

DESTIA GROUP'S AND DESTIA'S INTERIM REPORT

JANUARY–SEPTEMBER
2014



DESTIA
BUILDING THE BIGGER PICTURE

Destia Ltd's parent company is Destia Group Oyj, which was established in connection with the ownership arrangement of Destia and which owns 100% of Destia's shares.

This is the interim report on the financial development of Destia Group in the third quarter and, with regard to the Destia subgroup, from the beginning of the year with comparative data from the previous year. Business-related matters concern the Destia subgroup. Comparative figures do not exist for Destia Group Oyj.

The Destia Group = Destia Group

The Destia subgroup = Destia

Destia Group's and Destia's interim report for January–September 2014

DESTIA GROUP OYJ STARTED OPERATIONS AS THE PARENT COMPANY DESTIA'S RELATIVE OPERATING PROFIT ON THE LEVEL OF THE PREVIOUS YEAR IN SPITE OF A REDUCTION IN REVENUE, ORDER BOOK MODERATE

- Destia's revenue decreased by 11.6 per cent to MEUR 306.0.
- Destia's operating profit weakened in comparison with the previous year and was MEUR 11.4. Relative profitability remained at the same level.
- The order book increased compared to the previous year and stood at MEUR 658.7.
- Destia Group's return on investment was 6.5 per cent and equity ratio some 29 per cent.
- Destia's return on investment was over 22 per cent and equity ratio 33 per cent.
- On 1 July 2014, Destia paid the State of Finland MEUR 42.0 as repayment of capital.
- The commercial agreement between Ahlström Capital and the State of Finland regarding the purchase of the entire shareholding of Destia was implemented on 1 July 2014.
- In the third quarter, the number of accidents resulting in absence from work was at an all-time low of 9.8.
- Destia Group Oyj issued a MEUR 65 five-year bond.
- Destia's 2014 revenue and operating profit are expected to fall short of the level of the previous year.

Group's key figures (IFRS), MEUR	Destia Group		Destia	Destia	Destia	Destia
	7-9/2014	7-9/2014	7-9/2013	1-9/2014	1-9/2013	1-12/2013
Revenue, continuing operations	136,3	136,3	156,0	306,0	346,4	489,7
Operating result, continuing operations	9,3	11,4	13,2	11,4	13,4	18,9
% of revenue	6,9	8,4	8,5	3,7	3,9	3,9
Result for the period, continuing operations	2,7	8,2	9,9	7,8	9,2	12,5
% of revenue	1,9	6,0	6,3	2,6	2,7	2,6
Result for the period	2,7	8,2	10,4	7,8	11,4	14,9
Return on investment, %	6,5			22,4	15,7	22,1
Equity ratio, %	29,1			33,0	43,2	44,0
Net gearing, %	63,8			-4,0	-22,2	-51,6
Average personnel				1 520	1 526	1 515
Occupational accidents resulting in absence from work *)				9,8	10,7	10,8
Comparable order book at the end of period				658,7	647,6	574,6

*) Occupational accidents of Destia's own personnel per one million working hours

Destia's President and CEO Hannu Leinonen comments on the reporting period:

"Our result developed moderately during the reporting period, in spite of the challenging market situation and a decline in revenue compared with last year. Competition for projects remained fierce. Our order book developed quite positively, and we acquired more contracts than last year. In addition to our core businesses of infrastructure construction and maintenance, Destia concluded several new contracts in our growth

spearheads, track construction and energy construction. During the reporting period, we also won a significant large contract, the construction of the Mikkeli section of National Road 5. Our order book is spread over more years than previously.

In order to achieve Destia's strategic objectives, we are investing strongly in personnel development. Our strong investment in the development of personnel expertise, customer work and occupational safety is already evident in our operations. I am especially happy with the record low level of our accident frequency in the third quarter and in the positive development in the results of the personnel survey carried out during the reporting period.

The transfer of Destia's entire share capital to private ownership as a result of the corporate acquisition was ratified in the reporting period. The strengthening of business that we have done in recent years has created a solid foundation on which we can now build profitable growth under private ownership.

The poor success last year and early this year in tendering for major projects caused a revenue challenge to which we have been unable to respond in the third quarter. We expect that our revenue and operating profit in 2014 will fall short of the level of the previous year."

Operating environment

Uncertainty in the economy in Finland continued during the reporting period. In spring, signs of recovery were evident in the global and eurozone economies, but these signs faded in the eurozone during the summer. In particular, the reduction in investments by house-building companies and private operators has weakened the infrastructure market. During the reporting period, decisions made by the government to stimulate the economy have, however, created some positive ripples on the market.

Demand in the infrastructure sector has remained moderate, but the slowing down of the entire construction market is evident as a low amount of work in infrastructure design, among other things. Competition for projects remains fierce. The public sector project programme does, however, contain major projects for the coming years, which creates a basic level of demand in the sector despite the fall in the overall market.

In August, the Confederation of Finnish Construction Industries RT downgraded the economic prospects for construction. RT reckons that construction will contract by 1.5 per cent during the current year over last year instead of the 1 per cent fall predicted in the spring. The forecast for next year was also downgraded, even though construction next year is expected to experience cautious growth of 0.5 per cent. The civil engineering sector is expected to contract this year by 2 per cent and to grow by a small amount next year.

According to Statistics Finland, the costs of the civil engineering industry rose 0.8 per cent from September 2013 to September 2014. The annual change in cost varied by subindex from -1.8 per cent in earth structures to 3.0 per cent in concrete structures. The increase in the total index was particularly affected by price increases in soil and minerals as well as an increase in labour costs. The increase in costs was curbed by the lower than before prices of bitumen, fuels and energy, among other things.

New group structure

On 26 May 2014, the State of Finland concluded an agreement with Ahlström Capital, the aim of which was to transfer the entire share capital of Destia Ltd to the ownership of Ahlström Capital. The Finnish Competition and Consumer Authority approved the trade of Destia Ltd shares between Ahlström Capital and the State of Finland, and Destia Ltd was transferred to Ahlström Capital's ownership on 1 July 2014. In conjunction with the transfer of ownership, MEUR 42 was paid to the State of Finland as repayment of capital.

Destia Ltd's parent company is Destia Group Oyj, which owns 100% of Destia's shares. This interim report reports on the financial development of Destia Group in the third quarter, 1 July–30 September 2014 and, with regard to Destia, from the beginning of the year with comparative data from the previous year. Business-related matters concern Destia. Destia Group Oyj began its operations at the time of the purchase of Destia, so comparative figures do not exist.

Order book and new orders

At Destia, in addition to safety, the focus of personnel development this year has been on customer work. Personnel training has increased competence in consistent and goal-oriented customer work. Investment in customer work in a challenging market situation is evident as a better order book than in the corresponding period the previous year. The order book at the end of September was MEUR 658.7 (647.6 when converted to be comparable). In comparison with the end of 2013, the order book increased by 14.6 per cent. The order book is spread over more years than last year.

The most significant new contracts worth at least MEUR 1 concluded during the third quarter:

- The Joensuu eastern regional contract, will be completed in September 2017
- The construction of Kantola event park in Hämeenlinna, will be completed in May 2015
- The improvement of jetties and perimeter structures at Kaupunginlahti in Uusikaupunki, will be completed in December 2015.
- Construction of the Western Metro feeder connections between Espoonlahti and Matinkylä in Espoo, will be completed in July 2016
- The upgrading of main road 11435 between Vantaanlaaksontie and Lentoasemantie, will be completed in September 2015
- The construction of a pedestrian underpass and planned roads in the downhill skiing area of Saariselkä, will be completed in September 2015
- Maintenance of the street lighting network in Lahti, will be completed in April 2017
- Construction of the Mikkeli section of National Road 5, will be completed in November 2016
- Earth and road construction work for five wind farms in Tornio, will be completed in January 2015
- Construction of a connecting water pipeline between Muurame and Korpilahti in Jyväskylä, will be completed in December 2015

In addition, Destia signed a great deal of smaller new contracts during the reporting period.

Revenue

In the third quarter, Destia Group's revenue stood at MEUR 136.3.

During the reporting period, Destia's revenue from continuing operations was MEUR 306.0 (346.4). The decrease in revenue was particularly attributable to the large individual projects ongoing during the comparison period.

In the reporting period, other operating income amounted to MEUR 1.9 (3.8). This mainly includes sales income from fixed assets and rental profit from property. The figure for the comparison year is also improved by the decrease of a provision resulting from a reduction in environmental responsibilities made in the first quarter.

Result

In the third quarter, Destia Group's operating result stood at MEUR 9.3. The operating result was encumbered by one-off costs of MEUR 2.1.

During the reporting period, Destia's operating result from continuing operations was on a reasonable level at MEUR 11.4 (13.4) in spite of the significant reduction in revenue. Relative profitability is improved by an improvement in project management, which has been invested in significantly in personnel training in recent years.

In the reporting period, Destia's net financial costs were MEUR 1.4 (1.3), or 0.5 per cent (0.4) of revenue. In connection with the ownership arrangement, in order to ensure Destia's working capital, MEUR 30 worth of short-term limit agreements were negotiated with financiers, which created non-recurring financial costs of MEUR 0.8 in the reporting period. Income taxes in the reporting period amounted to MEUR 2.2 (2.9).

In the third quarter, Destia Group's profit stood at MEUR 2.7. The result of the reporting period was encumbered by one-off costs of MEUR 4.6 concerning Destia's share trade and financial arrangements.

Destia's result for the period was MEUR 7.8 (11.4). The result in the comparison period was improved by profit of MEUR 2.2 from discontinued operations.

Balance sheet and cash flow

At the end of the reporting period, the total assets on Destia Group's balance sheet stood at MEUR 263.8. Return on investment was 6.5 per cent, equity ratio 29.1 per cent, and net gearing 63.8 per cent. Destia Group's interest-bearing net debt was MEUR 44.1.

Total assets on Destia's balance sheet were MEUR 177.6 (211.2) at the end of the reporting period. Return on investment was 22.4 per cent (15.7), equity ratio 33.0 per cent (43.2), and net gearing -4.0 per cent (-22.2).

Destia has invested in managing its working capital in a determined fashion. As a result of this, the positive development of cash flow continued throughout the early part of the year. The cash flow of the reporting period comprised operating cash flow of MEUR 2.9 (-10.6), investment cash flow of MEUR -2.7 (-0.9) and financial cash flow of MEUR -43.0 (-20.1). In May, the company prematurely amortised its long-term loans to the value of MEUR 10 (20). The interest rate swap related to the loan was reduced by a corresponding amount causing a non-recurring financial cost of MEUR 0.3 (1.0), which is included in operating cash flow. At the beginning of July, the company took out a short-term loan worth MEUR 9. At the end of the reporting period, Destia had neither long-term loans nor interest rate swaps hedging them.

Destia's financial position remained satisfactory after the repayment of capital to the State of Finland. The financial assets on the balance sheet were MEUR 11.6 (29.5) at the end of the reporting period. The Group's Commercial Paper programme of MEUR 150 was not used in the reporting period (or in the reference period). MEUR 9.0 of short-term MEUR 30 financing limits renegotiated for the needs of the financing of working capital was available. At the end of the reporting period, a MEUR 10 credit limit remained unused as well as the remaining MEUR 11 financing limit. At the end of the reporting period, Destia's liabilities stood at MEUR 9.6 (11.4). Of all loans, 95.7 per cent (2.1) were short-term and 4.3 per cent (97.9) long-term. Interest-bearing net liabilities at the end of the reporting period were EUR -2.0 million (-18.1), meaning that Destia was free of net liabilities. A business mortgage of MEUR 39 was provided to Destia Ltd's financiers as a security for the financing package.

Destia Group Oyj's shareholders' equity includes not only MEUR 38 invested in an unrestricted equity fund but also a total of MEUR 29 of equity instruments. Destia Group Oyj issued a MEUR 65 bond as part of the financing of the Destia transaction. This loan is unsecured and will mature in full in June 2019. The loan coupon has a variable interest rate based on the three-month Euribor rate, and the loan margin is 4.5%. The loan will be listed on the Helsinki Stock Exchange by June 2015. It is hedged by means of an interest rate swap up to the time of its maturity.

At the end of the reporting period, Destia Group's liabilities stood at MEUR 75.5. Of all Destia Group's loans, 12.3 per cent were short-term and 87.7 per cent long-term. The Group's interest-bearing net liabilities at the end of the reporting period were MEUR 44.1.

Bisnode Finland granted an AAA credit rating to Destia Ltd on 9 July 2014. The rating is the highest in the seven-tier scale. Only 2.6% of all Finnish companies belong to the same credit category.

Investments and acquisitions

In the reporting period, Destia's gross investments were MEUR 3.8 (6.4), which amounted to 1.2 per cent (1.8) of revenue. The investments were mainly targeted at the fleet.

Personnel

Destia's average number of personnel during the reporting period was 1,520 (1,526). At the end of September, the number of personnel was 1,506 (1,516), of which permanent staff totalled 1,383 (1,382) and temporary employees 123 (134). Due to the seasonality of the business, the number of personnel varies during the year and peaks in the summer.

In the reporting period, Destia carried out the 2014 personnel survey, for which the response rate was 78 per cent (76). The results of the survey continued to show positive development and are on a good level. No significant differences between units were evident in the survey.

Human resources development is still Destia's strategic area of focus. In the reporting period, the company continued investments in human resources development. In the reporting period, about 520 employees participated in Voitto training, which supports goal-oriented customer work. Determined investment in occupational safety was also evident in a positive improvement in accident frequency which, at the end of the third quarter, was at a record low of 9.8 (10.7) accidents per one million working hours.

Organisational structure and management

Destia's operations are divided into four regional and two national business units. The regional business units offer infrastructure construction and maintenance: Southern Finland, Western Finland, Eastern Finland and Northern Finland. Their business 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 Special Construction business unit is a national unit responsible for railway construction and railway infrastructure maintenance, rock and mining construction and aggregate services. Destia's other national business unit, Consulting Services, takes care of design, surveying and international consultancy.

The following support functions support the business units: Finance, Legal Services, Human Resources, Communications, and Processes.

In 2014, Destia's Group Management Team comprises President and CEO Hannu Leinonen, CFO Pirkko Salminen, and Executive Vice Presidents Minna Heinonen, Pasi Kailasalo, Jouni Karjalainen, Jukka Raudasojja, Marko Vasenius and Seppo Ylitapio, and personnel representative Jouko Korhonen. In addition to the persons mentioned above, the Extended Management Team also includes Senior Vice Presidents Laura Ahokas, Miia Apukka, Aki Markkola and Tom Schmidt.

In September 2014, the decision was made to condense the Destia organisation from 1 January 2015. The Railways, Aggregates and Fleet business units that belong to Special Construction will be transferred to become part of regional business units. As a result of this, at the beginning of 2015 Destia's organisation will comprise four regional business units, Southern Finland, Western Finland, Eastern Finland and Northern Finland, as well as Consulting Services and support functions.

At the beginning of 2015, Minna Heinonen, currently Executive Vice President of the Special Construction business unit, will take charge of Destia's Southern Finland business unit. Jouni Karjalainen, currently Executive Vice President of Southern Finland, has been appointed Executive Vice President, Large Project, Sales and Project Development as of the start of 2015. This position is established to strengthen Destia's grip on future large projects.

In order to achieve Destia's growth strategic objectives and to improve competitiveness, Support function Processes will be revised. Also the name of unit will change to Development of Business and Support of Production. At the beginning of 2015, Heidi Erha, will take charge of this unit and she has been appointed Senior Vice President and Member of Extended Management Team. Tom Schmidt will attend to managing the project preparation of E18 Hamina–Vaalimaa.

Extraordinary General Meetings and their decisions

An Extraordinary General Meeting of Destia Group Oy held on 1 July 2014 elected a new Board of Directors for the company. The meeting re-elected Ahlström Capital Oy President and CEO Panu Routila as Chairman of the Board. Jacob af Forselles, Investment Director of Ahlström Capital Oy, was re-elected as a member. Arto Rätty, Permanent Secretary to the Ministry of Defence, Matti Mantere and Solveig Törnroos-Huhtamäki were re-elected as the other members of the Board of Directors.

Destia Ltd's Extraordinary General Meeting held on 1 July 2014 elected a new Board of Directors for the company. Panu Routila was elected as new Chairman of the Board and Jacob af Forselles and Arto Rätty as new members. Matti Mantere and Solveig Törnroos-Huhtamäki continue as Board members.

Destia Ltd's Extraordinary General Meeting decided to keep the remuneration of the members of the Board of Directors unchanged. However, remuneration will not be paid to parent company representatives serving as members of the Board of Directors.

The Extraordinary General Meeting selected Ernst & Young as Destia Ltd's auditor for the 2014 accounting period, with Kristina Sandin (APA) as the auditor with principal responsibility.

The Board of Destia Ltd elected Arto Rätty as Vice Chairman of the Board at its organising meeting. Two committees were appointed to support the work of the Board of Directors: a Nomination and Remuneration Committee and an Audit Committee. Panu Routila was elected as Chairman and Matti Mantere and Arto Rätty as the members of the Nomination and Remuneration Committee. Solveig Törnroos-Huhtamäki was elected as Chairperson of the Audit Committee, and Jacob af Forselles and Arto Rätty as members.

Litigation and disputes

In November 2012, Destia submitted to the authorities an investigation request regarding the sale of surplus and demolition material for personal benefit at one of its railway sites. In August 2014, Helsinki District Court sentenced three persons to imprisonment which was suspended and one person to a fine. The court ruled that the value of the property misappropriated from Destia and the Finnish Transport Agency, totalling €163,500, must be repaid as requested. The decision of the district court has been appealed. None of the convicted people works for Destia anymore.

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. Both public and private sector investments in infrastructure construction are decreasing, which is reflected in the competitive situation in the industry. The competitive situation in Destia's core business areas continues to be fierce. Success in tendering for regional main road maintenance contracts as well as large contracts is of paramount importance.

The increase 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.

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 readiness to react in varying situations.

The most significant operational risks concern project management and profitability. Uncertainty is being created by the potential increase of input prices and the ability to manage project-related risks. The key factors in project management are an efficient process from tender calculation to implementation, cost monitoring, ensuring resources and developing project management expertise.

Destia has invested in the reliable financial reporting of essential content, 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.

The company's freedom from net liabilities has significantly reduced financial risks. Financial risks related to the financing of the new parent company 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.

Growth strategy and financial objectives

The Board of Directors has ratified Destia Group's strategy for 2014–2022 and the financial objectives for the 2014–2016 business planning period. The key focus of the strategy is to grow profitably on the infrastructure market through good customer work and by making good use of in-house expertise.

Based on this, the Board confirmed the following financial targets for strategic period 2014–2016:

- Average growth of 5 % per year
- Operating profit (EBIT) ratio 4 % by the end of 2016
- Return on investment ratio 15 % by the end of 2016
- Equity ratio 40 % by the end of 2016

Destia's core business are large road projects and infrastructure maintenance requiring special expertise. The focus areas of Destia's strategic growth in the coming period are in the rock and railways businesses and in energy construction. At Destia, we are investing strongly in the development of customer work. The development of personnel is still the company's strategic area of focus.

Events following the reporting period

On 1 October 2014, Destia Fleet Ltd was merged with Destia Ltd, and Kaivuujyrä Oy with Destia Rail Ltd.

Outlook for 2014

Uncertainty in the Finnish economy continues and even the budding growth in the eurozone seems to have faded in the third quarter. It seems that the Finnish economy is catching up with economic growth in the global economy and eurozone more slowly than elsewhere in Europe. The infrastructure market is expected to continue to contract until 2015 with a decrease in public and private investments. However, the market will remain stable, and the competition for projects will continue to be fierce as the number of projects decreases.

The size and structure of Destia's order book deviate from the objective set. Success in tendering for large projects last year and early this year has been disappointing, which presents challenges for revenue this year. In the reporting period, the order book strengthened and most of it extends over the next two years. The order book coupled with the measures we have taken towards improving customer work and project management provide a solid foundation for maintaining good profitability and cash flow also in future.

Market guidelines for 2014

Destia's 2014 revenue and operating profit are expected fall short of the level of the previous year.

Vantaa, 30 October 2014

Destia Group Oyj

Board of Directors

More information

Destia's President and CEO Hannu Leinonen, tel. +358 20 444 4000 and CFO Pirkko Salminen, tel. +358 50 3022 485

Financial reporting 2014

Destia will publish its financial statements for 2014 on 13 February 2015.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IFRS

MEUR	Destia Group 7-9/2014	Destia 1-9/2014	Destia 1-9/2013	Destia 1-12/2013
Continuing operations				
Revenue	136,3	306,0	346,4	489,7
Other operating income	0,7	1,9	3,8	5,3
Materials and services	93,4	200,9	237,0	335,4
Employee benefit expenses	21,6	61,9	61,5	86,9
Depreciations	2,5	7,8	9,1	12,2
Other operating expenses	10,2	25,9	29,1	41,6
Operating result	9,3	11,4	13,4	18,9
Financial income	0,0	0,2	0,5	0,6
Financial expenses	4,4	1,6	1,8	2,7
Result before taxes	4,9	10,0	12,1	16,8
Income taxes	2,3	2,2	2,9	4,2
Result for the period of continuing operations	2,7	7,8	9,2	12,5
Discontinued operations				
Result for the period of discontinued operations		0,0	2,2	2,3
Result for the period	2,7	7,8	11,4	14,9
Other comprehensive income including tax effects				
Items that will not be reclassified to profit and loss				
Actuarial profit and loss from benefit-based pension arrangements				-1,3
				-1,3
Items that may be reclassified subsequently to profit and loss				
Cash flow hedges	-0,7	0,3	1,0	1,0
	-0,7	0,3	1,0	1,0
Other comprehensive income net of tax	-0,7	0,3	1,0	-0,4
Comprehensive income for the period including tax effects	1,9	8,1	12,4	14,5
Result for the period and comprehensive income for the period belong to parent company shareholders.				
Earnings per share, EUR	33,23	11,48	16,79	21,85

CONSOLIDATED BALANCE SHEET

IFRS

MEUR

ASSETS	Destia Group 30.9.2014	Destia 30.9.2014	Destia 30.9.2013	Destia 31.12.2013
Non-current assets				
Tangible assets	53,6	53,6	60,5	57,7
Goodwill	83,2	17,0	17,0	17,0
Other intangible assets	1,9	1,9	2,5	2,4
Pension receivable			0,1	
Available-for-sale financial assets	2,1	2,1	2,1	2,1
Deferred tax assets	1,9	1,8	3,3	2,0
Non-current assets, total	142,6	76,2	85,5	81,2
Current assets				
Inventories	23,5	23,5	23,6	20,6
Accounts and other receivables	66,2	66,2	72,5	63,8
Cash and cash equivalents	31,4	11,6	29,5	54,5
Current assets, total	121,2	101,3	125,6	138,9
Assets, total	263,8	177,6	211,2	220,0
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	0,1	17,0	17,0	17,0
Invested unrestricted equity fund	38,0	14,4	56,4	56,4
Hybrid bonds	29,0			
Other items	-0,7	0,0	-0,3	-0,3
Retained earnings	2,7	18,6	8,7	10,8
Equity, total	69,0	50,0	81,8	83,9
Non-current liabilities				
Deferred tax liabilities	0,5	0,5	1,4	0,6
Pension liabilities	0,8	0,8		0,8
Provisions	11,1	11,1	14,1	11,8
Financial liabilities	64,0	0,4	11,1	10,9
Non-current liabilities, total	76,5	12,9	26,6	24,1
Current liabilities				
Accounts payable and other liabilities	77,1	73,6	73,0	75,7
Provisions	5,6	5,6	7,4	6,6
Financial liabilities	9,2	9,2	0,3	0,2
Advances received	26,3	26,3	22,1	29,5
Current liabilities, total	118,2	114,8	102,8	112,0
Equity and liabilities, total	263,8	177,6	211,2	220,0

CONSOLIDATED CASH FLOW STATEMENT

IFRS

MEUR

	Destia Group 7-9/2014	Destia 1-9/2014	Destia 1-9/2013	Destia 1-12/2013
OPERATING CASH FLOWS				
Cash receipts from customers	121,9	297,6	313,3	475,2
Expenses paid to suppliers and personnel	-117,3	-291,0	-321,9	-456,8
Interests paid	-0,8	-0,2	-0,5	-0,7
Interests received	0,0	0,1	0,1	0,2
Other financial items	-0,9	-1,3	-1,2	-2,2
Tax paid	-1,1	-2,3	-0,2	-0,5
Net operating cash flow, continuing operations	1,7	2,9	-10,4	15,1
Net operating cash flow, discontinued operations			-0,2	-0,2
Net operating cash flow	1,7	2,9	-10,6	14,9
INVESTMENT CASH FLOW				
Investments in intangible and tangible assets	-2,4	-4,3	-5,4	-7,6
Sale of intangible and tangible assets	0,8	1,6	4,7	6,5
Subsidiary shares acquired	-87,5			
Investments in other assets			-26,0	-26,0
Proceeds from the sale of other investments			25,9	25,9
Net investment cash flow, continuing operations	-89,1	-2,7	-0,9	-1,2
Net investment cash flow, discontinued operations				
Net investment cash flow	-89,1	-2,7	-0,9	-1,2
FINANCIAL CASH FLOWS				
Rights issue	0,1			
Investment in Invested unrestricted equity fund	38,0			
Increase in non-current debt (+)	65,0			
Increase in non-current equity instruments (+)	17,0			
Decrease in non-current debt (-)		-10,0	-20,0	-20,2
Increase in short-term financing (-)	9,0	15,8		
Decrease in short-term financing (-)	-6,8	-6,8	-0,1	-0,1
Capital repayment to the State of Finland		-42,0		
Interests and other financial items paid	-3,4			
Net financial cash flow, continuing operations	118,9	-43,0	-20,1	-20,3
Net financial cash flow, discontinued operations				
Net financial cash flow	118,9	-43,0	-20,1	-20,3
Change in cash and cash equivalents	31,4	-42,9	-31,6	-6,6
Cash and cash equivalents at beginning of financial period	0,0	54,5	61,1	61,1
Cash and cash equivalents at end of financial period	31,4	11,6	29,5	54,5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IFRS

MEUR

Destia Group	Equity attributable to equity holders of the parent company						Total
	Share capital	Hedge instrument fund	Invested unrestricted equity fund	Hybrid bonds	Translation differences	Retained earnings	
Equity 1 Jan 2014							
Other comprehensive income							
Result for the period						2,7	2,7
Other comprehensive items:							
Translation differences					0,0		0,0
Cash flow hedges		-0,7					-0,7
Comprehensive income for the period		-0,7			0,0	2,7	1,9
Transactions with owner after 1 July							
Rights issue	0,1						0,1
Investment in Invested unrestricted equity fund			38,0				38,0
Hybrid bonds				29,0			29,0
Equity total 30 Sep 2014	0,1	-0,7	38,0	29,0	0,0	2,7	69,0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IFRS

MEUR

Destia	Equity attributable to equity holders of the parent company						Total
	Share capital	Hedge instrument fund	Invested unrestricted equity fund	Translation differences	Retained earnings		
Equity 1 Jan 2013	17,0	-1,3	56,4	0,0	-2,8	69,4	
Other comprehensive income							
Result for the period					11,4	11,4	
Other comprehensive items:							
Translation differences							
Cash flow hedges		1,0				1,0	
Comprehensive income for the period		1,0	0,0		11,4	12,4	
Equity total 30 Sep 2013	17,0	-0,3	56,4	0,0	8,7	81,8	

Destia	Equity attributable to equity holders of the parent company						Total
	Share capital	Hedge instrument fund	Invested unrestricted equity fund	Translation differences	Retained earnings		
Equity 1 Jan 2014	17,0	-0,3	56,4	0,0	10,8	83,9	
Other comprehensive income							
Result for the period					7,8	7,8	
Other comprehensive items:							
Translation differences				0,0		0,0	
Cash flow hedges		0,3				0,3	
Comprehensive income for the period		0,3		0,0	7,8	8,1	
Transactions with owner before the change in ownership 1 July							
Capital repayment to the State of Finland			-42,0			-42,0	
Equity total 30 Sep 2014	17,0	0,0	14,4	0,0	18,6	50,0	

NOTES

This Interim Report has been prepared in accordance with the IFRS accounting and valuation principles and it is in line with the IAS 34 standard. The interim report should be read together with the financial statements for 2013. The new revised standards or interpretations effective as of 1 January 2014 have no bearing on the figures presented for the report period.

CONSOLIDATED INCOME STATEMENT; QUARTERLY FIGURES

IFRS MEUR	Destia Group		Destia 4-6/2014	Destia 1-3/2014	Destia 10-12/2013	Destia 7-9/2013	Destia 4-6/2013	Destia 1-3/2013
	7-9/2014	7-9/2014						
Continuing operations								
Revenue	136,3	136,3	102,0	67,7	143,3	156,0	112,3	78,1
Other operating income	0,7	0,7	0,8	0,4	1,5	1,7	0,8	1,3
Materials and services	93,4	93,4	64,1	43,3	98,4	110,7	74,7	51,7
Employee benefit expenses	21,6	21,6	22,0	18,3	25,4	20,6	21,8	19,1
Depreciations	2,5	2,5	2,6	2,7	3,1	3,0	3,0	3,1
Other operating expenses	10,2	8,1	10,1	7,6	12,4	10,2	11,2	7,8
Operating result	9,3	11,4	3,9	-3,9	5,5	13,2	2,5	-2,2
Financial income	0,0	0,0	0,1	0,1	0,1	0,0	0,4	0,1
Financial expenses	4,4	1,0	0,4	0,2	0,9	0,2	1,3	0,4
Result before taxes	4,9	10,4	3,6	-4,0	4,7	13,1	1,6	-2,5
Income taxes	-2,3	-2,3	-0,7	-0,8	-1,3	-3,2	-0,3	-0,6
Result for the period of continuing operations	2,7	8,2	2,9	-3,2	3,3	9,9	1,3	-1,9
Discontinued operations								
Result for the period of discontinued operations		0,0	0,0	0,0	0,1	0,6		1,7
Result for the period	2,7	8,2	2,9	-3,2	3,4	10,4	1,3	-0,3

CONSOLIDATED BALANCE SHEET, QUARTERLY FIGURES IFRS

MEUR	Destia Group 9/2014	Destia 9/2014	Destia 6/2014	Destia 3/2014	Destia 12/2013	Destia 9/2013	Destia 6/2013	Destia 3/2013
ASSETS								
Non-current assets								
Tangible assets	53,6	53,6	54,1	55,5	57,7	60,5	62,9	63,1
Goodwill	83,2	17,0	17,0	17,0	17,0	17,0	17,0	17,0
Other intangible assets	1,9	1,9	2,0	2,2	2,4	2,5	2,3	2,4
Pension receivable						0,1	0,1	0,1
Available-for-sale financial assets	2,1	2,1	2,1	2,1	2,1	2,1	2,1	1,7
Deferred tax assets	1,9	1,8	1,8	1,9	2,0	3,3	3,6	4,2
Non-current assets, total	142,6	76,2	77,1	78,7	81,2	85,5	88,0	88,6
Current assets								
Inventories	23,5	23,5	22,2	21,2	20,6	23,6	23,4	23,8
Accounts and other receivables	66,2	66,2	59,4	42,5	63,8	72,5	73,4	42,4
Held-to-maturity investments								25,0
Cash and cash equivalents	31,4	11,6	50,5	54,1	54,5	29,5	24,8	25,2
Current assets, total	121,2	101,3	132,1	117,7	138,9	125,6	121,6	116,4
Assets, total	263,8	177,6	209,1	196,4	220,0	211,2	209,6	205,0
EQUITY AND LIABILITIES								
Equity attributable to equity holders of the parent company								
Share capital	0,1	17,0	17,0	17,0	17,0	17,0	17,0	17,0
Invested unrestricted equity fund	38,0	14,4	56,4	56,4	56,4	56,4	56,4	56,4
Hybrid bonds	29,0							
Other items	-0,7	0,0	0,0	-0,2	-0,3	-0,3	-0,3	-1,2
Retained earnings	2,7	18,6	10,4	7,5	10,8	8,7	-1,8	-3,0
Equity, total	69,0	50,0	83,8	80,7	83,9	81,8	71,3	69,2
Non-current liabilities								
Deferred tax liabilities	0,5	0,5	0,6	0,6	0,6	1,4	1,4	1,4
Pension liabilities	0,8	0,8	0,8	0,8	0,8			
Provisions	11,1	11,1	11,6	11,7	11,8	14,1	14,5	14,6
Financial liabilities	64,0	0,4	0,5	10,8	10,9	11,1	11,2	32,5
Non-current liabilities, total	76,5	12,9	13,5	23,9	24,1	26,6	27,1	48,5
Current liabilities								
Accounts payable and other liabilities	77,1	73,6	65,1	50,6	75,7	73,0	68,2	49,5
Provisions	5,6	5,6	5,8	6,2	6,6	7,4	8,6	9,5
Financial liabilities	9,2	9,2	7,0	0,3	0,2	0,3	0,4	0,4
Advances received	26,3	26,3	33,8	34,8	29,5	22,1	34,0	28,0
Current liabilities, total	118,2	114,8	111,8	91,8	112,0	102,8	111,1	87,3
Equity and liabilities, total	263,8	177,6	209,1	196,4	220,0	211,2	209,6	205,0

**CONSOLIDATED CASH FLOW STATEMENT; QUARTERLY FIGURES
 IFRS**

MEUR	Destia Group 7-9/2014	Destia 7-9/2014	Destia 4-6/2014	Destia 1-3/2014	Destia 10-12/2013	Destia 7-9/2013	Destia 4-6/2013	Destia 1-3/2013
OPERATING CASH FLOWS								
Cash receipts from customers	121,9	121,9	81,8	93,9	161,9	141,6	86,0	85,6
Expenses paid to suppliers and personnel	-117,3	-117,3	-80,6	-93,1	-134,9	-137,5	-88,1	-96,3
Interests paid	-0,8	0,0	-0,2	0,0	-0,2	0,0	-0,5	0,0
Dividends received		0,0	0,0				0,0	
Interests received	0,0	0,0	0,0	0,1	0,0	0,0	0,1	0,1
Other financial items	-0,9	-0,9	-0,4	0,0	-1,0	-0,1	-1,1	-0,1
Tax paid	-1,1	-1,1	-1,2	0,0	-0,4	-0,3	0,5	-0,3
Net operating cash flow, continuing operations	1,7	2,6	-0,5	0,8	25,5	3,7	-3,1	-11,0
Net operating cash flow, discontinued operations						0,5		-0,7
Net operating cash flow	1,7	2,6	-0,5	0,8	25,5	4,2	-3,1	-11,7
INVESTMENT CASH FLOW								
Investments in intangible and tangible assets	-2,4	-2,4	-0,5	-1,4	-2,2	-1,0	-3,7	-0,7
Sale of intangible and tangible assets	0,8	0,8	0,5	0,3	1,8	1,6	1,6	1,5
Subsidiary shares acquired	-87,5							
Investments in other assets							-1,0	-25,0
Proceeds from the sale of other investments							25,9	
Net investment cash flow, continuing operations	-89,1	-1,6	0,1	-1,1	-0,3	0,6	22,8	-24,2
Net investment cash flow, discontinued operations								
Net investment cash flow	-89,1	-1,6	0,1	-1,1	-0,3	0,6	22,8	-24,2
FINANCIAL CASH FLOWS								
Rights issue	0,1							
Investment in Invested unrestricted equity fund	38,0							
Increase in non-current debt (+)	65,0				0,0	0,0	0,0	0,0
Increase in non-current equity instruments (+)	17,0							
Decrease in non-current debt (-)		0,0	-10,0		-0,2		-20,0	
Increase in short-term financing (-)	9,0	9,0	6,8					
Decrease in short-term financing (-)	-6,8	-6,8					-0,1	
Capital repayment to the State of Finland		-42,0	0,0	0,0	0,0	0,0	0,0	0,0
Interests and other financial items paid	-3,4							
Net financial cash flow, continuing operations	118,9	-39,8	-3,2	0,0	-0,2	0,0	-20,1	0,0
Net financial cash flow, discontinued operations								
Net financial cash flow	118,9	-39,8	-3,2	0,0	-0,2	0,0	-20,1	0,0
Change in cash and cash equivalents								
Change in cash and cash equivalents	31,4	-38,9	-3,6	-0,3	25,0	4,8	-0,4	-35,9
Cash and cash equivalents at beginning of financial period	0,0	50,5	54,1	54,5	29,5	24,8	25,2	61,1
Cash and cash equivalents at end of financial period	31,4	11,6	50,5	54,1	54,5	29,5	24,8	25,2

GROUP'S KEY FIGURES

IFRS

MEUR

	Destia Group 7-9/2014	Destia 1-9/2014	Destia 1-9/2013	Destia 1-12/2013
Revenue, continuing operations	136,3	306,0	346,4	489,7
Change from previous year, %		-11,6	-7,1	-3,5
Operating profit for the period, continuing operations	9,3	11,4	13,4	18,9
% of revenue	6,9	3,7	3,9	3,9
Result for the period, continuing operations	2,7	7,8	9,2	12,5
% of revenue	1,9	2,6	2,7	2,6
Result for the period	2,7	7,8	11,4	14,9
Gross investments		3,8	6,4	9,5
% of revenue		1,2	1,8	1,9
Balance sheet total	263,8	177,6	211,2	220,0
Equity	69,0	50,0	81,8	83,9
Equity ratio, % 1)	29,1	33,0	43,2	44,0
Net gearing, % 2)	63,8	-4,0	-22,2	-51,6
Interest-bearing liabilities	75,5	9,6	11,4	11,2
Current Ratio 3)		0,9	1,2	1,2
Quick Ratio 4)		0,7	1,1	1,2
Return on equity, % 5)	3,9	16,8	12,0	19,4
Return on investment, % 6)	6,5	22,4	15,7	22,1
Earnings per share, EUR	33,23	11,48	16,79	21,85
Equity per share, EUR		73,46	120,30	123,41
Average personnel		1 520	1 526	1 515
Occupational accidents resulting in absence from work *)		9,8	10,7	10,8
Comparable order book **)		658,7	647,6	574,6
Research and development expenses		0,6	0,7	1,1
% of other operating expenses		2,4	2,4	2,6

*) Occupational accidents of Destia's own personnel per one million working hours

**) The order book from previous periods has been changed to be comparable

Formulas:

- 1) $(\text{Equity} / (\text{balance sheet total} - \text{advances received})) * 100$
- 2) $((\text{Interest-bearing liabilities} - \text{cash and cash equivalents and held-to-maturity investments}) / \text{equity}) * 100$
- 3) $(\text{Inventories} + \text{liquid assets}) / \text{current liabilities}$
- 4) $\text{Financial assets without receivables from uncompleted contracts} / \text{current liabilities without advance payments}$
- 5) $(\text{Result for the period} / \text{average equity}) * 100$
(opening and closing balance)
- 6) $(\text{Result before taxes} + \text{interest costs and other financial expenses}) / (\text{invested capital average}) * 100$
(balance sheet total - non-interest-bearing liabilities - provisions, opening and closing balance)

Under points 5 and 6 the result has been converted into yearly result (12 months back).

Under points 5 and 6 equity at 30 September 2014 and total balance sheet at 30 September 2014 have been used as Destia Group's balance sheet value

GROUP'S QUARANTEES AND CONTINGENT LIABILITIES

IFRS
 MEU
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	Destia Group 30.9.2014	Destia 30.9.2014	Destia 30.9.2013	Destia 31.12.2013
Business mortgage	39,0	39,0		
Bank quarantees	83,5	83,5	90,2	81,5
Leasing liabilities				
Within one year	3,4	3,4	3,3	3,3
Within more than one year and less than five years	3,0	3,0	4,2	3,8
Within more than five years	0,0	0,0		0,0
Total	6,4	6,4	7,5	7,1

GROUP'S CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

IFRS
 MEUR

	Destia Group 30.9.2014	Destia 30.9.2014	Destia 30.9.2013	Destia 31.12.2013
Financial assets				
Available-for-sale financial assets				
Available-for-sale financial assets (level 3)	2,1	2,1	2,1	2,1
Financial assets at fair value through profit or loss				
Current				
Accounts and other receivables (level 2)	43,8	43,8	48,7	39,8
Cash and cash equivalents (level 2)	31,4	11,6	29,5	54,5
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Interest rate swaps, in hedge accounting (level 2)	0,9		0,4	
Interest rate swaps, not in hedge accounting (level 2)				0,3
Other derivatives, not in hedge accounting (level 2)	0,0	0,0	0,1	0,0
Financial liabilities valued at amortized acquisition cost				
Non-current				
Bonds, interest-bearing (level 2)	62,7			
Loans from financial institutions, interest-bearing (level 2)			10,2	10,0
Financial leasing liability, interest-bearing (level 2)	0,4	0,4	0,6	0,6
Current				
Loans from financial institutions, interest-bearing (level 2)	9,0	9,0	0,0	
Financial leasing liability, interest-bearing (level 2)	0,2	0,2	0,2	0,2
Accounts payable and other liabilities (level 2)	60,1	60,1	56,6	74,5

The carrying value equals for the fair value. The levels adopted in fair value accounting:

Level 1: Exchange traded securities.

Level 2: Fair value determined by observable parameters.

Level 3: Fair value determined by non-observable parameters.

DESTIA GROUP OYJ, SHARES AND SHAREHOLDERS since 1 July 2014

Shareholder	Number of shares	%	Voting right	Share capital EUR
AC Infra Oy (Ahlström Capital)	80 000	100,0	1 vote/share	80 000

DESTIA LTD, SHARES AND SHAREHOLDERS since 1 July 2014

Shareholder	Number of shares	%	Voting right	Share capital EUR
Destia Group Oyj	680 000	100,0	1 vote/share	17 000 000

DESTIA LTD, SHARES AND SHAREHOLDERS until 30 June 2014

Shareholder	Number of shares	%	Voting right	Share capital EUR
State of Finland	680 000	100,0	1 vote/share	17 000 000