Financial statements 2018

DESTIA

Destia Group´s Financial Statements 2018

Contents

Report of the Board of Directors 2018

Destia is a Finnish service company in the infrastructure and construction sector. We design, build and maintain not only traffic routes, railways and traffic and industrial environments, but also complete living environments. Our services cover subterranean construction, extensive overground operations, and range from demanding foundation engineering projects to energy and engineer construction. Our clientele comprises industrial enterprises and businesses, municipalities and cities and government organisations. Destia Group mainly operates in Finland.

Operating environment

The positive economic development seen in the previous years began to level off during the financial year as export growth slowed down. In civil engineering, the market situation was fairly good. There were tendering processes for major projects during the financial year, with competition remaining intense.

In its October 2018 economic outlook report, the Confederation of Finnish Construction Industries RT estimated that the growth of the construction sector will exceed the growth of the Finnish economy for the fourth straight year. According to the estimate, 60% of construction revenue was accumulated inside the triangle formed by Helsinki, Turku and Tampere. Like building construction, infrastructure construction was also focused on the areas where population growth is highest. According to RT, the state's funds were allocated largely to managing the repair backlog of the road network, while municipalities made substantial investments in the street network and new infrastructure in connection with the construction of new buildings. However, RT estimates that increasing civil engineering costs, the completion of major projects and lower state funding will push the sector's growth down to zero in 2019.

According to Statistics Finland, the costs of the civil engineering industry increased by 2.2% from December 2017 to November 2018. The increase in the total index was particularly attributable to the higher prices of bitumen and fuel oil. The lower prices of purchased transport services and ready-mixed concrete products curbed the increase in the index.

Order book and the most significant new orders

Destia's order book is spread over several years and developed favourably during the financial year, amounting to MEUR 732.7 (year 2017: 696.2) at the end of December. The tendering of some projects during the financial year was carried out under new implementation models, and Destia achieved a good level of success in them. Destia won all but one of the tenders for design-build-develop projects it participated in. The design-build-develop projects for the upgrading of National Road 4 Kirri-Tikkakoski and E18 Kausala-Kirismäki have not yet been entered in the order book except for the development phase. The Kello-Räinänperä design-build-develop project, on the other hand, has already progressed to the building phase and, as such, has been entered in the order book in its entirety.

The most significant new contracts signed in 2018:

- Upgrading of National Road 5 Mikkeli-Nuutilanmäki, design-build
- Track maintenance area 3 for the period 2019–2014
- Upgrading of National Road 4 Kello-Räinänperä, design-build-develop
- Renovation and alteration work on Hämeentie in Helsinki
- Upgrading of National Road 12 Tillola-Keltti, design-build
- Upgrading of National Road 4 Äänekoski north and Kuorejoki, design-build
- Upgrading of National Road 46 between National Road 4 and the Päijät-Häme border
- Maintenance management contracts in Hyvinkää and the northern part of the City of Lahti for the period 2018–2023
- Regional maintenance contracts: Hämeenlinna, Paimio, Pudasjärvi-Taivalkoski, Suonenjoki, Vaasa, Pihtipudas, for the period 2018–2023

In addition, Destia won several smaller contracts that support its strategy, particularly in the energy infrastructure business and in the capital region.

Revenue development

The Group's revenue was MEUR 550.3 (478.7) for the financial year.

Destia Group's other operating income during the financial year amounted to MEUR 3.3 (3.3). This mainly includes sales income from fixed assets and property rental income.

Result development

Destia's operating profit for the financial year was MEUR 17.1 (13.1). The Group's result for the financial year was MEUR 13.1 (12.6). The result for the financial year was improved by several successful projects, but the personnel costs associated with the long-term incentive scheme that will conclude at the end of the financial year had a negative impact on the result. The operating profit for the comparison period included expense items of MEUR -2.1 affecting comparability.

Destia Group's income taxes in the financial year totalled MEUR 3.0 (-0.4).

Balance sheet, cash flow and financing

Total assets on Destia's balance sheet were MEUR 285.8 (264.3) at the end of the financial year. Return on investment (ROI) was 13.5% (10.7%), the equity ratio was 33.6% (34.5%), and net gearing was 4.4% (28.5%). Operating cash flow for the financial year was very strong and included seasonal fluctuation, which is typical of the Group's business. The cash flow of the financial year comprised operating cash flow of MEUR +40.1 (+17.6), investment cash flow of MEUR -6.1 (-7.3) and financial cash flow of MEUR -14.3 (-5.4). The financial cash flow includes accrued interest of MEUR 1.8 (3.7) paid on hybrid loans and a repayment of MEUR 10.0 (1.5) on a hybrid loan, both paid in accordance with the resolutions of General Meetings. A group contribution of MEUR 2.2 was paid to Ahlström Capital Oy during the financial year.

The financial assets on the balance sheet were MEUR 40.4 (20.8) at the end of the financial year. Destia's MEUR 150.0 commercial paper programme and short-term credit limit of MEUR 10.3 were not used. During the reporting period,

Key figures (IFRS), MEUR	1–12/2018	1–12/2017	1–12/2016	1–12/2015
Revenue	550.3	478.7	493.2	462.8
Operating profit for the period	17.1	13.1	14.1	12.9
% of revenue	3.1	2.7	2.9	2.8
Operating profit for the period, comparable	17.1	15.1	12.5	7.4
% of revenue	3.1	3.2	2.5	1.6
Result for the period	13.1	12.6	5.7	6.7
% of revenue	2.4	2.6	1.2	1.5
Return on equity, %	15.9	15.9	7.6	9.5
Equity ratio, %	33.6	34.5	33.5	31.2
Return on investment, %	13.5	10.7	11.1	9.4
Net gearing, %	4.4	28.5	35.3	32.6
Average personnel	1,658	1,572	1,492	1,505
Occupational accidents resulting in absence from work *)	5.8	10.5	5.9	7.6
Order book at the end of review period	732.7	696.2	708.0	717.4

**) Occupational accidents per one million working hours. Since the beginning of the year 2017 the number also covers Destia Engineering.*

interest-bearing liabilities totalled MEUR 44.1 (44.2). Of all loans, 0.4% (0.6%) were short-term and 99.6% (99.4%) were long-term. The Group's interest-bearing net liabilities at the end of the reporting period were MEUR 3.7 (23.4).

The Group's hybrid loan was repaid in the amount of MEUR 10.0 (1.5) in accordance with the resolutions of the Annual General Meeting and Extraordinary General Meeting. At the end of the financial year, the Group no longer had equity hybrid loans from Ahlström Capital Group (MEUR 10.0). The interest on the loan was 10.0%.

Shares, share capital and equity

The registered share capital of Destia Group Plc is EUR 80,000 and its total number of shares is 80,000. The company is 100% owned by AC Infra Oy, which is part of Ahlström Capital Group.

Destia Group's equity also included an invested unrestricted equity fund, totalling MEUR 53.0 (53.0), and, in the comparison period, a MEUR 10 hybrid loan from Ahlström Capital.

Investments

Destia Group's gross investments during the financial year were MEUR 7.5 (8.8), which represented 1.4% (1.8%) of revenue. The investments were mainly fleet investments. In addition to fleet investments, the investments in the comparison period included investments in the ERP system deployed by the Group.

Personnel

Destia's average number of personnel during the financial year was 1,658 (1,572). At the end of December, the number of personnel was 1,676 (1,544), of whom 1,538 (1,435) were permanent and 138 (109) temporary employees. Due to the seasonality of the business, the number of personnel varies during the year, peaking in the summer. In 2018, personnel costs were higher than in the previous year at MEUR 107.3 (98.1), or 19.5% (20.5%) of revenue.

The Group's annual personnel survey was carried out during the financial year by an external organisation. The overall score remained at an excellent level at 3.92 (3.92) on a scale of 1–5. The response rate also remained high at 72% (79%). The survey results for well-being at work and commitment were again excellent at 3.93 (3.95), while the score reflecting the degree to which employees help each other in the work community rose to 4.21 (4.18), indicating success in the development of internal cooperation.

Destia focused on the development of its corporate culture during the financial year. An OCAI (Organisational Culture Assessment Instrument) survey was conducted at Destia to evaluate the present state of the Group's culture and the objectives for it. Based on the results, the Group will develop its corporate culture by fostering participation, engagement and creativity. In corporate culture development workshops, new values and a leadership promise were shaped to support the corporate culture the Group aims to establish. Destia's new values are: fairly, together, renewing and successfully. The leadership promise is "coaching a winning team".

Destia is a company of experts that supports the development of a high level of professional competence among its personnel through various types of training and coaching. An online learning environment for all personnel was introduced during the first half of the year. A middle management coaching programme that went on throughout the financial year focused on a coaching leadership style, improving the customer experience and shaping the new strategy.

Occupational safety is integral to Destia's operations. The Group-wide accident frequency indicator improved to 5.8 (10.5). Principal safety rules for the entire Group were introduced during the financial year. They serve as simplified guidelines and checklists in day-to-day operations. The instructions concerning the use of personal protective equipment at Destia's sites were also specified further.

During the financial year, there were 263 (232) trainees and summer workers employed at Destia. Many of them continued to work at Destia as hourly employees after their trainee periods or will return to work at Destia next summer. The trainee programme is one of Destia's most important recruitment channels. Cooperation with various educational institutions was developed in 2018, and an Introduction to Working Life period for secondary school students was piloted in collaboration with the Confederation of Finnish Construction Industries RT. Destia was again one of the main partners of the Responsible Summer Job campaign and also participated in the Infrastructure Heroes campaign launched in the final quarter with the aim of improving the employer reputation of the transport and infrastructure industry among young people.

Organisational structure and management

In 2018, Destia's organisation comprised four regional business units: Southern Finland, Western Finland, Eastern Finland and Northern Finland, as well as two national business units, Special Construction and Consulting Services, and support functions.

The business of the regional business units includes the construction and maintenance of traffic routes, industrial and traffic environments and the complete living environment, as well as the services of the Winter Maintenance Management Centre, Kelikeskus. The Northern Finland business unit also includes the Fleet business unit. The national Special Construction business unit consists of Destia Rail, which focuses on railway construction and maintenance, and Destia Engineering, which specialises in demanding foundation and engineer construction as well as the energy infrastructure, rock construction and aggregates businesses. The business of the national Consulting Services business unit comprises design, road network surveys and international consultancy.

Destia's business operations are supported by the following support functions: Economics & Financing, Human Resources (Personnel), Legal Services, Business Development and Operational Excellence, and project development.

During the financial year, Destia's Management Team comprised acting President & CEO Arto Pohjonen (until 30 June) and President and CEO Tero Kiviniemi (as of 1 July), who served as Chair, and Executive Vice Presidents Minna Heinonen, Pasi Kailasalo, Annina Peisa, Arto Ruotsalainen, Marko Vasenius and Seppo Ylitapio, as well as General Counsel Aki Markkola, acting CFO Olli Valtonen, CFO Sanna Karvonen (as of 10 October), Executive Vice President, Human Resources, Taru Salo and personnel representative Jouko Korhonen. More detailed information on Destia Group Plc's corporate governance will be published on Destia's website at www.destia.fi.

Resolutions by General Meetings and establishing a Remuneration Committee

The Annual General Meeting of Destia Group Plc held on 20 June 2018 confirmed the company's financial statements for 2017 and discharged the President and CEO and members of the Board from liability for the financial year 1 January–31 December 2017. The Annual General Meeting decided, in accordance with the proposal by the Board of Directors, that neither dividend nor capital repayment be distributed for the financial period ending 31 December 2017.

The meeting decided that the number of Board members would be seven and elected Arto Räty as Chair of the Board. Marcus Ahlström, Pasi Koota, Juha Nurmi and Tero Telaranta were re-elected as members of the Board of Directors. Lasse Heinonen and Juhani Pitkäkoski were elected as new Board members.

At the organising meeting of the Board of Directors on 20 June 2018, Lasse Heinonen was appointed Vice Chair and it was decided that an Audit Committee would be established to support the Board's work. Pasi Koota was elected as Chair of the Audit Committee, and Marcus Ahlström and Juha Nurmi as members.

Based on the Board's assessment of independence, the members of the Board are independent of the company and the owner with the following exceptions: Arto Räty is independent of neither the company nor the owner, while Lasse Heinonen, Pasi Koota and Tero Telaranta are not independent of the owner.

The Annual General Meeting elected KPMG OY AB (APA) as Destia Group Plc's auditor for the 2018 financial year, with Virpi Halonen (APA) as the auditor with principal responsibility.

In June, as proposed by the Board of Directors, the Annual General Meeting resolved that a repayment of MEUR 5 on a hybrid loan and unpaid interest of EUR 1,112,205.66 accrued on the loan be paid to Ahlström Capital Oy. Destia Group Plc held an Extraordinary General Meeting on 29 November 2018. As proposed by the Board of Directors, the Extraordinary General Meeting resolved that the remaining hybrid loan principal of MEUR 5 and interest of EUR 702,777.78 accrued on the loan be paid to Ahlström Capital Oy.

At its meeting on 17 December 2018, the Board of Directors resolved to establish a Remuneration Committee to assist the Board in performing tasks related to the nomination and compensation of the President and CEO and other senior management. Arto Räty is the Chair of the Committee, with Lasse Heinonen and Juhani Pitkäkoski as members.

Litigation and disputes

Pohjanmaa District Court handed down its judgment on 4 January 2018 regarding an occupational safety offence in Vaasa in 2012–2013. No accident occurred at the Destia pedestrian and bicycle route project site in question in Vaasa. The decision was based on deficiencies observed at an excavation site. Destia was ordered to pay a corporate fine of EUR 30,000 and to forfeit to the state EUR 1,500 in financial benefit resulting from the offence.

Short-term risks and uncertainties

Destia classifies risks as market and operating environment risks, operational risks, financial risks and damage risks.

Of the market and operating environment risks, fluctuation in the economy and uncertainty in the market situation are particularly causing a significant risk for Destia's business. The competitive situation in Destia's core business areas is expected to continue to be fierce. Success in tendering for regional road maintenance contracts as well as large contracts is of paramount importance.

The fluctuation in the price of oil-based commodities causes uncertainty with regard to the profitability of the company. The risk is being prevented by monitoring and assessing the commodity price development, by ensuring key procurements economically from a project perspective, and by hedging the price risks using derivative instruments, when necessary.

In the management of risks caused by the operating environment, it is essential to focus on the selected business areas, and to ensure the operational cost-efficiency, solidity, as well as the readiness to react in varying situations.

The most significant operational risks concern project management and profitability. Uncertainty is created by the potential fluctuation of production costs and the ability to manage project risks. A key factor in project management is the strong expertise of personnel, which includes an efficient process from tender calculation to implementation, cost monitoring, ensuring resources and developing project management expertise.

Destia has invested in reliable financial reporting, conveying the essential information, which is a requirement for the identification and assessment of financial risks. The reliability of financial reports is ensured through monitoring and by developing control methods.

Financial risks related to the financing of Destia Group are managed in accordance with the treasury policy. In Destia's damage risk management, the key factors are proactive project management procedures, investments in occupational safety and ensuring adequate insurance cover.

Research and development

R&D costs totalled MEUR 1.0 (0.9). In addition, ICT development costs of MEUR 0.8 (1.0) were recognised. Destia's R&D activities can be divided as follows: model-based construction production, maintenance process digitalisation and production method development as well as bridge and concrete construction technology and methods. These areas are also linked to a fourth development area: real-time mobile information collection and sharing. Destia is a pioneer in model-based production automation, which is used in nearly all of the Group's infrastructure projects. Several significant development projects are also underway to facilitate the digital transformation of the Group's operations.

Corporate responsibility

Destia designs, builds and maintains the infrastructure environments needed by citizens, businesses and society as a whole, which requires responsible operations, both from the company and from those who work with it. The focus areas of Destia's development of corporate responsibility are: customer orientation, expertise, safety and the environment. Each of these areas is systematically developed from one year to the next. During the financial year, particular focus was placed on developing the Group's work with customers and its corporate culture. Destia is committed to promoting the UN Sustainable Development Goals (SDGs), which are aimed at the global elimination of poverty, protection of the Earth and the elimination of inequality.

Destia has also joined the Confederation of Finnish Construction Industries' "zero accidents in the field of construction 2020" commitment.

Destia's corporate responsibility is described in more detail in the 2018 Quality and Responsibility Report.

Strategy

Destia's strategy was updated in 2018 in cooperation with the Group's personnel. According to its new strategy 2019–2023, Destia will grow into a stronger urban developer in a changing, increasingly demanding operating environment. Destia will chart new business opportunities in Northern Sweden and Northern Norway. Destia's goal is "Connecting northern life".

Through the renewal of its strategy, Destia is looking for a more prominent role in the sector's value chain. Its strategy is to secure the competitiveness of its core business and international growth in the selected strategic areas as well as to introduce more refined business and urban development together with its partners.

Destia's competitive advantage is built on customer orientation, a sense of infrastructure, smart production and inspiring leadership. The primary goal is to improve profitability. The spearhead of geographical expansion are renewable energy solutions.

Events following the reporting period

To implement the aspired corporate culture and strategy, Destia announced a renewal of its organisational structure on 14 January 2019. The new, planned organisation will allow geographical expansion and developing new services and top expertise, as well as pursuing closer cooperation and securing competitiveness. A key change will be the shift from a regional to a service-specific organisation. Employee cooperation negotiations were initiated due to the significant organisational reform.

On 11 January 2019, the Helsinki Court of Appeal handed down its decision on a dispute between Destia and Länsimetro regarding underground metroline construction between Keilaniemi and Lauttasaari. In its decision, the Court of Appeal rejected Länsimetro's claims that Destia had deliberately misinterpreted the terms of the construction contract as well as the claims that Destia had unnecessarily cut and extended intact drainage pipes. Regarding the price of the work performed, the Court of Appeal found that the unit price used by Destia could not exceed the maximum price approved by Länsimetro. The Court of Appeal ordered Länsimetro to pay Destia a total of EUR 2,437,671.68 plus interest. Destia, in turn, was ordered to pay a refund to Länsimetro of EUR 2,493,355.07 plus interest, as well as EUR 1,500.00 based on a fine order. Destia was also ordered to pay Länsimetro compensation for legal costs. The decision has no effect on Destia's result in 2019.

Outlook for 2019

Changes are taking place in the operating environment, due to urbanisation, the digital transformation, climate change, the ageing of the population and the depletion of natural resources, for example. In other Nordic countries, the markets are expected to continue to grow. In Finland, however, the economic trend in infrastructure construction is predicted to be more challenging than in the other Nordic countries. Domestically, the increased long-term planning of projects and funding is likely to clarify the outlook going forward.

Destia's strong order book, new strategy and the measures that have been taken towards the development of customer work and project management provide a solid foundation for improving profitability.

Proposal by the Board on the use of distributable assets

Destia Group Plc's profit for the financial year in accordance with Finnish Accounting Standards was EUR 5,510,956.18, which is proposed to be recorded on the retained earnings account. Destia Group Plc's distributable assets total EUR 53,899,479.74, including the EUR 53,000,000 in the invested unrestricted equity fund.

Destia Group Plc's Board of Directors proposes to the Annual General Meeting that a repayment of capital of EUR 10,000,000.00 be paid from the invested non-restricted equity fund for the financial period that ended on 31 December 2018.

Consolidated income statement and consolidated statement of comprehensive income, IFRS

1,000 EUR	Note	1 Jan-31 Dec 2018	1 Jan-31 Dec 2017
Revenue	2	**550,287**	**478,682**
Other operating income	4	3,344	3,295
Materials and services	3	379,047	323,202
Employee related expenses	7	107,336	98,114
Depreciations	5	10,333	10,304
Other operating expenses	4	39,848	37,291
Operating profit		**17,067**	**13,066**
Financial income	9	44	22
Financial expense	9	963	887
Profit before taxes		**16,148**	**12,202**
Income taxes	10	3,047	-416
Result for the period		**13,101**	**12,618**

1,000 EUR	Note	1 Jan-31 Dec 2018	1 Jan-31 Dec 2017
Other comprehensive income including tax effects			
Items that will not be reclassified to profit or loss			
Items resulting from remeasurement of the defined benefits-based net liability (or asset item)	19	101	-307
		101	**-307**
Items that may be subsequently reclassified to profit or loss			
Translation differences from foreign subsidiaries		-1	-1
Investments available for sale		1	
Cash flow hedges	19	-101	-15
		-101	**-16**
Other comprehensive income net of tax		1	-323
Comprehensive income for the financial year		**13,101**	**12,295**

Result for the period and comprehensive income for the period belong to the parent company shareholders.

Consolidated balance sheet, IFRS

1,000 EUR	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Property, plant and equipment	11	56,244	59,424
Goodwill	12	83,649	83,649
Other intangible assets	14	2,714	2,909
Other investmets	15	2,023	2,032
Deferred tax assets	19	3,366	2,915
Non-current assets, total		**147,996**	**150,929**
Current assets			
Inventory	16	16,386	15,945
Accounts and other receivables	17	80,983	76,661
Cash and cash equivalents	18	40,430	20,803
Current assets, total		**137,799**	**113,408**
Assets, total		**285,794**	**264,337**

1,000 EUR	Note	31 Dec 2018	31 Dec 2017
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company	20		
Share capital		80	80
Invested unrestricted free equity fund		53,000	53,000
Hybrid loans			10,000
Other items		-150	-49
Retained earnings		30,413	18,930
Equity, total		**83,343**	**81,961**
Non-current liabilities			
Deferred tax liabilities	19	2,047	2,307
Pension liabilities	27	927	1,033
Provisions	28	11,355	12,845
Financial liabilities	21	43,900	43,936
Other liabilities	24, 26	917	6,086
Non-current liabilities, total		**59,147**	**66,207**
Current liabilities			
Accounts and other payables	25	102,043	86,356
Provisions	28	4,865	4,301
Financial liabilities	21	198	266
Contract liabilities	2	36,199	25,246
Current liabilities, total		**143,305**	**116,169**
Equity and liabilities, total		**285,794**	**264,337**

Consolidated cash flow statement, IFRS

1,000 EUR	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	557,651	475,616
Expenses paid to suppliers and personnel	-515,951	-458,225
Interest paid	-474	-499
Dividends received	3	4
Interest received	40	27
Other financial items	-303	-319
Tax paid	-908	993
Net operating cash flow	**40,058**	**17,597**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in intangible and tangible assets	-7,360	-8,246
Sale of intangible and tangible assets	1,211	936
Proceeds from the sale of other investments	10	
Net investment cash flow	**-6,139**	**-7,310**

1,000 EUR	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in non-current financial instrument classified as equity instruments (-)	-10,000	-1,463
Decrease in non-current debt (-)	-119	-164
Increase in short-term financing (+)	20,062	37,987
Decrease in short-term financing (-)	-20,113	-38,009
Dividends paid	-105	-94
Group contributions granted	-2,200	
Interests and other financial items paid	-1,815	-3,694
Net financial cash flow	**-14,290**	**-5,436**
Change in cash and cash equivalents	**19,628**	**4,850**
Cash and cash equivalents at the beginning of the financial year	20,803	15,954
Effect of exhange rate changes	-1	-1
Cash and cash equivalents at the end of the financial year	**40,430**	**20,803**

Consolidated statement of changes in equity, IFRS

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY						
1,000 EUR	Share capital	Invested non-restricted equity fund	Hybrid loans	Fair value fund	Translation differences	Retained earnings	Total
Equity 1 Jan 2018	**80**	**53,000**	**10,000**	**-46**	**-3**	**18,930**	**81,961**
Impact of the adoption of IFRS9						-286	-286
Adjusted equity at the beginning of the period	80	53,000	10,000	-46	-3	18,643	81,674
Other comprehensive income							
Result for the period						13,101	13,101
Other comprehensive income:							
Translation differences					-1		-1
Other investments					1		1
Cash flow hedges				-101			-101
Items resulting from redefinition of the benefits-based net liability (or asset item)						101	101
Comprehensive profit and loss for the financial year, total				**-101**	**-1**	**13,202**	**13,101**
Transactions with owner							
Amortisation of hybrid loan			-10,000				-10,000
Interest on hybrid loan						-1,815	-1,815
Other changes						382	382
Equity total 31 Dec 2018	**80**	**53,000**		**-146**	**-4**	**29,305**	**83,343**

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY						
1,000 EUR	Share capital	Invested non-restricted equity fund	Hybrid loans	Fair value fund	Translation differences	Retained earnings	Total
Equity 1 Jan 2017	**80**	**53 000**	**11 463**	**-31**	**-2**	**11 978**	**76 487**
Other comprehensive income							
Result for the period						12 618	12 618
Other comprehensive income:							
Translation differences					-1		-1
Cash flow hedges				-15			-15
Items resulting from redefinition of the benefits-based net liability (or asset item)						-307	-307
Comprehensive profit and loss for the financial year, total		**-15**		**-15**	**-1**	**12 311**	**12 295**
Transactions with owner							
Amortisation of hybrid loan			-1,463				-1,463
Interest on hybrid loan						-3,694	-3,694
Group contribution to Ahlström Capital Oy						-2,200	-2,200
Other changes						535	535
Equity total 31 Dec 2017	**80**	**53,000**	**10,000**	**-46**	**-3**	**18,930**	**81,961**

Notes to the consolidated financial statements

BASIC INFORMATION ABOUT THE GROUP

Destia Group Plc was established on 22 April 2014 in connection with the ownership arrangement of Destia Ltd and it owns 100% of Destia Ltd's shares. Destia is a Finnish infrastructure and construction service company, which plans, builds and maintains traffic routes and industrial and traffic environments as well as complete living environments. Our services cover the whole spectrum, from overground operations to subterranean construction. The Group mainly operates in Finland.

The Group's parent company is Destia Group Plc. The parent company is located in Vantaa, c/o Destia Ltd, PO BOX 206, 01301 Vantaa. Destia Group Plc is owned by AC Infra Oy, which is part of the Ahlström Capital Group.

A copy of the Consolidated Financial Statements is available at www.destia.fi or from Destia Ltd's head office at Neilikkatie 17, 01300 Vantaa.

On 11 February 2019, Destia Group Plc's Board of Directors authorised these financial statements for issue in their entirety. Under the Finnish Limited Liability Companies Act, shareholders may approve or reject the financial statements at the General Meeting held following their publication. The General Meeting may also take the decision to amend the financial statements.

1. ACCOUNTING PRINCIPLES

Basis of accounting

The Destia Group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the preparation abided by the International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS) as well as the interpretations by the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) in force as at 31 December 2018. The International Financial Reporting Standards refer to the standards approved in the Finnish Accounting Act and provisions issued by virtue of it to be adopted in the EU in accordance with the procedure regulated by the EU regulation (EC) no 1606/2002 and the subsequent interpretations. The notes to the consolidated financial statements are also in line with the requirements of the Finnish accounting and Community legislation supplementing the IFRS regulations.

The Consolidated Financial Statements were prepared under the historical cost convention, with the exception of assets held for sale, financial assets and liabilities recognised at fair value through profit or loss, and fair value hedges, which are measured at fair value. The Consolidated Financial Statements are presented in thousands of euros.

Preparing the Consolidated Financial Statements in accordance with IFRS requires management to make certain estimates and have information relating to the decisions the management has taken. Information relating to these decisions, used in the application of the Group's accounting policies, and which significantly affect the amounts recognised in the financial statements, is given in the section entitled 'Accounting policies requiring management judgement and the main factors of uncertainty connected with the estimates made'. In its financial statements, the company has presented the matters that have had a fundamental impact on the company's financial position and financial performance.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intra-Group shareholdings are eliminated using the acquisition method. The consideration transferred, the acquired company's identifiable assets and liabilities are measured at fair values. Expenses relating to the acquisition are recognised as costs. The consideration transferred does not include potential transactions treated separately from the acquisition. Their effect is accounted for through profit or loss at the time of the acquisition. Any contingent consideration is measured at its fair value at the acquisition date, and is classed either as a liability or equity. Contingent consideration classed as a liability is measured at fair value at each reporting date, and the resulting profit or loss is recognised through profit and loss or as other comprehensive income. Acquired subsidiaries are consolidated from the date the Group has acquired control, and transferred subsidiaries until that control ceases. All of the Group's internal commercial transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated on consolidation. Unrealised losses are not eliminated if the loss is due to impairment. Changes to the parent company's share of ownership in the subsidiaries that do not lead to a loss of control are treated as equity accounted transactions.

Joint arrangements

Joint arrangements are arrangements in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements are either a joint operation or a joint venture.

A joint venture is an arrangement in which the group has rights to the net assets of the arrangement, whereas in a joint function, the group has rights concerning the assets and obligations concerning the liabilities related to the arrangement. The group's consortia are joint operations from which the group has consolidated its own assets, liabilities, earnings and costs, as well as its own share of joint assets, liabilities, earnings and costs.

Changes to items denominated in foreign exchange

The results and financial position of the units in the Group are denominated in the currency at the unit's main operating environment ('functional currency'). The numbers in the Consolidated Financial Statements are presented in euros, which is both the functional and presentation currency of the Group's parent company.

Commercial transactions denominated in foreign exchange

Commercial transactions denominated in a foreign currency are converted to the functional currency at the rate on the date of the transaction. For practical reasons, a rate that approximates the actual rate at the date of the transaction is often used. Monetary items denominated in a foreign currency are converted to the functional currency using the closing rate at the end of the reporting period. Non-monetary items denominated in a foreign currency, and which are measured at fair value, are converted to the functional currency using the exchange rates at the date on which fair value is measured. Otherwise, non-monetary items are measured at the exchange rate on the date of the transaction.

Gains and losses from commercial transactions denominated in a foreign currency and changes to monetary items are recorded through profit or loss. Exchange rate gains and losses from the business operation are included in equivalent items above operating profit.

Conversion of the financial statements of foreign companies in the Group

Items in the statements of comprehensive income including the income statements of foreign group companies are converted to euros at the exchange rates on the dates on which the commercial transactions take place, while the numbers in the balance sheets are converted using the exchange rates on the date on which the reporting period ends. The translation of the profit and loss items, causes a translation difference in equity on the balance sheet due to the different foreign exchange rates used. This difference is recorded in 'Other comprehensive profit and loss items'. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the conversion of equity items accumulating after an acquisition are recognised in other comprehensive income. If a subsidiary is sold wholly or partially, the accumulated translation differences are reclassified to profit or loss as part of the profit or loss from sales.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

A cost comprises the expenditure incurred directly from acquiring an item of property, plant and equipment, including the costs of dismantling or moving the asset based on the initial estimate, and of restoring the location to its original state, if the organisation has such an obligation. The costs of an asset that have been produced by the company itself includes the costs of materials, direct costs relating to employee benefits and other direct costs of preparing the asset for its intended use. When preparation of an asset for its intended purpose or sale requires a good deal of time, the direct borrowing costs of its acquisition, construction or production are capitalised as part of its acquisition costs.

If an asset consists of more than one part, and the lifespan of these parts vary in length, each part is accounted for as a separate commodity. In such cases, expenditure for the replacement of the part is capitalised and any book value remaining when that replacement takes place is derecognised. Expenditure incurred at a later date is included in the book value of a property, plant and equipment only if it is probable that the future economic benefits associated with the expenditure will flow to the group and the acquisition cost of the commodity can be reliably determined. Other repair and maintenance costs are recognised as incurred.

Assets are depreciated during their estimated useful life on a straight-line basis. The exception to this is areas of soil, depreciation on which is calculated according to expected use. No depreciation is calculated for land.

Estimated useful lives are as follows:
- Buildings: 10–40 years
- Machinery and equipment: 3–20 years
- Other items of property, plant and equipment: according to use

An asset's residual value and its useful life are reviewed at the end of each financial year, at the very least, and, where necessary, are adjusted to reflect the changes that have taken place with regard to the expectations of its future economic benefit. When a tangible fixed asset is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, asset is no longer subject to depreciation. The gains and losses from the sale of decommissioned property, plant and equipment or their disposal are recognised in profit and loss.

Government grants

Government/public subsidies are recorded through profit and loss when there is a reasonable assurance that they will be received. Subsidies that have been received as payments against already realised costs are recognised through profit or loss in the period in which the subsidy is received. Subsidies are presented in other operating income.

Intangible assets

Goodwill

Goodwill is recognised at the amount by which the consideration transferred exceeds the Group's share of identifiable fair value net assets for an acquired company on the date it is acquired. No deprecation is recognised on goodwill (or any other intangible assets with indefinite useful lives), it is tested annually for potential impairment. For this purpose, goodwill is allocated to the relevant group of cash-generating units. Goodwill is measured at cost less accumulated impairment losses.

Research and development expenditure

Research expenditure is recognised through profit or loss. Development expenditure incurred from the planning of new or more advanced procedures and concepts is capitalised as intangible assets in the balance sheet from the time when they are technically feasible, can be commercially exploited and can be expected to generate probable future economic benefits. Capitalised development costs include the material, labour and testing costs which are directly incurred when preparing the commodity for its intended purpose. Previously expensed development costs are no longer recognised at a later date. Amortisation begins when the asset is available for use. Assets under development are tested annually for impairment. After initial recognition, capitalised development costs are measured at the cost less accumulated amortisation and impairment. The Group has not capitalised its development expenses on the balance sheet.

Other intangible assets
An intangible asset is entered on the balance sheet at its original acquisition cost, when the cost can be reliably determined and where the Group expects it is likely that future significant benefit from the asset will flow to the group.

Intangible assets with a finite useful lives are amortised on a straight-line basis through profit or loss over their known or estimated useful life.

The estimated useful lives for other intangible assets are:
• Computer software: 5 years
• Other intangible rights: 5 years

Inventory
Inventory is measured at the lower of acquisition cost or net realisable value. The acquisition cost is determined using the weighted average cost formula. The acquisition cost of finished goods and work in process inventories consists of the raw materials, expenses incurred from direct work, other direct expenses, an appropriate share of the variable general costs of manufacture and fixed general costs at a normal level of activity. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary for completing the inventory and to realize the revenue.

Lease agreements

The Group as lessee
Lease agreements relating to property, plant and equipment, under which the Group has substantially all the risks and rewards of ownership, are classified as finance lease agreements.

An asset acquired through a finance lease agreement is entered on the balance sheet at inception of the lease at the lower of fair value of the leased asset and the present value of the minimum lease payments.

An asset acquired through a finance lease agreement is depreciated over the shorter of its useful life or within the lease term. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so that the finance charge is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability. Rental obligations are included in financial liabilities. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

The Group as lessor
Assets let by the Group are included as property, plant and equipment on the balance sheet. They are depreciated during their useful life in the same way as equivalent items of property, plant and equipment which are used by the Group. Revenue from lease agreements is charged to the income statement on a straight-line basis over the period of the lease.

Impairment of tangible and intangible assets
At the end of each reporting period the Group assesses whether there are indications that an asset is impaired. If there is evidence of impairment, an estimate is made of the assets recoverable amount. In addition, an estimate is made each year for the following: goodwill, intangible assets with an indefinite useful life and intangible assets in progress.

Evidence of impairment is examied for each cash generating unit, i.e. at the lowest unit level, which is mainly independent of the other units and whose cash flows can be distinguished from the cash flows of equivalent units. The recoverable amount is the greater of the fair value of the asset less costs of sale or its value in use. The value in use is the present value of future net cash flows expected to be derived from an asset or cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset is greater than its recoverable amount. An impairment loss is recognised directly through profit or loss. If the impairment loss is allocated to a group of cash-generating units, it is first applied to reduce the goodwill of the group of the cash-generating units. When an impairment loss is being recorded, the useful life of the asset being depreciated is re-assessed. An impairment loss for an asset, other than goodwill, is reversed if there has been a change in the values used to determine the recoverable amount on the asset. Impairment losses, however, cannot be reversed to the extent that the asset's carrying amount would be greater than of no impairment loss had been recognised. Under no circumstances can impairment losses recognised for goodwill be reversed.

Employee benefits

Pension obligations
Pension schemes are classified as defined benefit plans or defined contribution plans. Under the defined contribution plan the Group pays fixed contributions into a separate unit. The Group has no legal or constructive obligation to increase contributions if the organisation in receipt of the contributions is unable to pay the relevant pension benefits. All schemes that do not fulfil these conditions are defined benefit plans. Contributions made into defined contribution plans are recognised through profit or loss in the financial year in which the obligation arises.

The Group's obligations regarding defined benefit plans are calculated separately for each plan by using the projected unit credit method.

Pension expenses are recognised as costs on the basis of authorised actuarial calculations for the length of service of personnel. When the present value of a pension obligation is being calculated, the discount rate used is the return on high-quality bonds issued by companies, and if that is not available, the interest on state debentures. The maturity of bonds and debentures corresponds to the maturity of the pension obligation being calculated. From the present value of a pension obligation on a balance sheet is subtracted the assets included in the pension plan measured at fair value at the end of reporting period and the non-vested past service costs.

Past service costs are recognised on the straight-line basis through profit or loss for the period in which they are vested. If the benefits are vested directly, they are recognised as direct costs.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are stated at the present value of the liability. Provisions are determined by discounting the expected future cash flows that reflects current market assessment of the time value of the money and risks specific to the liability. If the Group expects a provision to be reimbursed, by a third party the reimbursement is recognised as a separate asset if it is virtually certain that reimbursement will be received.

A warranty provision is recognised when a project covered under a guarantee clause is delivered. The amount of the warranty provision is based on an experience-based estimate of the guarantee costs likely to be incurred.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting obligations under it.

A reorganisation provision is recognised when the Group has drawn up a detailed reorganisation plan, started to implement the plan and reported the matter.

A provision associated with environmental obligations is recognised when the Group has an obligation based either on environmental legislation or the Group's principles of environmental responsibility and which relates to the decommissioning of a production plant, landscaping responsibilities, repairing environmental damage or moving equipment from one location to another.

A contingent liability is a possible obligation arising as a result of past events and whose existence will be confirmed only when an uncertain event takes place not wholly within the control of the entity. Contingent liabilities may also be regarded as present obligations that are unlikely to require fulfilment of a payment obligation, or a reliable estimate of the amount of the obligation cannot be made. A contingent liability is presented in the Notes to the Financial Statements.

Income tax for the current period and deferred taxes

Tax expenses comprise tax based on taxable income for the period and deferred tax. Income tax is recognised through profit or loss, except for taxes related to items recognised directly in equity or the comprehensive income, in which case tax is recognised in the relevant items. Tax for the current period is calculated using the income tax rate effective in each country. Deferred taxes are calculated on all temporary differences between the carrying amount and tax base. However, no deferred tax liability is recognised if it arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or taxable profit.

Deferred tax liability is recognised for investments in subsidiaries, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will resolve in the foreseeable future.

The most significant temporary differences arise from the depreciation of property, plant and equipment, the measurement of derivative contracts at fair value, defined benefit pension plans and unused tax losses.

Deferred taxes are calculated using the statutory tax rates or the tax rates which have been approved in practice by the end of reporting period. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

Revenue recognition

Destia Group's revenue is derived from construction and maintenance projects, infrastructure design services, consulting projects and the sale of materials. Destia Group presents revenue from contracts with customers less indirect taxes.

Destia Group adopted IFRS 15 *Revenue from Contracts with Customers* on 1 January 2018. In accordance with the standard, the Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In recognising revenue, the Group applies a five-stage model to determine when, and at what amount, revenue is recognised. The model involves identifying the customer contract and its performance obligations, determining transaction prices, allocating transaction prices to performance obligations and recognising revenue. Revenue is recognised when the customer is determined to obtain control of the promised goods or services; either over time or at a point in time.

Construction contracts

Destia Group provides road construction, foundation engineering and other construction services for its customers. Each construction contract is treated as a single performance obligation because Destia Group provides all-in contracts to customers, meaning that services are combined with other services promised in the agreement to establish a construction contract that represents the combined output. Revenue from construction contracts is recognised over time, as the customer is considered to obtain control of the object of construction as the Group's performance creates it. In construction contracts, the asset created by the performance is not considered to have an alternative use, and the Group has a substantive right to receive payment for the performance obligation completed to date.

Maintenance projects

Destia Group provides year-round maintenance contracts that cover the winter maintenance of traffic routes and the living environment, as well as the maintenance of gravel roads, bridges and the traffic environment in general.
In regional maintenance contracts, the customer buys a customised bundle of services. The contracts are mainly treated as single performance obligations where the services provided by the Group are combined with other services promised in the contract to create a bundle of services or a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer. Revenue is recognised over time, as the customer is considered to obtain control of the service as the service is transferred.

Sale of aggregates

Destia Group provides its customers with aggregates for road and rail construction, building construction, road maintenance, concrete and all types of surfacing. The Group also provides its customers with special products such as asphalt aggregates and track ballast. Aggregates are priced according to their quality and weight. The Group has annual agreements (framework agreements) with customers, under which the Group supplies aggregates based on individual orders by the customer. Revenue from the sale of aggregates is recognised at a point in time when control is transferred to the customer. The transfer of control is considered to occur when the goods are delivered to the customer's site or loaded on a vehicle at the Group's quarry.

Consulting services

Destia Group provides its customers with consulting services related to infrastructure planning and other consulting projects. Consulting services are subject to hourly pricing. Revenue from consulting services is recognised over time when the service is delivered and control is transferred to the customer. Control is transferred to the customer when the Group has the right to payment for the service and the customer has approved the service.

Destia's customer contracts that consist of multiple distinct performance obligations are projects that include the provision of both construction and maintenance services. Any additional work and alterations are treated as separate performance obligations if they form a separate performance obligation and their pricing is based on their separate selling prices.

Revenue and expenses for projects recognised over time are recognised based on progress when the Group can reasonably measure progress towards complete satisfaction of the performance obligation. Progress is measured for each project as the percentage of costs incurred to date compared with the total estimated costs of the project. The objective of measuring progress is to depict the satisfaction of the performance obligation, i.e. the transfer of control of goods or services.

The sale of materials is treated as a performance obligation satisfied at a point in time, in which case the revenue is recognised in accordance with the terms of delivery at the time of delivery, when the significant risks and rewards of ownership are transferred to the buyer.

The pricing of construction contracts and maintenance projects is based on all-in contract pricing. If a contract includes a variable consideration, it is recognised as revenue to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Destia Group applies the practical expedient permitted by IFRS 15 and does not adjust the amount of consideration for the effects of a significant financing component because, in project agreements and contracts, the timing of scheduled payments is considered to correspond to the progress towards the satisfaction of the performance obligation. The Group applies the terms of payment typical of its industry and does not use extended payment periods.

Expenditure that relates to a partially incomplete project is recognised as work in progress under inventory. If the Group produces a performance by transferring goods or services to a customer before the customer pays the consideration or payment is due, the contract is presented in the financial statements under inventory (contract asset), except for the amounts presented under "Other receivables" or "Accounts receivable". Accounts receivable and contract assets are assessed for impairment in accordance with IFRS 9.

If a customer pays consideration or the Group has an unconditional right to an amount of consideration before Destia Group transfer a good or service to the customer, the contract is presented in the financial statements as a contract liability when the payment is made or the payment is due.

When the outcome of a contract cannot be estimated reliably, the contract costs are recognised as expense in the period in which they are incurred, and revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. If it is probable that the total expenditure incurred in completing the project will exceed the revenue from it, the expected loss is recognised as an expense immediately.

The warranties associated with the Group's projects are warranties that do not form a separate performance obligation. Instead, a warranty provision pursuant to IAS 37 is recognised.

Interest and dividends

Interest received is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

Financial assets and liabilities

Financial assets

Destia Group adopted IFRS 9 *Financial Instruments* on 1 January 2018. The Group's financial assets are classified as financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The classification of financial assets is based on the business model applicable to the asset and the contractual cash flow characteristics of the financial asset.

Purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits itself to purchase or sell an asset. At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the asset. Financial assets measured at fair value through profit or loss are recognised on the balance sheet at fair value on initial recognition and the transaction costs are recognised through profit or loss.

Financial assets measured at amortised cost. Financial assets are measured at amortised cost when the objective is to hold the asset until maturity in order to collect contractual cash flows. The cash flows associated with such assets consist exclusively of the principal and the interest on the remaining principal. After initial measurement, these financial assets are measured at amortised cost using the effective interest method and deducting any impairment. Impairment losses are recognised in the income statement.

The Group's financial assets measured at amortised cost consist of accounts receivable and other non-derivative assets. The carrying amount of current trade receivables and other receivables is considered to correspond to their fair value. Trade receivables and other receivables are presented in the balance sheet as current assets if they are expected to be realised within 12 months of the end of the reporting period. A loss allowance for expected credit losses is recognised for trade receivables.

Financial assets measured at fair value through other comprehensive income. Destia Group's financial assets measured at fair value through other comprehensive income consist of investments in listed and unlisted shares which the Group has, on initial recognition, irrevocably designated as shares whose subsequent changes in fair value are presented in other comprehensive income. The gains or losses on the sale of such investments are not recognised through profit or loss. Only dividends from such investments are recognised through profit or loss. Shares measured through other comprehensive income include, among others, time-shares for use by the Group's personnel.

Financial assets measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss include financial assets acquired to be held for trading, or financial assets that are, on initial recognition, designated as measured at fair value through profit or loss. The Group's financial assets measured at fair value through profit or loss consist of investments in shares. Realised and unrealised gains and losses from changes in fair value are recognised through profit or loss.

If there are no quoted rates for the investments, the Group applies various valuation methods which include, for example, references to recent trades between independent bodies, discounted cash flows or valuations for other similar instruments. Information obtained from the markets is generally used for valuations as opposed to using pricing factors determined by the Group itself, which are used as little as possible.

Cash and cash equivalents. Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The items classified as cash and cash equivalents have a maturity of no more than twelve months from the time of acquisition.

Derecognition of financial assets. Financial assets are derecognised when the Group's contractual right to cash flows has ended, been transferred to another party or when the Group has transferred the significant risks and rewards of ownership outside the Group.

Impairment of financial assets. The Group applies the simplified approach for measuring expected credit losses for trade receivables measured at amortised cost and IFRS 15 contract assets. Expected credit losses are calculated using a provision matrix and recognised at an amount corresponding to the lifetime expected credit losses. Expected credit losses for trade receivables and contract assets are assessed based on historical information on credit losses and estimated future outlook.

In addition, the Group recognises impairment on receivables if there is any objective evidence of the customer having financial difficulties or if payment is more than 90 days past due.

Financial liabilities

The Group's financial liabilities are classified as financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss. Financial liabilities are recognised at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial liabilities measured at amortised cost. Subsequently, financial liabilities, except for derivative financial liabilities, are measured at amortised cost using the effective interest rate method. Financial liabilities are classified in non-current and current liabilities. Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability to at least 12 months from the reporting date.

Financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost are measured at amortised cost using the effective interest rate method. Borrowing costs are recognised as costs in the period in which they are incurred. Commissions associated with loan commitments are recognised as transaction costs to the extent that it is probable that the entire loan commitment or part of it will be drawn. In such a case, the commission is entered in the balance sheet until the loan is drawn. The commission associated with loan commitments is recognised as part of the transaction costs. If the loan commitment is unlikely to be drawn, the commission is recognised as an advance payment for a liquidity service and is amortised over the period of the loan commitment.

The Group's financial liabilities measured at amortised cost consist of interest-bearing loans, finance lease liabilities and non-interest-bearing liabilities, such as trade payables.

Financial liabilities measured at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss consist of financial liabilities held for trading and financial liabilities initially classified as measured at fair value through profit or loss. On the reporting date, the Group had no financial liabilities measured at fair value through profit or loss. Trade payables are classified as current liabilities in the balance sheet if they are due within 12 months of the end of the reporting period.

Derecognition of financial liabilities. Financial liabilities are derecognised when the Group repays the liability to the creditor or is legally released from primary responsibility for the liability either by process of law or by the creditor.

Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. Gains and losses resulting from measurement at fair value are treated in the accounts in the way specified by the purpose of the derivative instrument. If the derivatives are used for hedging purposes, hedge accounting is applied and the derivatives are effective hedging instruments, the profit and loss effects of the fair value changes of the derivative instruments are presented uniformly with the hedged item. When entered into, derivative financial instruments are treated as fair value hedges of receivables, liabilities or fixed commitments, or, in the case of currency exchange risk, as cash flow hedges, cash flow hedges for an anticipated and highly likely commercial transaction. Derivative financial instruments may also be treated as instruments that do not meet the hedge accounting criteria.

When a hedging relationship is entered into, the relationship between the item being hedged and the hedging instrument, as well as the objectives of the Group's risk management and the hedging strategy are documented. The effectiveness is assessed prospectively as well as retrospectively, and at least every time the financial accounts are being prepared. The Group documents the effectiveness of qualifying derivatives by examining their ability to offset changes to the fair value of the hedged item or cash flows.

Cash flow hedging

The change in the fair value of the effective portion of derivative instruments qualifying for cash flow hedge is recognised in other comprehensive income and presented in the hedge fund under equity (in Other funds). The gains and losses accumulated in equity from hedging instruments are reclassified to profit or loss when the hedged item impacts the profit or loss. Gains and losses from derivatives hedging an anticipated sale in a foreign currency are recognised as sales adjustments when the sale takes place. The ineffective portion of a derivative instrument is recognised in other operating income and expenses. If a hedged, anticipated commercial transaction leads to the recognition of an asset not included in financial assets, such as a tangible fixed asset, the gains and losses accumulated in equity are reclassified as an adjustment to the acquisition cost of that asset. When a derivative financial instrument acquired for cash flow hedging matures or is sold, or when the conditions of hedge accounting are no longer met, the gain or loss from the derivative instrument remains under equity until such time as the anticipated commercial transaction takes place. However, if that is no longer expected to happen, the gain or loss under equity is directly reclassified to profit or loss.

Other hedging instruments where hedge accounting does not apply

Even if certain hedging relationships meet the requirements of effective hedging set for the Group's risk management, hedge accounting may not apply to them. Such instruments include derivatives hedging a commodity risk in connection with operations and some derivatives hedging currency risks. Changes on their fair values are recognised in other business revenue and costs in accordance with the Group's established practice. In the balance sheet, these commodity risk and foreign currency accounts receivable / accounts payable derivatives are presented in current receivables or liabilities. The fair values for hedging instruments and changes in them are presented in Notes to the Financial Statements.

Equity

Ordinary shares are presented as share capital. Expenditure relating to the issue or acquisition of own equity instruments are presented as an allowance account under equity.

Operating profit

IAS 1 *Presentation of Financial Statements* does not define operating profit. The Group has defined it as follows: operating profit is the net sum obtained after adding other operating income to revenues and then deducting purchasing costs adjusted by the change in stocks of finished products and work in progress, the costs incurred for own-use manufacture, costs from employee benefits, depreciation, amortisation and any impairment losses, and other operating expenses. All other income statement items are presented under operating profit. Exchange rate differences and changes in the fair value of derivatives are included in operating profit if they arise from items connected with business operations; otherwise they are entered in financing items. In its tables and texts, the Group uses both the term 'operating result' and 'operating profit'.

Key estimates and assuptions and accounting policies requiring judgement

The preparation of the consolidated financial statements in conformity with IFRS requires estimates and assumptions regarding future from management even though actual outcomes may differ from the estimates.

Accounting policies requiring judgement by management

Group management makes decisions regarding the selection and application of accounting policies. This applies in particular to those cases in which the IFRS standards in effect provide the opportunity to choose between alternative accounting, valuation or presentation methods.

Sources of estimation uncertainty

The estimates made in connection with preparing the financial statements reflect the best judgement of the management at the end of reporting period. These estimates are based on prior experience and assumptions regarding future developments, which are regarded as most likely at the reporting date, for example, to expected trends in the Group's economic operating environment in terms of revenue and costs. The Group regularly monitors the realisation of these estimates and assumptions and any changes to underlying factors with the business units through internal and external information sources. Any changes in estimates and assumptions are recognised in the financial statements of the period during which such adjustments are made.

The key assumptions regarding the future and the main sources of estimation uncertainty at the end of reporting period, which pose a significant risk of resulting in a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year, are given below. Group management regards these particular areas of the financial statements as crucial. Application of these accounting policies requires the utilisation of significant estimates and assumptions.

Impairment testing

The Group performs annual impairment testing of goodwill, intangible assets in progress and intangible assets having an indefinite useful life. Indications of impairment are evaluated in the way described above in the accounting policies. The recoverable amounts of cash-generating units have been defined on the basis of value in use calculations. Preparation of these calculations, involve the use of estimates.

Revenue from contracts with customers

Revenue recognition over time is based on estimates of the project's actual revenue and expenses as well as the reliable assessment of the project's progress towards satisfaction of the performance obligation. In order to produce reliable estimates, project costs are identified as accurately as possible. The assessment of revenue requires estimates of factors influencing the expected selling price to be received from the customer. Project revenue and expenses are recognised as revenue and expenses based on the passage of time, overall estimates related to the project and its progress towards satisfaction of the performance obligation. The recognition of revenue over time is based on estimates of expected revenue and expenses of the project and reliable measurement of project progress. If estimates change regarding the final outcome of a project for which revenue is recognised over time, the recognised revenue and profit/loss are amended in the period in which the change can be estimated for the first time. Estimates pertaining to contractual bonuses and the timing of their recognition require reliable estimates and management judgement. Any loss expected from a construction contract is directly recognised as an expense.

Tax

When tax is recognised, management's most essential estimate relates to the criteria for recording deferred tax assets. When a tax-deductible temporary difference dissolves, it results in less taxable income in subsequent financial period. The most common temporary difference relates to between taxation and accounts is a loss in taxation. Management has to estimate whether future taxable profits will be available against which such losses can be used. A deferred tax asset is only recognised on losses to the extent that there is an estimated income to be generated in subsequent financial periods, against which the company can use its tax losses.

Employee benefits

The factors used to calculate employee benefit obligations that require the management's assessment are connected, for example, to an estimate of the expected return on plan assets in defined benefit pension plans, determining the discount rate used to calculate the pension cost and obligation for the financial year, forecasting future trends in pay, the expected rise in pension costs, expected lengths of service of personnel, and inflation trends.

Provisions

When recognising provisions, the management has to assess whether there is a legal or constructual obligation for which the payment is probable. In addition, they have to assess the amount of the obligation and estimate the time when it is realised. The obligation is recognised as a provision in the financial statements in case it can be measured reliably.

New and amended standards applied in the past financial period

Destia Group has applied the following new and amended standards effective from the beginning of 2018:

IFRS 15 *Revenue from Contracts with Customers* (effective for financial periods starting on or after 1 January 2018): The new standard has replaced the previous IAS 18 and IAS 11 standards and their related interpretations. IFRS 15 includes a five-stage framework for the recognition of revenue with respect to the timing and amount. Revenue is recognised as control is transferred, either over time or at a point in time. The change in the standard has mainly affected the scope of the notes to Destia Group's consolidated financial statements and a more detailed account of revenue from construction and maintenance projects for which revenue is recognised over time, without having a significant impact on revenue recognition.

IFRS 9 *Financial Instruments* and amendments thereto (effective for financial periods starting on or after 1 January 2018). IFRS 9 replaced the previous IAS 39 standard. The new standard includes revised guidance on the recognition and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets as well as new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Destia Group has applied the simplified approach permitted by IFRS 9 for entities other than financial institutions pertaining to the recognition of impairment on trade receivables as well as contract assets within the scope of application of IFRS 15. For these items, the loss allowances will be recognised at an amount corresponding to the lifetime expected credit losses. The classification of financial assets has changed. The financial assets previously classified under IAS 39 as held for sale are now primarily classified as measured at fair value through other comprehensive income, with some also classified as measured at fair value through profit or loss. The amended standard has not had a material impact on Destia Group's consolidated financial statements.

Other amended standards and interpretations have not had a significant impact on the consolidated financial statements.

New and amended standards and interpretations to be applied in future financial periods

The Group has not yet applied the following new or revised standards and interpretations published by IASB. The Group will adopt them from the effective date of each standard and interpretation or, if the effective date is not the first day of a financial period, from the start of the financial period following the effective date.

IFRS 16 *Leases* (effective for financial periods starting on or after 1 January 2019). The new standard replaces the current IAS 17 standard and related interpretations. IFRS 16 requires lessees to recognise lease agreements on the balance sheet as a right-of-use asset and a lease liability. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exemptions available, relating to short-term leases with a term of 12 months or less, and leases for which the underlying asset is valued at no more than USD 5,000. Lessor accounting will be largely unchanged from the existing provisions under IAS 17.

The adoption of the standard will increase the amounts of tangible assets and financial liabilities. The Group will apply the simplified approach in the transition. Accordingly, the Group will not adjust the comparison figures. Based on a preliminary assessment, the adoption of the standard will not have a significant impact on the result for the financial year or the Group's equity. According to an estimate updated on the balance sheet date, the adoption of the standard will increase the Group's assets and liabilities on the balance sheet by approximately MEUR 13.

The Group will apply a simplified approach in the transition. Lease liabilities will be measured by having the remaining lease payments discounted to present value by using the interest on additional credit on the date of the standard's adoption. The right-of-use asset will be measured at an amount equal to the lease liability. For leases for which the underlying asset is of low value or insignificant to the Group's business, the exemption enabled by the standard will be applied. In addition, the exemption enabled by the standard will also be applied to leases for which the lease term is 12 months or less.

IFRIC 23 *Uncertainty over Income Tax Treatments.* The standard is not estimated to have a material impact on Destia Group's consolidated financial statements.

Other new or amended standards and interpretations have no impact on the consolidated financial statements.

CHANGE IN CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

			Carrying amount 1 Jan 2019		
	Original (IAS 39)	**New (IFRS 9)**	**New, EUR 1,000**	**Original, EUR 1,000**	**Difference**
Financial assets					
Shares and equity holdings	Financial assets held for sale	Measured at fair value through other comprehensive income	**2,009**	0	2,009
Shares and equity holdings	Financial assets held for sale	Financial assets measured at fair value through profit or loss	**23**	2,032	-2,009
Other derivatives, no hedging	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss	**56**	56	
Accounts and other receivables	Financial assets measured at fair value through profit or loss	Amortised cost	**61,069**	61,427	-358
Cash and cash equivalents	Financial assets measured at fair value through profit or loss	Amortised cost	**20,803**	20,803	
Financial liabilities					
Interest rate swaps, in hedge accounting	Financial liabilities at fair value through profit or loss	Measured at fair value through other comprehensive income	**58**	58	
Loans from financial institutions, interest-bearing	Financial liabilities measured at amortised cost	Amortised cost	**40,547**	40,547	
Financial lease liabilities, interest-bearing	Financial liabilities measured at amortised cost	Amortised cost	**286**	286	
Other liabilities, interest-bearing	Financial liabilities measured at amortised cost	Amortised cost	**3,312**	3,312	
Accounts payable and other liabilities	Financial liabilities measured at amortised cost	Amortised cost	**77,125**	77,125	

The credit loss allowance adjustment to the opening balance of retained earnings was EUR 358 thousand at the beginning of 2018.

2. REVENUE

Destia Group applies IFRS 15 Revenue from Contracts with Customers standard, that defines revenue recognition policies. In accordance to IFRS 15, revenue is recognised when control of the product or service is transferred to the customer. Revenue recognition should reflect the consideration that the entity, on the basis of the contract, expects to be entitled to. Revenue from Contracts with Customers is described in notes to the consolidated financial statements.

1,000 EUR	2018	2017
Revenue from customer contracts		
Materials	19,842	18,369
Services	42,612	38,106
Projects	487,833	422,207
Revenue, total	**550,287**	**478,682**

Destia Group's revenue from contracts with customers consist of infrastructure, design, construction and maintenance projects. Services consist of infrastructure planning and consultation projects. In addition to this, the Group has aggregate sales.

The largest customer groups whose income is at least 10% of the Group's total revenue are: the Centre for Economic Development, Transport and the Environment (ELY Centres) and the Finnish Transport Agency.

Timing of the revenue recognition	2018	2017
Timing of the revenue recognition, at point in time	62,454	56,475
Timing of the revenue recognition, over the time	487,833	422,207
Timing of the revenue recognition, total	**550,287**	**478,682**

Transaction price allocated to the remaining obligation		
Transaction price allocated to the remaining obligation, within one year	362,943	322,012
Transaction price allocated to the remaining obligation, more than one year	369,708	374,208
Transaction price allocated to the remaining obligation, total	**732,651**	**696,220**

Contract assets and liabilities	2018	2017
Contract assets	15,116	7,899
Contract liabilities	36,199	25,246

1,000 EUR	2018	
Changes in contract assets and liabilities	**Assets**	**Liabilities**
Changes through projects started during the period (ongoing at the end of the financial period)	4,578	-16,096
Changes through projects ended during the period (ongoing at the start of the financial period)	-3,830	9,982
Changes through projects ongoing at the start and at the end of the financial period	6,470	-4,838

Contract assets consist of percentage of completion receivables and contract liabilities consist of invoicing.
Expected credit losses related to contract assets are covered in Note 17.

3. MATERIALS AND SERVICES

1,000 EUR	2018	2017
Purchases during the financial year	90,798	69,670
Change in inventory	-442	1,416
External services	288,691	252,116
Materials and services, total	**379,047**	**323,202**

4. OTHER OPERATING INCOME AND EXPENSES

1,000 EUR	2018	2017
Profits from the sale of tangible and intangible assets	1,107	816
Rental and other income	2,238	2,479
Other operating income, total	**3,344**	**3,295**

Continued on the next page.

1,000 EUR	2018	2017
Losses from the sale of tangible and intangible assets	4	
Rental expenses	5,132	4,852
Voluntary personnel expenses	3,666	3,472
Travel expenses	10,902	10,027
IT-expenses	7,122	6,470
External Services	3,006	3,053
Expected credit losses	88	
Other fixed costs	9,928	9,416
Other operating expenses, total	**39,848**	**37,291**
Auditing expenses		
Audit fees	72	63
Tax councelling		15
Other services	3	75
Auditing expenses, total	**75**	**153**

5. DEPRECIATION

1,000 EUR	2018	2017
Depreciation by asset type		
Depreciation of property, plant and equipment		
Buildings and structures	532	600
Buildings and structures, financial lease	105	155
Machinery and equipment	7,043	7,046
Other tangible assets	1,369	1,082
Amortisation of intangible assets		
Intangible rights	1,284	1,420
Depreciation and amortisation, total	**10,333**	**10,304**

6. IMPAIRMENTS

No impairments were recognized in 2018 and 2017. Goodwill impairment tests are covered in Notes 12 and 13.

7. EMPLOYEE BENEFITS

1,000 EUR	2018	2017
Wages and salaries	91,247	80,404
Pension expenses, defined contribution arrangements	13,465	14,168
Pension expenses, defined benefit arrangements	21	13
Other personnel-related expenses	2,604	3,529
Employee related expenses, total	**107,336**	**98,114**

Information about employee benefits to the management is provided in Note 32, Related parties. Information about defined benefit pension arrangements is provided in Note 27.

	2018	2017
Average personnel		
Waged employees	627	599
Clerical employees	1,031	973
Average personnel, total	**1,658**	**1,572**
Personnel at the end of the financial year	**1,676**	**1,544**

8. DEVELOPMENT EXPENSES

The total expenses relating to the Group´s development activities in 2018 were MEUR 1.0 (0.9 MEUR). The Group has not capitalised its development expenses on the balance sheet.

9. FINANCIAL INCOME AND EXPENSES

1,000 EUR	2018	2017
Financial income		
Dividend income from other investments	3	4
Interest income from loans and other receivables	40	18
Total	**44**	**22**
Financial expenses		
Interest expenses on loans from financial institutions amortized at cost	473	493
Interest expense on financial leasing contracts	4	6
Change in value of financial assets measured at fair value through profit and loss	184	
Other financial expenses	303	388
Total	**963**	**887**
Financial income and expenses, total	**-919**	**-864**

Information about financing is provided in Note 29.

10. INCOME TAXES

1,000 EUR	2018	2017
Tax based on taxable income for the period	3,464	511
Taxes from previous periods	-1	-757
Deferred taxes	-417	-171
Total	**3,047**	**-416**

Comprehensive income items include EUR 25 thousand (2017: income EUR 4 thousand) of deferred tax income which is arising on the cash flow hedging and deferred tax expense of EUR 25 thousand (2017: income EUR 77 thousand) on defined benefit pension arrangements.

Reconciliation of the tax expense and taxes calculated using the Group`s domestic tax rate (20%)

1,000 EUR	2018	2017
Result before taxes	16,148	12,202
Taxes calculated using domestic tax rate	3,230	2,440
Different tax rates for foreign subsidiaries	8	-4
Tax effect of tax-free items	-171	-664
Tax effect of non-deductible items	23	302
Deductible items (not included in the accounting profit)	-41	-44
Tax effect of used tax losses		-1,688
Other changes		-2
Taxes from previous periods	-1	-757
Income taxes, total	**3,047**	**-416**

11. PROPERTY, PLANT AND EQUIPMENT

1,000 EUR	Land and water areas	Buildings and structures	Buildings and structures, financial leasing	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2018	**2,107**	**6,881**	**494**	**53,132**	**23,636**	**1,507**	**87,758**
Increases	10	107	49	5,000	436	1,837	7,440
Decreases	-45	-37	-189	-457	-442		-1,171
Transfers between items				1,104		-2,131	-1,027
Acquisition cost on 31 Dec 2018	**2,072**	**6,951**	**354**	**58,780**	**23,631**	**1,213**	**93,000**
Accumulated depreciation on 1 Jan 2018		-2,056	-214	-22,422	-3,642		-28,334
Accrued depreciation for decreases and transfers		35	189	403			627
Depreciation		-532	-105	-7,043	-1,369		-9,050
Accumulated depreciation on 31 Dec 2018		**-2,553**	**-130**	**-29,062**	**-5,011**		**-36,757**
Carrying amount 31 Dec 2018	**2,072**	**4,398**	**223**	**29,717**	**18,620**	**1,213**	**56,244**

1,000 EUR	Land and water areas	Buildings and structures	Buildings and structures, financial leasing	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2017	**2,088**	**6,735**	**653**	**47,217**	**23,698**	**1,222**	**81,613**
Increases	24	146	167	5,815	447	2,211	8,810
Decreases	-5		-326	-151	-509		-991
Transfers between items				252		-1,926	-1,674
Acquisition cost on 31 Dec 2017	**2,107**	**6,881**	**494**	**53,132**	**23,636**	**1,507**	**87,758**
Accumulated depreciation on 1 Jan 2017		-1,456	-385	-15,499	-2,560		-19,900
Accrued depreciation for decreases and transfers			326	123			450
Depreciation		-600	-155	-7,046	-1,082		-8,884
Accumulated depreciation on 31 Dec 2017		**-2,056**	**-214**	**-22,422**	**-3,642**		**-28,334**
Carrying amount 31 Dec 2017	**2,107**	**4,826**	**280**	**30,710**	**19,994**	**1,507**	**59,424**

12. GOODWILL

1,000 EUR	2018	2017
Acquisition cost 1 Jan	83,649	83,649
Acquisition cost 31 Dec	**83,649**	**83,649**
Carrying amount 31 Dec	**83,649**	**83,649**

13. IMPAIRMENT TESTS

Impairment tests are performed annually on goodwill, by comparing the carrying amount of goodwill with the estimated value of its group of cash-flow-producing units. In addition, impairment testing is performed whenever there are any indications of impairment. An impairment loss is recorded if the carrying amount of the net assets allocated to the group of cash-flow-producing units (including goodwill) is greater than the estimated value of the group of cash-flow-producing units.

Destia Groups' business units' goodwill was included in Destia subgroup's business entity:

MEUR	31 Dec 2018	31 Dec 2017
Destia subgroup	83.6	83.6

During financial period 2018 timing of impairment tests has been changed to be carried out by the end of third quarter. Impairment tests are based on valuation reports prepared by external independent valuer. Based on these tests, no impairment loss was recorded.

The estimated value of the group of cash-flow-producing units that have goodwill are based on calculated working values.

The calculation of working values is based on the following key assumptions:
The calculation of value in use is sensitive to discount rates and growth rates used to extrapolate cash flows beyond the forecast period. The cash flows used in the calculations are based on the 2019 business plan approved by the Board of Directors, as well as the economic modeling made by the external evaluator for 2020–2022, based on past performance. Cash flows from later periods have been extrapolated using 1% (1.9% in 2017) terminal growth, reflecting both the expected average growth rate and the impact of inflation. In the 2018 and 2017 testing terminal year operating profit has been normalised to correspond average of the above years. The discount rate used for the discounting of cash flows has been determined after tax. The discount rate is based on the weighted average cost of capital (WACC).

Discount rate used (after tax) 2018: 8,4 % (2017: 7,06 %)
Sensitivity analysis for impairment testing:
The recoverable amount of the Group's cash-generating units exceeds the carrying amount by MEUR 146.0 (2017: 224.3).

Growth rate estimates are based on perceived long-term economic growth prospects, which are based on recorded historic average growth rates of the advanced economies, which are generally roughly 2% per annum. The Group is expected to grow organically, generally in tandem with the economy. Due to the slower long-term economic growth expectations, the growth rate used in calculations is 1% per annum.

Sensitivity analysis on Destia Group with a 0% long term growth will not imply a write-down; higher growth rates imply increased values in use. Similarly, higher discount rates will yield a write-down need only at unrealistically high levels.

14. OTHER INTANGIBLE ASSETS

1,000 EUR	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan 2018	**6,396**	**9**	**6,405**
Increases	66	1	67
Decreases		-5	-5
Transfers between items	1,030	-4	1,027
Acquisition cost on 31 Dec 2018	**7,493**	**1**	**7,494**
Accumulated depreciation on 1 Jan 2018	-3,497		-3,497
Depreciation	-1,284		-1,284
Accumulated depreciation on 31 Dec 2018	**-4,780**		**-4,780**
Carrying amount 31 Dec 2018	**2,712**	**1**	**2,714**

1,000 EUR	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan 2017	**4,694**	**18**	**4,713**
Increases	17	1	18
Transfers between items	1,685	-10	1,674
Acquisition cost on 31 Dec 2017	**6,396**	**9**	**6,405**
Accumulated depreciation on 1 Jan 2017	-2,076		-2,076
Depreciation	-1,420		-1,420
Accumulated depreciation on 31 Dec 2017	**-3,497**		**-3,497**
Carrying amount 31 Dec 2017	**2,900**	**9**	**2,909**

15. OTHER INVESTMENTS

1,000 EUR	2018	2017
Other investments		
Acquisition cost 1 Jan	2,032	2,137
Decreases	-9	-105
Acquisition cost 31 Dec	2,023	2,032
Carrying amount 31 Dec	**2,023**	**2,032**

Other investments include shares measured at fair value through other comprehensive income and shares measured at fair value through profit and loss. More information is in accounting principles and in Note 23.

16. INVENTORY

1,000 EUR	2018	2017
Materials and supplies	16,386	15,945
Total	**16,386**	**15,945**

17. ACCOUNTS AND OTHER RECEIVABLES

1,000 EUR	2018	2017
Accounts receivables	56,592	60,442
Other receivables	1,588	1,086
Income tax receivables	152	0
Contract assets	15,023	7,899
Accrued income	7,627	7,233
Accounts and other receivables, total	**80,983**	**76,661**

Contract assets and liabilities are described in Note 2.

The most significant accrued income items consist of sales allocations and supplementary pension receivables EUR 7 324 thousand (2017: EUR 5 439 thousand).

Expected credit losses and age distribution of accounts receivables

1,000 EUR	2018	Impairment loss reservation	Expected credit losses, %	Net 2018
Contract assets	**15,116**	**-93**	0.6	**15,023**
Accounts receivables	**56,944**	**-352**		**56,592**
Not past due	52,921			52,921
Due				
Less than 30 days	3,220	-141	4.4	3,079
30-60 days	164	-106	64.4	58
61-90 days	387	-70	18.2	316
More than 90 days	252	-35	14.0	217
Accounts receivables, total	**56,944**	**-352**		**56,592**

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1,000 EUR	2017	Impairment loss reservation	Net 2017
Contract assets	7,899		7,899
Accounts receivables	61,160		61,160
Not past due	57,283		57,283
Due			
Less than 30 days	2,895		2,895
30–60 days	24		24
61–90 days	31		31
More than 90 days	927	718	209
Accounts receivables, total	**61,160**	**718**	**60,442**

At the balance sheet date, the maximum credit risk the Group is exposed to with regards to accounts receivables is equal to the balance sheet amount. No collateral is applied to the Group's accounts receivables. There are no significant credit risk concentrations within accounts receivables. The carrying amount of the accounts receivables is considered to be equal to their fair value at the balance sheet date.

The Group utilizes provision matrix to determine expected credit losses on accounts receivables. The calculation of expected credit losses and other risks related to accounts receivables are described in Note 29.

The Group has recorded credit losses from accounts receivables of EUR 660 thousand (EUR 718 thousand). As definitive credit losses the Group has recorded in total EUR 573 thousand and as increase of impairment loss reservation EUR 88 thousand.

18. CASH AND CASH EQUIVALENTS

1,000 EUR	2018	2017
Cash in hand and at banks	40,430	20,803
Cash and cash equivalents, total	**40,430**	**20,803**

Cash and cash equivalents in the cash flow statement correspond to those presented in the balance sheet.
The balance sheet value of cash and cash equivalents best corresponds to the maximum amount of credit risk related to them.

19. DEFERRED TAX ASSETS AND LIABILITIES

Movement in deferred tax assets 2018

1,000 EUR	1 Jan 2018	In income statement	In other comprehensive income	In equity	31 Dec 2018
Pension benefits	207	4	-25		185
Provisions	942	88			1,031
Tax receivable on interest	1,576	93			1,669
Other allocation differences	178	195		72	445
Hedge instrument fund	12		25		37
Total	**2,915**	**380**		**72**	**3,366**
Tax losses carried forward for which deferred tax assets have not been recorded					1,343

No deferred tax assets have been recorded for Destia Sverige AB's losses, which do not expire.

Movement in deferred tax liabilities 2018

1,000 EUR	1 Jan 2018	In income statement	In other comprehensive income	In equity	31 Dec 2018
Depreciation differences	1,838	50			1,888
Other allocation differences	468	-86		-222	159
Total	**2,307**	**-37**		**-222**	**2,047**

Movement in deferred tax assets 2017

1,000 EUR	1 Jan 2017	In income statement	In other comprehensive income	In equity	31 Dec 2017
Pension benefits	127	3	77		207
Provisions	1,385	-443			942
Tax receivable on interest	1,032	544			1,576
Other allocation differences	89	89			178
Hedge instrument fund	8		4		12
Total	**2,642**	**193**	**81**		**2,915**
Tax losses carried forward for which deferred tax assets have not been recorded					1,397

No deferred tax assets have been recorded for Destia Sverige AB's losses, which do not expire.

Movement in deferred tax liabilities 2017

1,000 EUR	1 Jan 2017	In income statement	In other comprehensive income	In equity	31 Dec 2017
Depreciation differences	1,702	136			1,838
Other allocation differences	1,099	-114		-516	469
Total	**2,801**	**22**		**-516**	**2,307**

20. EQUITY

1,000 EUR	Number of shares	Share capital	Invested non-restricted equity fund	Hybrid loans	Other items: Translation differences	Other items: Hedge instrument fund
1 Jan 2018	**80,000**	**80**	**53,000**	**10,000**	**-3**	**-46**
Translation differences					-1	
Cash flow hedging						-101
Amortisation of equity hybrid loan				-10,000		
Other changes						1
31 Dec 2018	**80,000**	**80**	**53,000**		**-4**	**-146**

1,000 EUR	Number of shares	Share capital	Invested non-restricted equity fund	Hybrid loans	Other items: Translation differences	Other items: Hedge instrument fund
1 Jan 2017	**80,000**	**80**	**53,000**	**11,463**	**-2**	**-31**
Translation differences					-1	
Cash flow hedging						-15
Amortisation of equity hybrid loan				-1,463		
31 Dec 2017	**80,000**	**80**	**53,000**	**10,000**	**-3**	**-46**

Information on shares and share capital
The Destia Group Plc has one share type. The maximum number of shares is 80 thousand. The share capital of the Destia Group Plc is MEUR 0,08. The shares have no nominal value.

Invested non-restricted equity fund
The invested non-restricted equity fund includes equity-like investments and the share subscription price to the extent to which it is not recorded in the share capital by explicit decision.

The invested non-restricted equity fund includes the MEUR 38 capital invested by Ahlström Capital Group in connection with the trade of Destia's shares and the conversion of the MEUR 15 hybrid loan from AC Infra Oy, decided at the Extraordinary General Meeting in August 2016.

Hybrid loans
Equity hybrid loans are loans issued by the owner, which are items comparable to equity. The amortisation and interest payments of equity hybrid loans are decided at the Annual General Meeting based on a proposal by the Board of Directors. From 2015 onwards, interest expenses are recorded as they are paid, adjusted for the effect of taxation on the results of previous financial years. In order of priority, the loans are last after all other loans.

Equity does not include equity hybrid loans from Ahlström Capital Group (MEUR 10.0). Interest on the loans was 10%. Hybrid loans were fully amortised during 2018.

Other items

Translation differences
Translation differences include differences resulting from the translation of foreign subsidiaries.

Hedge instrument fund
The fund includes the accumulated effective proportions of changes in fair values of derivative financial instruments used as cash flow hedges and the gains and losses on other investments recognized through comprehensive income.

21. FINANCIAL LIABILITIES

1,000 EUR	2018	2017
Loans from financial institutions	40,261	40,380
Other liabilities	3,312	3,312
Financial lease liabilities	144	187
Derivative liabilities	183	58
Non-current financial liabilities, total	**43,900**	**43,936**
Loans from financial institutions	116	167
Financial lease liabilities	82	99
Current financial liabilities, total	**198**	**266**
Financial lease liabilities - total amount of minimun lease payments		
Maturing within one year	90	109
Maturing within more than one year and less than five years	144	189
Total	**235**	**299**
Financial leasing liabilities - present value of minimum lease payments		
Maturing within one year	82	99
Maturing within more than one year and less than five years	144	187
Future financial expenses	-9	-13
Total amount of financial lease liabilities	**226**	**286**

In connection with the Group's financial arrangements in December 2016, a total of MEUR 40 in variable-rate, unsecured, bullet loans were withdrawn. Loans will mature December 2020. The reference rates of which are tied to the 12-month Euribor rate and the 0.9% margin at the balance sheet date (0.9%). The margin is determined on the basis of the net debt to EBITDA ratio. The loans were hedged in full by means of interest rate swaps up to the end of the loan period. The loan agreement includes a covenant related to the net debt to EBITDA ratio.

Destia Engineering Ltd has MEUR 0.4 in variable-rate loans (0.5). The loans had an average interest rate of 2.0% (1.8%) and they will mature in 2020–2023.

Non-current financial liabilities include the unpaid purchase price for the additional share in Destia Engineering Ltd, valued at MEUR 3.3 at the balance sheet date (3.3). The remeasurement difference of MEUR 1.4 has been recognised under other operating expenses in the comparative financial period 2017.

22. CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES (IAS 7)

			Non-cash flow effect	
1,000 EUR	1 Jan 2018	Cash flows	Changes in fair values	31 Dec 2018
Non-current loans	43,692	-119	0	43,572
Current other liabilities	167	-51		116
Financial leasing liabilities	286		-59	226
Assets used in hedging non-current liabilities	58		126	183
Total	**44,202**	**-170**	**66**	**44,098**

			Non-cash flow effect	
1,000 EUR	1 Jan 2017	Cash flows	Changes in fair values	31 Dec 2017
Non-current loans	42,479	-164	1,376	43,692
Current other liabilities	189	-22		167
Financial leasing liabilities	286		2	228
Assets used in hedging non-current liabilities	39		19	58
Total	**42,993**	**-186**	**1,397**	**44,202**

23. GROUP'S CARRYING AMOUNT OF FINANCIAL ASSETS AND LIABILITIES

1,000 EUR	2018	Fair value hierarchy
Financial assets		
Assets measured at fair value through other comprehensive income		
Shares and equity holdings	2,000	level 3
Financial assets measured at fair value through profit or loss		
Shares and equity holdings	23	level 3
Assets at amortised cost		
Accounts receivables and other receivables	58,180	level 2
Cash and cash equivalents	40,430	level 2
Financial liabilities		
Liabilities measured at fair value through other comprehensive income		
Interest rate swaps, in hedge accounting	183	level 2
Liabilities measured at fair value through profit and loss		
Other derivatives, not hedging	128	level 2
Liabilities at amortised cost		
Loans from financial institutions, interest-bearing	40,377	level 2
Financial lease liability, interest-bearing	226	level 2
Other liabilities, interest-bearing	3,312	level 2
Accounts payables and other liabilities	88,746	level 2

The impact of the transition to IFRS 9 on the classification of financial assets and liabilities on 1.1.2018 has been described in the accounting priciples.

1,000 EUR	2017	Fair value hierarchy
Financial assets		
Financial assets available-for-sale		
Financial assets available-for-sale	2,032	level 3
Financial assets at fair value through profit or loss		
Other derivatives, not hedging	56	level 2
Accounts receivables and other receivables	61,427	level 2
Cash and cash equivalents	20,803	level 2
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Interest rate swaps, in hedge accounting	58	level 2
Financial liabilities valued at amortized cost		
Loans from financial institutions, interest-bearing	40,547	level 2
Financial lease liability, interest-bearing	286	level 2
Other liabilities, interest-bearing	3,312	level 2
Accounts payables and other liabilities	77,125	level 2

The carrying value equals the fair value. The levels adopted in fair value accounting are:
Level 1: Exchange traded securities with quoted prices in active markets
Level 2: Fair value determined by observable parameters
Level 3: Fair value determined by non-observable parameters

24. OTHER LIABILITIES

1,000 EUR	2018	2017
Non-current other liabilities	917	6,086

25. ACCOUNTS PAYABLE AND OTHER NON-INTEREST-BEARING LIABILITIES

1,000 EUR	2018	2017
Accounts payable	34,804	40,184
Other non-interest-bearing liabilities	20,930	11,695
Accrued expenses	46,309	34,477
Accounts payable and other non-interest-bearing liabilities, total	**102,043**	**86,356**

The most significant items in accrued expenses are personnel expenses of EUR 34,323 thousand (EUR 23,246 thousand) and accounts payables allocations EUR 11,118 thousand (EUR 6,985 thousand).

26. LONG-TERM INCENTIVE SCHEMES

The Group has two management long-term incentive schemes, one for 2014–2018 and the other for 2018–2020. The purpose of the schemes is to commit certain key persons to the company and offer them a competitive reward scheme. The Board of Directors decides on the long-term incentive scheme and the persons covered by it. The criteria for the long-term incentive schemes are the same for all people belonging to the scheme. These criteria apply to the whole Group and differ from the bonus scheme criteria. The earnings criterion of the programs is the company's value increase.

The scheme for 2014–2018 covers some 80 persons. The earnings period is 2014–2018 and the remuneration accumulated in the earnings period will be paid in cash in spring 2019. The scheme for 2018–2020 covers some 50 persons. The earnings period is 2018–2020 and the remuneration accumulated in the earnings period will be paid in cash latest during 2021. The Group has noted the synthetic option arrangement granted to the Chair of the Board by AC Infra Oy.

27. PENSION OBLIGATIONS

In addition to the statutory pension insurance (TyEL), Destia Ltd has a defined benefit pension arrangement in place for those employees whose employment began before 1993. The additional pension is related to Destia Ltd's period as a public utility. In connection with the incorporation of Destia, pension insurance was supplemented by acquiring additional pension insurance from a third party. The additional pension covers the level of pension earned before 1995 and the individual age of retirement between 60 and 65 years of age.

In the defined benefit pension plan, the amount of funds reflects the share of the obligations for which the insurance company is liable and this is calculated at the same discounted interest rate as the obligation. The assets included in the arrangement include 100% acceptable insurance policies. The company's liability is mainly the effect of the employee pension index on the obligation.

Following the renewal of the statutory TyEL on 1 January 2017, the corporation has decided to preserve the pension benefits related to the additional pension in the same state; however, without compensating for the change in retirement age caused by the legislation. If the recipient of the benefits retires before the retirement age stipulated in the new law, this will lead to a reduction of 0.4% in the monthly pension. Persons covered by the benefits in the company can, where possible, compensate for the above-mentioned reduction by working at the company for longer.

1,000 EUR	2018	2017
Expenses based on work performance during the period	0	4
Net interest	21	9
Costs in the income statement	**21**	**13**
Items resulting from redefinition	-127	384
Costs in the comprehensive income statement before taxes	**-106**	**397**
Present value of obligation	29,248	30,167
Fair value of assets included in the arrangement	-28,321	-29,134
Net liability/asset on the balance sheet (-) 31 Dec	**927**	**1,033**
Present value of obligation at start of period	**30,167**	**32,442**
Expenses based on work performance during the period	0	4
Interest expenses	590	445
Actuarial profit (-)/loss (+)		
from changes in financial assumptions	365	-733
from changes in demographic assumptions	27	-460
from experience-based changes	-569	-214
Fulfilling an obligation		
Benefits paid	-1,333	-1,317
Company arrangements		
Present value of obligation 31 Dec	**29,247**	**30,167**

1,000 EUR	2018	2017
Fair value of assets included in the arrangement at the beginning of the period	**29,134**	**31,806**
Interest yield	569	436
Yield of assets included in the arrangement excluding item belonging to interest expenditure/yield	-50	-1,791
Fulfilling obligations		
Benefits paid	-1,333	-1,317
Payments made to arrangement		
Fair value of assets included in the arrangement 31 Dec	**28,321**	**29,134**
Liabilities on the balance sheet at the beginning of the period	**1,033**	**636**
Costs in the income statement	21	13
Payments made to arrangement		
Redefinitions in items of other comprehensive income	-127	384
Liabilities on the balance sheet 31 Dec	**927**	**1,033**
Actuarial assumptions		
Discounting interest rate, %	2.00%	2.00%
Pay rises, %	1.20%	1.40%
Pension rises, %	1.94%	1.84%
Sensitivity analysis		
The table below shows the effects on net liability of changes in assumptions		
Discounting interest rate change +0.25%	-30	-34
Discounting interest rate change -0.25%	31	36
Pay rises +0.25%	15	17
Pay rises -0.25%	-15	-17
Change in pension rises +0.25%	974	1,033
Change in pension rises -0.25%	-942	-999

When calculating sensitivity, it is assumed that other assumptions remain unchanged.
The duration based on the weighted average of the obligation is 13,5 years.
Destia Ltd's estimate of the benefits-based pension arrangements it will pay in 2019 null euros.

28. PROVISIONS

1,000 EUR	Guarantee provisions	Environmental provisions	Other provisions	Total
1 Jan 2018	**4,486**	**11,062**	**1,599**	**17,146**
Increase in provisions	919		1,652	2,571
Expensed provisions	-361	-176	-934	-1,470
Reversals of unused provisions	-1,273	-59	-253	-1,586
Effect of discounting		-440		-440
31 Dec 2018	**3,770**	**10,386**	**2,064**	**16,220**

1,000 EUR	Guarantee provisions	Environmental provisions	Other provisions	Total
1 Jan 2017	**5,284**	**11,663**	**3,740**	**20,686**
Increase in provisions	753		2,536	3,289
Expensed provisions	-1,235	-3	-2,107	-3,345
Reversals of unused provisions	-317	-98	-2,570	-2,985
Effect of discounting		-499		-499
31 Dec 2017	**4,486**	**11,062**	**1,599**	**17,146**

1,000 EUR	2018	2017
Non-current provisions	11,355	12,845
Current provisions	4,865	4,301
Total	**16,220**	**17,146**

Guarantee provisions

Guarantee provisions have been made to cover any obligations during the warranty period of contractual agreements. They are based on experiences from previous years.

Environmental provisions

The Group has land areas that it is obliged to restore to their original condition. The present value of estimated landscaping costs has been capitalised as part of the cost of the areas and presented as a provision. The discounting factor used in determining the present value is 0,65% (0,53%).
In addition, the Group has a provision for cleaning contaminated land area, in connection with cleaning a former asphalt plant in the capital region.

Other provisions
Other provisions include dispute and litigation provisions of MEUR 1,3 (MEUR 0,3) as well as provisions for onerous contracts MEUR 0,3 (MEUR 0,7) and other provisions MEUR 0,5 (MEUR 0,6), of which MEUR 0,2 (MEUR 0,3) is related to personnel.

29. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Group is exposed to a number of financial risks. The objective of the Group's risk management is to minimise the adverse effects of changes in the financial markets on the Group's earnings. The primary types of financial risks are credit and liquidity risk, foreign exchange currency risk, interest rate risk and commodity risk. The Group's financial policy determines the guidelines and practices for the Group's financial activities. The Group's financial policy is approved by the Board of Directors and its practical implementation is the responsibility of the Group Chief Financial Officer and the centralised Finance and Treasury unit together with the business units. The Group's Finance and Treasury unit identifies and assesses the risks and acquires the instruments required for protection against them in close co-operation with the operational units. Hedging transactions are carried out in accordance with the financing policy. The Group performs risk management through the use of forward exchange contracts, foreign currency loans, interest rate swaps and commodity derivatives. Financial risks are reported quarterly to the Audit Committee and to the Board of Directors. Internal and external audits monitor Group compliance with financial policy. Group´s financing policy guidelines are according to Ahlström Capital's policy.

Credit risk
Destia Group's credit risk consists of the credit risk of accounts receivable related to the business operations and of the counterparty risk related to other financial instruments. The Group's credit risk is managed by the business unit controllers in accordance with instructions prepared by the Finance and Treasury unit. The management of the credit risk of accounts receivable aims to increase the amount of advances received and to assess the customer's creditworthiness in good time during the tendering process, enabling assessment of the collateral amount, the instrument and the eligibility of the collateral offered. The Group has no significant credit risk concentrations related to accounts receivable as the Group's customer base consists of a significant number of individual customers from both the private and public sectors.

The Group applies the simplified approach for measuring expected credit losses for trade receivables and contract assets. Expected credit losses are calculated using a provision matrix and recognised at an amount corresponding to the lifetime expected credit losses. When preparing the provision matrix, expected credit losses for trade receivables and contract assets are assessed based on experience and historical information on credit losses. Also economic conditions and estimated future outlook are taken into consideration in evaluation. The Group updates its historical data evaluation and future estimates during each reporting period. The Group's Finance unit monitors the development of expected credit losses and changes in financial conditions on a regular basis as part of the Group's credit risk management.

The counterparty credit risk related to other financial instruments is generated when Destia invests assets in money market instruments offered by other companies, public organisations or financial institutions. The risk is related to the counterparty of the contract not being able to fulfil its contractual obligations. Counterparty credit risk is managed via counterparty limits. Counterparty limits are only determined for counterparties deemed to be solvent and have a good credit rating. Select counterparties are set maximum limits in euros and maximum maturity limits. The counterparty and counterparty limits are approved by the Group's Board of Directors.

The maximum amount of the Group´s credit risk corresponds to the carrying amount of financial assets at the end of the financial year. The age distribution of accounts receivable is presented in Note 17.

Liquidity risk
Liquidity risk management aims at ensuring that the Group is able to fulfil its financial obligations at all times. Annual cash flow forecasts are prepared for the next three years during strategy planning, and monthly forecasts are made for the next year during budgeting process. In addition, liquidity planning is carried out daily. In the long term, the aim is to secure liquidity by means of persistent, proactive financing arrangements and the establishment of short-term financing limits. According to the Group's operational instructions, cash assets must be invested in liquid money market instruments to ensure flexibility.

The following table shows the maturity distribution of the Group's financial liabilities. The amounts have not been discounted, and they include both interest payments and capital repayments.

1,000 EUR 31 Dec 2018	Balance sheet value	Contractual based cash flows	Less than 1 year	1–2 year	2–3 year	3–4 year	More than 4 years
Maturity distribution of financial liabilities							
Loans from financial institutions	40,377	-41,118	-486	-40,479	-79	-53	-20
Accounts payable and other liabilities	51,000	-51,000	-51,000				
Total	**91,377**	**-92,118**	**-51,486**	**-40,479**	**-79**	**-53**	**-20**
Maturity distribution of derivative liabilities							
Interest rate swaps	183	-139	-65	-75			
Commodity derivatives	128	-128	-128				
Total	**311**	**-267**	**-193**	**-75**			

1,000 EUR 31 Dec 2017	Balance sheet value	Contractual based cash flows	Less than 1 year	1–2 year	2–3 year	3–4 year	More than 4 years
Maturity distribution of financial liabilities							
Loans from financial institutions	40,547	-42,266	-540	-527	-41,047	-79	-73
Accounts payable and other liabilities	50,379	-50,379	-50,379				
Total	**90,926**	**-92,645**	**-50,919**	**-527**	**-41,047**	**-79**	**-73**
Maturity distribution of derivative liabilities							
Interest rate swaps (liability)	58	-99	-65	-53	18		
Commodity derivatives (receivable)	-56	56	56				
Total	**2**	**-43**	**-9**	**-53**	**18**		

Tables do not include additional debt for acquisition of Destia Engineering Ltd or financial leasing liabilities, for which additional information is provided in Note 21–22.

Foreign exchange rate risk
Foreign exchange rate risk refers to the uncertainty that profit and loss, balance sheet and cash flows are exposed to by the changes in foreign exchange rates. The international operations of Destia Group are minor and so the amounts affected by foreign exchange rate risk, or foreign exchange positions, are small and the foreign exchange rate risk is low.

According to the Group´s financial policy, the foreign exchange risk must be covered to at least 50 and at most 100%, using forward exchange and option contracts or foreign currency loans as hedging instruments. Hedging operations are directed at cash flows and balance sheet items separately. Currency derivatives may only be used for hedging purposes. The Group does not apply IFRS 9 hedge accounting to currency hedging.

The Group does not have any significant outstanding foreign exchange positions at the end of the financial year.

Interest rate risk
Interest rate risk is the risk of market interest rates affecting the Group's interest expenses and profits. The Group's interest rate risk primarily consists of the interest rate risk of the external loan portfolio. The interest rate risk is managed by spreading the Group's loans and investments across various maturities on the one hand and variable and fixed-rate instruments on the other. The risk of the loan and investment portfolio is determined by interest position calculations. According to the Group's financial policy, interest rate risk must be covered 100%, using short- or long-term forward rate or future contracts, interest rate option contracts or interest rate swaps. Interest rate derivatives may only be used for hedging purposes. The Group's interest rate risk is coordinated with Ahlström Capital and managed in a centralised manner by the Finance and Treasury unit.

The Group has hedged its variable interest rate loan portfolio through interest rate swaps. The Group applies the cash flow hedging accounting principles under IFRS 9 to these interest rate swaps.

Hybrid loans are not part of interest rate risk management. Equity hybrid loans were fully amortised during financial year 2018 to Ahlström Capital.

The table below shows the Group's interest position on the last day of the year under review:

1,000 EUR	2018	2017
Variable-rate financial liabilities	40,377	40,547
Interest-rate swaps	40,000	40,000
Variable-rate position, total	**377**	**547**

The Group has no fixed-rate financial assets or liabilities.

Effect of interest rate changes on the Group's result and equity
The table below shows how the Group's equity is affected if the interest rates increase or decrease and the other factors remain unchanged. The sensitivity analysis is based on the interest position on the last day of the year under review, which includes nominal amount of MEUR 40 interest rate swaps.

1,000 EUR	2018	2017
Change	+/-0.5%	+/-0.5%
Effect on profit after taxes and effect on equity	**128**	**203**

Commodity risk
In its operations, Destia Group is exposed to commodity risk related to commodity price fluctuations. Destia's significant commodity risks are determined in connection with tendering. The necessary hedging procedures are planned on a project-specific basis through co-operation between the business units and Finance and Treasury unit. The Group does not apply the cash flow hedging accounting principles under IFRS 9 to these commodity swaps.

Monthly rolling hedging of diesel is being done for a period of 12 months. The hedging rate was 26% from average yearly purchases. The nominal value of hedging was EUR 729.1 thousand (EUR 600.1 thousand) and the fair value EUR -128.4 thousand (EUR 56.1 thousand) at the balance sheet date.

Management of capital
The Group's equity consists of share capital, invested non-restricted equity fund and retained earnings. The aim is to keep the ratio of equity and debt capital at a healthy level and it is managed together with Ahlström Capital.

The purpose of enhancing Destia's use of capital is to speed up the incoming cash flow and slow down the outgoing cash flow. The efficient use of capital is ensured by efficient, safe and profitable investments or use of existing assets. Efficiency is also safeguarded by improving the terms of payment in contractual negotiations, by efficiently managing payment transactions with the help of cash flow forecasts, and by utilising an efficient bank account network and program as well as up-to-date accounts payable and receivable activities. All means of working capital management are used to reduce the capital tied to business.

1,000 EUR	2018	2017
Equity	83,343	81,961
Balance sheet total	285,794	264,337
Contract liabilities	36,199	25,246
Equity ratio	33.6%	34.5%

30. OTHER LEASE AGREEMENTS

Group as lessee

Other lease agreements include, for example, leases for premises and fleet. The average term of the lease agreements are between 1–5 years. Minimun leases paid on the basis of non-cancellable lease agreements:

1,000 EUR	2018	2017
Within one year	3,760	3,705
Within more than one year and maximum five years	6,534	5,648
Total	**10,294**	**9,354**

During the financial year, lease expenses of EUR 4,237 thousand (EUR 3,874 thousand) for other lease agreements were recorded through profit and loss.

31. CONTINGENT LIABILITIES AND ASSETS

1,000 EUR	2018	2017
Guarantees and contingent liabilities		
Real estate mortgages	350	350
Business mortgages	670	780
Counter Obligations of bank guarantees related to contractual agreements	79,206	77,020
Interest liabilities accrued from equity hybrid loans		1,112

Disputes and litigation

The Group has on-going disputes related to projects, which have been provided for to the extent that the Group deems the disputes substantial and the claims justified.

32. RELATED PARTY TRANSACTIONS

The Group's related parties include its subsidiaries, Ahlström Capital Oy and its subsidiaries, joint ventures and associated companies.

In addition, the related parties include the members of the Board and of the Management Team, including the President & CEO and their family members.

In 2018, companies belonging to the Ahlström Capital Group also had EUR 1,700 of billing (EUR 1,700) and EUR 11,900 of purchases (EUR 1,300).

Interest of MEUR 1.8 was paid to Ahlström Capital Oy for the hybrid loan (MEUR 1.2) and amortisation of MEUR 10.0 (MEUR 1.5). Hybrid loans were fully amortised during 2018 (MEUR 10.0). During the financial period MEUR 2.2 was paid to Ahlström Capital Oy for the Group Contribution granted in 2017. During the comparison year 2017 AC Infra Oy was paid previously unpaid MEUR 2.5 interest from years 2015–2016 on the hybrid loan that was converted into the invested unrestricted equity fund during 2016.

The President and CEO and members of the Management Team belong to the management long-term incentive scheme, described in Note 26.

The Group´s parent company and subsidiary relations in the year 2018 were as follows:

Company	City	Country	Group´s share of ownership and votes %	Parent company´s share of ownership and votes %
31 Dec 2018				
Destia Group Plc, parent company	Vantaa	Finland		
Destia Ltd, parent company of the subgroup	Vantaa	Finland	100	100
Destia Ltd, subsidiaries				
Destia Eesti OÜ		Estonia	100	100
Destia Engineering Ltd	Tampere	Finland	50.79	50.79
Destia Rail Ltd	Kouvola	Finland	100	100
Destia Sverige AB		Sweden	100	100
Destia International Ltd	Vantaa	Finland	100	100
Finnroad Oy	Vantaa	Finland	100	100

During the financial year, Destia Ltd's subsidiaries Turgel Grupp AS and Destia Eesti AS were merged to Destia Ltd's new subsidiary Destia Eesti OÜ that was established during the period.

Consortia have also been established for large and long-term projects, which also involves external parties. The parties have committed to joint and several liability for the obligations and liabilities of the consortia. The most significant ongoing consortia are Pulteri II and Metro 2.

Management´s employee benefits:

1,000 EUR	2018	2017
Salaries and other short-term employee benefits	2,171	1,962
Salaries and remuneration:		
President & CEO's	793	638
Members of the Board of Directors	145	137

It has been agreed that the retirement age of the CEO is 62.

33. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 14 January 2019, Destia announced the renewal of its organizational structure in order to implement its corporate culture and strategy. The designed new organization will enable geographical expansion and development of new services and excellent know-how, strengthening of cooperation and ensuring competitiveness. The key change is the transition from a regional organization to a service orientated organization. Due to this significant structural reorganization cooperation negotiations were started.

Group's key figures, IFRS

MEUR	2018	2017	2016	2015
Revenue	550.3	478.7	493.2	462.8
Change from previous year, % *)	15.0	-2.9	6.6	7.2
Operating profit for the period	17.1	13.1	14.1	12.9
% of revenue	3.1	2.7	2.9	2.8
Operating profit for the period, comparable	17.1	15.1	12.5	7.4
% of revenue	3.1	3.2	2.5	1.6
Result for the period	13.1	12.6	5.7	6.7
% of revenue	2.4	2.6	1.2	1.5
EBITDA 1)	27.4	25.4	22.1	16.4
% of revenue	5.0	5.3	4.5	3.6
Gross investments	7.5	8.8	17.9	9.2
% of revenue	1.4	1.8	3.6	2.0
Balance sheet total	285.8	264.3	257.1	266.3
Equity	83.3	82.0	76.5	73.3
Equity ratio, % 2)	33.6	34.5	33.5	31.2
Net gearing, % 3)	4.4	28.5	35.3	32.6
Interest-bearing liabilities	44.1	44.2	43.0	66.8
Return on equity, % 4)	15.9	15.9	7.6	9.5
Return on investment, % 5)	13.5	10.7	11.1	9.4
Equity per share, EUR	1,041.79	1,024.51	956.09	916.21
Average personnel	1.658	1.572	1.492	505
Occupational accidents resulting in absence from work **)	5.8	10.5	5.9	7.6
Order book	732.7	696.2	708.0	717.4
Research and development expenses	1.0	0.9	0.9	0.9
% of other operating expenses	2.6	2.4	2.4	2.6

*) The comparative figure is the revenue figure from the Destia subgroup MEUR 431.5 in 2014.

**) Occupational accidents per one million working hours. Since the beginning of the year 2017 the number also covers Destia Engineering.

Formulas:
1) Operating profit + depreciation, amortisation and impairment losses. Not IFRS key figure. EBITDA adjusted by comparable items.
2) (Equity/(balance sheet total - advances received)*100
3) (Interest-bearing liabilities - cash and cash equivalents and held-to-maturity investments) / (equity)*100
4) (Result for the period/average equity)*100 (opening and closing balance)
5) (Result before taxes + interest costs and other financial expenses/ (invested capital average)*100 (balance sheet total - non-interest-bearing liabilities - provisions, opening and closing balance)

Destia Group Plc, income statement, FAS

1,000 EUR	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Revenue	**1,420**	**1,652**
Personnel expenses		
Salaries and wages	1,136	2,493
Personnel related expenses		
Pension expenses	204	649
Other personnel expenses	31	69
Personnel expenses	**1,371**	**3,211**
Other operating expenses	**247**	**650**
Operating result	**-199**	**-2 208**
Financial income and expenses		
Interest income		
Interest expenses to Group companies	2,699	2,719
Interest and other financial expenses	215	235
Financial income and expenses	**-2,914**	**-2,955**
Profit/loss before appropriations and taxes	**-3,112**	**-5,163**
Appropriations		
Group contributions received	10,000	4,700
Group contributions granted		2,200
Appropriations	**10,000**	**2,500**
Income and deferred taxes	**-1,377**	**532**
Profit/loss for the financial year	**5,511**	**-2,131**

Destia Group Plc, balance sheet, FAS

1,000 EUR	31 Dec 2018	31 Dec 2017
ASSETS		
NON-CURRENT ASSETS		
INVESTMENTS		
Holdings in Group companies	108,815	108,815
Investments, total	**108,815**	**108,815**
NON-CURRENT ASSETS TOTAL	**108,815**	**108,815**
CURRENT ASSETS		
RECEIVABLES		
Receivables from Group companies	10,000	4,700
Deferred tax assets	1,677	1,585
Other receivables		0
Prepaid expenses and accrued income	6	11
Receivables, total	**11,683**	**6,295**
Cash and cash equivalents	**20**	**49**
CURRENT ASSETS TOTAL	**11,703**	**6,344**
ASSETS TOTAL	**120,518**	**115,159**

1,000 EUR	31 Dec 2018	31 Dec 2017
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80	80
Other funds		
Reserve for invested non-restricted equity	53,000	53,000
Retained earnings	-4,611	-2,480
Profit/loss for the period	5,511	-2,131
Equity, total	**53,979**	**48,469**
Provisions	**42**	**42**
LIABILITIES		
Non-current liabilities		
Loans classified as equity		10,000
Loans from financial institutions	20,000	20,000
Non-current liabilities, total	**20,000**	**30,000**
Current liabilities		
Accounts receivables	25	46
Liabilities to Group companies	44,688	34,548
Other liabilities	119	123
Accrued expenses	1,664	1,932
Current liabilities, total	**46,496**	**36,649**
LIABILITIES TOTAL	**66,496**	**66,649**
EQUITY AND LIABILITIES TOTAL	**120,518**	**115,159**

Destia Group Plc, cash flow statement, FAS

1,000 EUR	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	450	48
Cash paid to suppliers of goods/services and to personnel	-3,547	-2,668
Net cash flow before financial items and taxes	-3,097	-2,619
Interest paid on operating activities	-239	-314
Interest income on operating activities		0
Other financial items from operating activities	0	-11
Taxes paid on operating activties	-21	-178
Net cash flows from operating activities	**-3,357**	**-3,122**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash flows from investing activities	**0**	**0**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in current loans (+)	17,343	8,370
Decrease in current loan (-)	-10,000	-300
Decrease in non-current loans (-)		-1,463
Interests and other financial items paid	-1,815	-3,694
Granted and paid group contributions	-2,200	
Net cash flows from financing activities	**3,328**	**2,914**
Change in cash and cash equivalents	**-29**	**-209**
Cash and cash equivalents at the end of the financial period	20	49
Cash and cash equivalents at the beginning of the financial period	49	257

Destia Group Plc, notes to financial statements, FAS

Accounting principles (FAS)

Basic information about the Group
Destia Group Plc is 100% owned by AC Infra Oy, which is part of the Ahlström Capital Group.

Destia Group Plc is Destia Ltd's parent company, which was established 22 April 2014 in connection with the ownership arrangement of Destia Ltd and which owns 100% of Destia Ltd's shares. Destia Group Plc's financial statement from 1 January to 31 December 2018 and comparative year 1 January to 31 December 2017 have been prepared in accordance with the Finnish Acoounting Act. Destia Group prepared its consolidated financial statement in accordance with the International Financial Reporting Standards (IFRS).

Measurement of investments
Investments have been valued at acquisition cost.

Financial assets
Financial assets have been valued at acquisition price, or at the expected market value if this is lower than the acquisition cost.

Financial liabilities
Interest from equity-instruments has been recognised by using the accrual basis on comparitive period. There are no equity hybrid loans on balance sheet date.

Derivative instruments
The fair value of derivative contracts used to hedge cash flows to be generated in future financials years has been recognised as an off-balance-sheet-liability.

Group contributions
Group contributions have been recovered as appropriations in the income statement.

Pensions
Personnel pensions have been ensured by means of insurance with an external pension insurance company. Pension expenses have been recorded as expenses in the year they were incurred.

Related parties
The Group´s related parties include its parent company, subsidiaries and Ahlström Capital Oy and its subsidiaries, joint ventures and associates.

In addition, related parties include the members of the Board and of the Management Team, including the President & CEO and their family members.

During the financial year following essential related party transactions incurred:

MEUR	Destia Ltd	Ahlström Capital Oy
Sales	1.4	
Purchases	0.1	
Amortisations of loans paid	5.9	10.0
Interests received	2.0	1.8
Loans received	18.9	

Notes to income statement, Destia Group Plc, FAS

1,000 EUR	2018	2017
Revenue		
Revenue from Group companies	1,420	1,652
Revenue, total	**1,420**	**1,652**
Average number of personnel	**4**	**4**
Personnel at the end of the financial year	**4**	**5**
Management salaries and wages		
President and CEOs	793	638
Members of the Board of Directors	145	137
Management salaries and wages, total	**938**	**775**
Auditor´s fees		
Audit expense	60	59
Tax advice	3	
Other services	5	42
Auditor's fees, total	**68**	**101**
Other operating expenses		
Travel expenses	16	12
Administrative expenses	108	530
Insurances	10	15
Other operating expenses	113	93
Other operating income, total	**247**	**650**

1,000 EUR	2018	2017
Financial income		
Interest expenses		
Interest expenses to Group companies	2,699	2,719
To others	215	225
Financial expenses, total	**2,914**	**2,944**
Other financial expenses		
Other borrowings costs	0	10
Other financial expenses		1
Other financial expenses, total	**0**	**11**

Notes concerning assets in the balance sheet, FAS

1,000 EUR	2018	2017
Non-current assets		
Investments		
Holdings in Group companies 1 Jan	108,815	108,815
Holdings in Group companies 31 Dec	108,815	108,815
Current assets		
Receivables from Group companies		
Group contributions receivable	10,000	4,700
Receivables from Group companies, total	**10,000**	**4,700**
Receivables		
Other receivables		0
Accrued income	6	11
Receivables, total	**6**	**11**
Deferred tax assets		
Deferred tax assets	**1,677**	**1,585**

1,000 EUR	2018	2017
Equity and liabilities		
Equity		
Restricted equity		
Share capital 1 Jan	80	80
Share capital 31 Dec	80	80
Restricted equity, total	**80**	**80**
Non-restricted equity		
Fund for invested non-restricted equity 1 Jan	53,000	53,000
Fund for invested non-restricted equity 31 Dec	53,000	53,000
Retained earnings 1 Jan	-4,611	-2,480
Retained earnings 31 Dec	-4,611	-2,480
Profit/loss for the period	**5,511**	**-2,131**
Non-restricted equity, total	**53,899**	**48,389**
Equity, total	**53,979**	**48,469**
Calculation regarding distributable equity		
Fund for invested non-restricted equity	53,000	53,000
Retained earnings	-4,611	-2,480
Profit/loss for the period	5,511	-2,131
Distributable non-restricted equity, total	**53,899**	**48,389**

Notes concerning assets in the balance sheet, FAS

Shares and shareholders

Registered	Shareholder	%	Share capital EUR
22 Apr 2014	AC Infra Oy (Ahlström Capital)	100	80,000

1,000 EUR	2018	2017
Non-current liabilities		
Provisions	**42**	**42**
Non-current liabilities		
Loans classified as equity		10,000
Loans from financial institutions	20,000	20,000
Non-current liabilites, total	**20,000**	**30,000**
Current liabilities		
Liabilities to Group companies		
Accounts payable	53	15
Current loans from Group companies	42,661	29,700
Accrued interests	1,974	2,633
Group contribution liabilities		2,200
Liabilities to Group companies, total	**44,688**	**34,548**
Accounts payable	**25**	**46**
Other liabilities	**119**	**123**
Material items relating to accrued expenses		
Accrued interest	8	8
Personnel related accruals	114	534
Accrued tax liability	1,472	
Other accruals	70	1,391
Accruals, total	**1,664**	**1,932**

1,000 EUR	2018	2017
Guarantees and contingent liabilities		
Lease contracts		
Payable during the following financial year	35	14
Payable in later years	48	23
Derivative contracts		
Interest derivatives		
Nominal value	20,000	20,000
Fair value	-92	-29

Nominal values and fair values are presented as net amounts. The fair value is an estimate of the gains and losses that would have been realised, if the derivative contracts had been terminated at the balance sheet date.

The intrest of loan has been hedged by interest rate swap up to the time of loan maturity. Additional information is provided in Notes 21 and 29 in Group´s financial statements.

Proposal by the Board on the use of distributable assets

Destia Group Plc`s FAS- compliant profit for the financial year was EUR 5,510,956.18, which is proposed to be recorded on the retained earnings account. Destia Group Plc`s distributable assets total EUR 53,899,479.74 including the EUR 53,000,000.00 in the invested unrestricted equity fund.

Destia Group Plc's Board of Directors proposes to the Annual General Meeting that a repayment of capital of EUR 10,000,000.00 be paid from the invested non-restricted equity fund for the financial period that ended on 31 December 2018.

Signatures to the financial statements

Vantaa, 11 February 2019

Arto Räty
Chair of the Board

Marcus Ahlström
Member of the Board of Directors

Lasse Heinonen
Member of the Board of Directors

Pasi Koota
Member of the Board of Directors

Juha Nurmi
Member of the Board of Directors

Juhani Pitkäkoski
Member of the Board of Directors

Tero Telaranta
Member of the Board of Directors

Tero Kiviniemi
President and CEO

Auditor´s Note

An auditor´s report based on the audit performed has been issued today.

Helsinki, 12 February 2019

KPMG OY AB Auditing firm

Virpi Halonen
Authorised Public Accountant, KHT

Auditor's Report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Destia Group Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Destia Group Plc (business identity code 2617172-1) for the year ended 31 December, 2018. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki February 12, 2019
KPMG OY AB

Virpi Halonen,
Authorised Public Accountant, KHT

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