fair value through profit or loss and derivative contracts measured at fair value as well as share-based payments that are measured at fair value.

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

The following standards, interpretations and amendments have been applied as from 1 January 2013.

- IFRS 7, Financial Instruments: Disclosures. In December 2011, the IASB issued an amendment to IFRS 7 regarding disclosures about financial assets and financial liabilities that have been offset.
- IFRS 13, Fair Value Measurement. The key amendment to this standard is that it establishes a single framework for measuring fair value.
- IAS 1, Presentation of Financial Statements. The key impacts of the amendment concern the classification of comprehensive income items.
- Annual improvements (2009 – 2011 Cycle). Annual improvements apply to the following standards: IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34.

The application of the following standards, amendments and interpretations is mandatory as from the accounting period beginning on or after 1 January 2014 (effective date is shown in parenthesis). The Group is reviewing the impact of future standards, amendments and interpretations on the consolidated financial statements.

- IAS 32, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014). This amendment to IAS 32 clarifies the meaning of "currently has a legally enforceable right to set-off" and when offsetting happens simultaneously in order to be able offset a receivable and payable.
- IFRS 10, Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014). One of the key amendments to this standard is that it clarifies the concept of control when deciding whether an entity should be consolidated in the consolidated financial statements.
- IFRS 11, Joint Arrangements (effective for annual periods beginning on or after 1 January 2014). One of the key amendments to this standard is that it focuses on the rights and obligations inherent in a joint arrangement rather than its legal form. Additionally, the standard requires that the equity method be used in the reporting of joint arrangements.
- IFRS 12, Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014). One of the key amendments to this standard is that it sets new disclosure requirements for reporting holdings in other entities.

- Transition guidance for IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 1 January 2014).
- IAS 28, Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014). The main impacts of the amendment concern the requirements for the application of the equity method when accounting for investments in associates and joint ventures due to the publication of IFRS 11.
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014). According to the amendment, hedge accounting does not have to be discontinued if the counterparty to the hedging agreement changes due to legal obligations and the terms of the agreement remain unchanged in other respects.
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). The amendment clarifies the requirements concerning notes on asset items whose recoverable amounts are measured on the basis of fair value less the costs of disposal.
- IFRIC Interpretation 21 Levies (effective for annual periods beginning on or after 1 January 2014). According to the interpretation, a levy imposed by a government on the entity is recognised when an obligating event triggers the payment of the levy in accordance with the relevant legislation (not endorsed by the EU).
- IFRS 9 Classification and Measurement of Financial Assets and Liabilities (effective for annual periods beginning on or after 1 January 2015). Upon adoption, the standard will replace IAS 39 to a large extent, and it will amend the classification of both financial assets and liabilities (not endorsed by the EU).

Consolidated income statement (EUR million)	1-12/ 2013	1-12/ 2012	change, MEUR	change,%	10-12/ 2013	10-12/ 2012
Revenue	679.4	641.6	37.8	5.9	171.6	175.4
Other operating income	4.1	4.6	-0.5	-10.3	1.4	1.9
Change in inventories of finished goods and work in progress	18.7	61.6	-42.9	-69.6	-1.3	18.1
Use of materials and services	-594.8	-617.6	22.8	-3.7	-145.2	-170.6
Employee benefit expenses	-63.6	-63.2	-0.4	0.7	-16.4	-16.5
Share of results of associated companies	-2.0	-0.7	-1.3	192.4	-1.0	-0.6
Depreciation and impairments	-3.1	-4.5	1.4	-30.8	-0.9	-1.2
Other operating expenses	-12.3	-14.8	2.6	-17.2	-3.5	-4.1
Operating profit	26.4	6.9	19.5	283.3	4.6	2.4
Financial income	1.8	4.0	-2.2	-55.3	-0.4	1.5
Financial expenses	-5.4	-8.1	2.7	-33.5	-0.6	-1.7
Financial income and expenses, total	-3.6	-4.1	0.5	-12.5	-1.0	-0.2
Profit before taxes	22.8	2.8	20.0	718.2	3.6	2.2
Income taxes	-4.5	-1.9	-2.6	138.4	-2.1	-0.8
Net profit for the period	18.3	0.9	17.4	1918.0	1.5	1.4
Attributable to						
Equity holders of the parent company	14.0	0.8			0.5	1.3
Hybrid bond investors	4.3	0.0			1.0	0.0
Non-controlling interests	0.0	0.1			0.0	0.0
Earnings per share attributable to equity holders of the parent company	0.39	0.02			0.01	0.03
Earnings per share attributable to equity holders of the parent company (diluted)	0.39	0.02			0.01	0.03

Statement of comprehensive income (EUR million)	1-12/ 2013	1-12/ 2012	10-12/ 2013	10-12/ 2012
Net profit for the period	18.3	0.9	1.5	1.4
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Gains and losses arising from translating the financial statements of a foreign operation	0.0	0.0	0.0	0.0
Other comprehensive income for the period, net of tax	0.0	0.0	0.0	0.0
Total comprehensive income for the period	18.3	1.0	1.5	1.4
Attributable to				
Equity holders of the parent company	14.0	0.8	0.5	1.3
Hybrid bond investors	4.3	0.0	1.0	0.0
Non-controlling interests	0.0	0.1	0.0	0.0

Consolidated balance sheet (EUR million)	31.12.13	31.12.12	change, %
ASSETS			
Non-current assets			
Property, plant and equipment	12.6	13.7	-7.8
Goodwill	1.7	1.7	0.0
Other intangible assets	0.8	0.6	25.9
Other financial assets	18.2	10.9	66.3
Receivables	5.1	1.4	256.6
Loan receivables from associated companies and joint ventures	23.8	11.9	99.5
Deferred tax assets	7.5	8.1	-7.7
Non-current assets, total	69.7	48.4	43.9
Current assets			
Inventories	425.4	431.2	-1.3
Trade and other receivables	75.0	127.1	-41.0
Loan receivables from associated companies and joint ventures	1.1	31.6	-96.5
Current tax receivables	1.8	4.0	-53.7
Cash and cash equivalents	90.0	33.1	172.0
Current assets, total	593.3	626.9	-5.4
ASSETS, TOTAL	663.0	675.4	-1.8

Consolidated balance sheet (EUR million)	31.12.13	31.12.12	change, %
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	3.1	3.1	0.0
Invested free equity fund	92.2	92.2	0.0
Translation differences	0.0	0.0	23.3
Fair value reserve	0.0	0.0	
Retained earnings	81.7	68.9	18.6
Equity attributable to equity holders of the parent company, total	177.0	164.2	7.8
Non-controlling interests	0.6	3.5	-81.8
Hybrid bond	44.6	44.6	0.0
Equity, total	222.2	212.3	4.7
Non-current liabilities			
Deferred tax liabilities	2.7	4.1	-35.6
Provisions	4.0	6.3	-37.0
Interest-bearing liabilities	179.1	118.5	51.1
Other liabilities	1.4	0.0	3 338.9
Non-current liabilities, total	187.1	129.0	45.1
Current liabilities			
Trade and other payables	118.9	147.6	-19.4
Current tax payables	2.3	0.3	662.4
Provisions	5.7	3.7	55.0
Interest-bearing liabilities	126.7	182.5	-30.6
Current liabilities, total	253.6	334.1	-24.1
Liabilities, total	440.8	463.1	-4.8
EQUITY AND LIABILITIES	663.0	675.4	-1.8

Consolidated cash flow statement

(EUR million)	1-12/2013	1-12/2012
Cash flows from operating activities		
Net profit for the period	**18.3**	**0.8**
Adjustments:		
Depreciation and impairments	3.1	4.4
Non-cash transactions	10.5	0.4
Financial income and expenses	3.6	4.1
Capital gains on sales of tangible and intangible assets	0.0	0.1
Income taxes	4.5	1.9
Adjustments, total	**21.7**	**10.9**
Changes in working capital:		
Change in loan receivables	18.5	22.7
Change in trade and other receivables	47.7	-14.2
Change in inventories	-2.1	-68.8
Change in trade and other payables	-30.4	26.3
Changes in working capital, total	**33.8**	**-34.0**
Interest paid	-14.0	-8.0
Interest received	3.3	3.8
Dividends received	0.0	0.0
Income taxes paid	-0.7	-6.7
Net cash flow from operating activities	62.3	-33.2
Cash flow from investing activities		
Purchase of property, plant and equipment	-2.1	-3.2
Purchase of intangible assets	-0.3	-0.3
Purchase of other financial assets	-7.4	-0.2
Sale of property, plant and equipment and intangible assets	0.3	0.4
Sale of financial assets	0.2	0.1
Net cash used in investing activities	**-9.4**	**-3.2**
Cash flows from financing activities		
Proceeds from loans	86.6	48.3
Repayments of loans	-75.8	-23.1
Hybrid bond	0.0	44.6
Change in loan receivables	0.0	0.0
Change in housing corporation loans	-17.0	32.9
Change in credit limits	12.4	-41.5
Purchase and sale of treasury shares	0.0	0.0
Dividends paid	-2.2	-4.3
Net cash from financing activities	**4.0**	**57.0**
Net change in cash and cash equivalents	56.9	20.6
Cash and cash equivalents at the beginning of period	33.1	12.5
Cash and cash equivalents at the end of period	**90.0**	**33.1**

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

(EUR million)	Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Hybrid bond	Total equity
	Equity attributable to the equity holders of the parent company								
Equity on 1 January 2013	3.1	92.2	0.0	0.0	68.9	164.2	3.5	44.6	212.3
Total income and expenses for the period	0.0	0.0	0.0	0.0	18.3	18.3	0.0	0.0	18.3
Dividends paid	0.0	0.0	0.0	0.0	-2.1	-2.1	0.0	0.0	-2.1
Share-based incentive plan	0.0		0.0	0.0	2.0	2.0	0.0	0.0	2.0
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid bond	0.0	0.0	0.0	0.0	-3.2	-3.2	0.0	0.0	-3.2
Other changes *	0.0	0.0	0.0	0.0	-2.2	-2.2	-2.9	0.0	-5.1
Equity on 31 December 2013	3.1	92.2	0.0	0.0	81.7	177.0	0.6	44.6	222.2

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

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

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

Commitments and contingent liabilities (EUR million)	31.12.13	31.12.12	change, %
Collateral given for own liabilities			
Real estate mortgages given [1)]	212.4	338.0	-37.2
Pledges given	0.0	0.0	
Other commitments			
Guarantees given for liabilities on uncompleted projects	0.0	0.0	
Investment commitments given	14.0	15.0	-6.8
Plots purchase commitments	157.8	120.5	31.0

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

Fair and nominal values of derivative instruments	12/2013		12/2012	
(EUR million)	Fair Values		Fair Values	
Hedge accounting not applied	Positive	Negative	Positive	Negative
Foreign exchange forward contracts	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.4	0.0	1.2
Nominal values of derivative instruments		12/2013		12/2012
Foreign exchange forward contracts		0.0		0.0
Interest rate swaps		30.0		30.0

2. Group and Segment information by quarter

SRV Group (EUR million)	10-12/13	7-9/13	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Revenue	171.6	170.0	179.4	158.4	175.4	155.8	169.7	140.7
Operating profit	4.6	6.9	13.7	1.2	2.4	-0.4	3.1	1.8
Financial income and expenses, total	-1.0	-1.7	-0.4	-0.5	-0.2	-1.8	-0.6	-1.5
Profit before taxes	3.6	5.2	13.3	0.7	2.2	-2.1	2.5	0.3
Order backlog [1)]	825.8	911.5	959.2	726.7	827.8	747.1	746.3	760.7
New agreements	68.3	107.9	384.5	40.0	248.0	138.5	142.5	65.5
Earnings per share, EUR	0.01	0.06	0.35	-0.03	0.03	-0.04	0.04	-0.01
Equity per share, EUR [1)]	4.99	4.95	4.86	4.50	4.62	4.58	4.61	4.56
Share closing price, EUR [1)]	4.05	4.41	3.28	3.36	3.26	3.44	3.30	4.23
Equity ratio, % [1)]	36.4	39.3	35.2	34.3	34.7	28.5	29.7	31.9
Net interest-bearing debt [1)]	215.8	227.1	245.0	277.7	267.9	311.3	288.0	259.5
Gearing, % [1)]	97.1	102.8	112.5	135.6	126.2	187.7	172.3	156.9

1) at the end of the period

Revenue (EUR million)	10-12/13	7-9/13	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Domestic Operations	155.8	155.0	128.9	135.0	157.2	139.7	150.8	120.7
- business construction	89.1	88.1	74.6	67.5	83.5	78.9	80.9	61.9
- housing construction	66.8	66.9	54.3	67.5	73.7	60.7	69.9	58.7
International Operations	15.7	15.1	50.4	23.5	18.1	16.1	18.9	20.1
Other operations	3.8	2.9	3.0	3.3	3.4	3.6	3.7	3.7
Eliminations	-3.8	-2.9	-3.0	-3.4	-3.3	-3.6	-3.7	-3.7
Group, total	171.6	170.0	179.4	158.4	175.4	155.8	169.7	140.7

Operating profit (EUR million)	10-12/13	7-9/13	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Domestic Operations	8.0	7.3	2.7	3.4	1.6	1.9	5.8	5.4
International Operations	-1.7	0.2	12.3	-0.8	2.4	-1.1	-1.9	-2.6
Other operations	-1.7	-0.6	-1.3	-1.4	-1.7	-1.1	-0.9	-1.1
Eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group, total	4.6	6.9	13.7	1.2	2.4	-0.4	3.1	1.8

Operating profit (%)	10-12/13	7-9/13	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Domestic operations	5.1	4.7	2.1	2.5	1.0	1.3	3.9	4.5
International operations	-10.7	1.1	24.5	-3.6	13.3	-7.0	-9.9	-13.0
Group, total	2.7	4.0	7.6	0.8	1.4	-0.2	1.8	1.2

Order backlog (EUR million)	31.12.13	30.9.13	30.6.13	31.3.13	31.12.12	30.9.12	30.6.12	31.3.12
Domestic operations	645.8	727.8	771.6	686.9	774.4	676.2	661.7	658.3
- business construction	392.8	451.1	458.7	389.9	438.7	312.1	325.4	329.4
- housing construction	253.0	276.6	312.9	296.9	335.7	364.2	336.4	328.8
International operations	180.1	183.7	187.6	39.8	53.4	70.9	84.5	102.4
Group, total	825.8	911.5	959.2	726.7	827.8	747.1	746.3	760.7
- sold order backlog	618.0	704	746	532	610	517	551	570
- unsold order backlog	207.9	207	213	194	218	230	195	191

Order backlog, housing construction in Finland (EUR million)	31.12.13	30.9.13	30.6.13	31.3.13	31.12.12	30.9.12	30.6.12	31.3.12
Negotiation and construction contracts	122	119	121	120	129	153	155	153
Under construction, sold	14	31	52	56	59	52	56	57
Under construction, unsold	60	87	117	99	119	133	103	92
Completed and unsold	57	40	24	21	28	26	21	27
Housing construction, total	253	277	313	297	336	364	336	329

Invested capital (EUR million)	31.12.13	30.9.13	30.6.13	31.3.13	31.12.12	30.9.12	30.6.12	31.3.12
Domestic operations	274.8	286.5	291.2	292.7	297.4	286.2	270.2	228.8
International operations	177.9	171.7	179.0	195.4	196.2	200.7	198.5	198.6
Other operations and eliminations	75.4	8.7	40.6	10.5	19.7	3.4	3.3	7.8
Group, total	528.0	466.9	510.9	498.6	513.3	490.3	472.0	435.1

Housing production in Finland (units)	10-12/13	7-9/13	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	1-3/12
Housing sales, total	117	183	178	223	207	170	235	133
- sales, developer contracting	29	69	64	135	140	85	154	98
- sales, negotiation contracts [2]	88	114	114	88	67	85	81	35
Developer contracting								
- start-ups	0	25	142	35	95	125	171	24
- completed	151	175	109	104	114	116	122	99
- completed and unsold	182	128	89	75	99	100	85	102
Under construction, total [1]	1 054	1 398	1 525	1 633	1 849	2 126	2 060	2 188
- construction contracts [1]	334	550	560	795	969	1 212	1 240	1 425
- negotiation contracts [1] [2]	471	448	415	321	294	309	224	216
- developer contracting [1]	249	400	550	517	586	605	596	547
- of which sold [1]	71	139	206	237	230	205	221	206
- of which unsold [1]	178	261	344	280	356	400	375	341

1) at the end of the period 2) investor sales under negotiation contracts

3. Segment information

Assets (EUR million)	31.12.13	31.12.12	change, MEUR	change, %
Domestic operations	383.2	422.9	-39.7	-9.4
International operations	209.1	233.7	-24.6	-10.5
Other Operations	389.7	311.8	77.9	25.0
Eliminations	-319.0	-293.0	-26.0	
Group, total	663.0	675.4	-12.4	-1.8

Liabilities (EUR million)	31.12.13	31.12.12	change, MEUR	change, %
Domestic operations	326.7	370.4	-43.8	-11.8
International operations	199.0	235.2	-36.3	-15.4
Other Operations	207.0	123.3	83.8	68.0
Eliminations and other adjustments	-291.9	-265.8	-26.0	
Group, total	440.8	463.1	-22.3	-4.8

Invested capital (EUR million)	31.12.13	31.12.12	change, MEUR	change, %
Domestic operations	274.8	297.4	-22.6	-7.6
International operations	177.9	196.2	-18.3	-9.3
Other and eliminations	75.4	19.7	55.6	281.7
Group, total	528.0	513.3	14.7	2.9

Return on investment %	1-12/13	1-12/12
Domestic operations	7.3	5.6
International operations	6.3	-0.2
Group, total	5.4	2.2

Inventories (MEUR)	31.12.13	31.12.12	change, MEUR
Land areas and plot-owning companies	151.3	175.0	-23.8
Domestic operations	83.1	74.6	8.6
International operations	68.2	100.5	-32.3
Work in progress	92.1	159.3	-67.2
Domestic operations	87.8	150.9	-63.1
International operations	4.3	8.4	-4.1
Shares in completed housing corporations and real estate companies	114.8	53.8	61.0
Domestic operations	112.9	51.9	61.0
International operations	1.9	1.8	0.0
Other inventories	67.2	43.1	24.2
Domestic operations	8.4	7.2	1.2
International operations	58.9	35.8	23.0
Inventories, total	425.4	431.2	-5.8
Domestic operations	292.2	284.6	7.6
- share of associated companies and joint ventures	2.6	1.5	1.1
International operations	133.2	146.6	-13.3
- share of associated companies and joint ventures	57.9	34.3	23.5

Related party transactions (EUR million)	Salaries and compensation	Sale of goods and services	Purchase of goods and services	Receivables	Liabilities
31.12.2013					
Management and the Board of Directors	2.6	3.0	0.0	0.0	0.0
Joint ventures	0.0	57.8	0.1	5.6	0.1
Associated companies	0.0	7.8	0.0	15.9	3.6
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	2.6	68.7	0.1	21.5	3.7
31.12.2012					
Management and the Board of Directors	2.8	0.0	0.0	0.0	0.0
Joint ventures	0.0	50.5	0.2	35.0	14.1
Associated companies	0.0	0.3	0.0	15.2	0.0
Other related parties	0.0	0.0	0.0	0.0	0.0
Total	2.8	50.8	0.2	50.1	14.1

4. Events after the reporting period

The trend in new order intake remained favourable in January and SRV signed new contractor agreements valued at a total of EUR 90 million with external clients.