BUILDING THE BIGGER PICTURE

DESTIA GROUP'S FINANCIAL STATEMENTS BULLETIN 2013

DESTIA GROUP FINANCIAL STATEMENTS 1 Jan–31 Dec 2013

January−December 2013

- Revenue for the fourth quarter was 6.5% better than in the previous year, with revenue for the accounting period decreasing 3.5%, amounting to EUR 489.7 million.
- Operating profit far exceeded the previous year's level, totalling EUR 18.9 million, with relative profitability improving to 3.9%, clearly above the previous year.
- Group liquidity is extremely good and the company is free of net liabilities.
- Equity ratio showed a positive improvement and was 44.0%
- The order book is a par with the previous year.
- Improvements to occupational safety were effective: the accident frequency rate dropped to 10.8.
- The financial targets set for the 2010−2013 strategy period were met in return on investment and equity ratio. The operating profit percentage also nearly reached its target, despite the challenging market trends. The growth target set for revenue was not met.
- Destia Group’s 2014 revenue and operating profit are expected to remain slightly below the previous year's level.

Group’s key figures (IFRS), MEUR	**10-12/2013**	**10-12/2012**	**1-12/2013**	**1-12/2012**
Revenue, continuing operations	143.3	134.6	489.7	507.3
Operating result, continuing operations	5.5	-0.4	18.9	14.0
% of revenue	3.9	-0.3	3.9	2.8
Result for the period, continuing operations	3.3	-1.8	12.5	11.1
% of revenue	2.3	-1.4	2.6	2.2
Result for the period	3.4	-2.4	14.9	10.8
Return on investment, %			22.1	12.5
Equity ratio, %			44.0	35.2
Net gearing, %			-51.6	-40.5
Average personnel			1 515	1 591
Occupational accidents resulting in absence from work *)			10.8	15.6
Order book at the end of period			593.0	600.8

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

Operating environment

Uncertainty in the economy continued during 2013, which had a negative effect on the economic operating environment in infrastructure construction and on the availability of financing for projects. A slight decline in the infrastructure construction market during the year under review was due to a slowdown in house-building construction. Public infrastructure investments remained stable, while private infrastructure investments decreased. Numerous new road development projects were put out to tender in 2013. In the next few years too, public sector project programmes will offer major projects, which will generate a base level of demand for the infrastructure construction sector, despite a decline in the market as a whole. The slowdown of the entire construction market can especially be seen in a lower demand for aggregates. The rather low amount of work currently available in infrastructure planning is cause for longer term concern.

According to a joint economic forecast made by the Tampere University of Applied Sciences and VTT Technical Research Centre of Finland, infrastructure construction and maintenance shrank 3.5 per cent in 2013. The municipal market was sluggish in the year ended, even though there were signs of life in growth municipalities, especially in the Greater Helsinki area. Competition for projects increased.

The economic conditions of the civil engineering sector were affected by the general economic development, the public sector financial deficit, the level of costs that has remained high, and the decline in house-building construction.

According to an economic report by the Finnish Ministry of Finance, civil engineering production is contracting in 2013 for the fifth consecutive year, but more gently than before. Last year the decline was 6.8 per cent and this year it is expected to be 3.2 per cent.

Civil engineering sector costs rose 0.8 per cent from December 2012 to December 2013. According to Statistics Finland, the annual change in costs varied by sub- index, from -2.1 per cent in surfacings to 2.8 per cent in rock structures.

IFRS financial statements

Since 2011, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The 2013 interim reports with reference data have been prepared in accordance with IFRS regulations. Prior to this, the Group's financial reporting was based on the Finnish Accounting Standards (FAS). The Group adopted the IFRS on 1 January 2010.

The effect of the closure of business operations in Norway is presented under Discontinued operations.

Business development

In the 1 January–31 December 2013 accounting period, the operations of the Destia Group (hereinafter Destia) consisted of four regional and two operational business units. The regional business units providing infrastructure construction and maintenance services are 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 responsible for railway construction and railway infrastructure maintenance, rock and mining construction, aggregates services as well as the Group's own fleet service. Destia's other operational business unit, Consulting Services, takes care of design, surveying and international consultation.

During the accounting period, Destia's revenue from continuing operations amounted to EUR 489.7 million (EUR 507.3, 2012) and EUR 143.3 million (134.6) in the fourth quarter. The improved fourth quarter revenue over the previous year was due to favourable weather conditions. The annual revenue for continuing operations fell 3.5 per cent from the previous year. This drop in revenue was due not only to an overall slowdown in the market, but also a failure to win tenders for several major projects.

Key orders received during the year, and the order book

Destia's order book at year-end, EUR 593.0 million (600.8), was 1.3 per cent less than the previous year. In a tightened market situation, the company's tendering activities had a negative impact on order book development.

In the fourth quarter of 2013, Destia won a significant track contract, which supports the company’s objectives of growing on the track maintenance and construction markets. The Maintenance Area 5 track and safety equipment maintenance contract put out to tender by the Finnish Transport Agency covers the period 2014−2019 plus two optional years. The maintenance area includes track sections from Haapamäki to Orivesi, Jyväskylä, Vaasa and Kaskinen, as well as from Jyväskylä to Äänekoski.

In the fourth quarter, Destia signed agreements with the municipality of Kempele for the 2014 delivery of aggregates, with the City of Pori for renovation of the Pori Bridge, and with the Finnish Transport Agency for project management of the 2014 InfraTeema project.

During the accounting period, Destia won the construction contract put out to tender by Länsimetro for the tunnel section between Keilaniemi and Lauttasaari. The contract includes construction and structural engineering work of the metro tunnel over a 4 km distance between Keilaniemi and Lauttasaari. Work on the contract began in early March 2013 and is expected to be completed in September 2014.

Destia won the contract put out to tender by the Finnish Transport Agency for the construction of a double track in the Riippa−Eskola track section. The contract entails the renovation of old track and the construction of new track over a 30-km distance. The contract also includes the construction of new linesides, bridges, service and private roads as well as the conversion of the track's electrification system to conform to double-track requirements. The contract is expected to be completed in November 2016.

In 2013, Destia won and carried out the maintenance contract for bridges put out to tender by the Uusimaa Centre for Economic Development, Transport and the Environment (ELY Centre). The contract included the repair of 21 bridges, primarily in the Greater Helsinki area. The contracted work will be completed by the end of the year.

Destia implements the contract for the first stage of the construction of streets, municipal engineering and blocks in the Lakari industrial and logistics area to be built in Rauma. The contract started in February 2013, and is expected to be completed in spring 2014.

In public tendering for regional main road maintenance contracts in 2013, Destia won seven out of 12. The Huittinen, Jämsä, Pudasjärvi−Taivalkoski, Vaasa, Suomussalmi and Paimio contracts won are five years in duration, and the Nurmes contract is seven years. All in all, Destia maintained its good market position in the regional maintenance of main roads.

Destia signed contracts with the Centres for Economic Development, Transport and the Environment in Northern Ostrobothnia, Lapland and North Savo to transfer the Kuusamo, Ivalo and Pieksämäki regional main road maintenance contracts to Destia's responsibility in the middle of the maintenance period. All three regional contracts are one year in duration.

Destia signed a contract with the City of Joensuu for Joensuu's southern regional contract. This contract will last until the end of September 2016.

Destia won the contract put out to tender by the Central Finland Centre for Economic Development, Transport and the Environment for the upgrading of National Road 56 between Jämsä and Mänttä. The planned completion of the contract is in December 2014.

Destia's Consulting Services is involved in a consortium that won the project put out to tender by the Finnish Transport Agency that includes ground surveys of Pisararata.

Destia signed a contract with the Finnish Transport Agency for the service level measurements of surfaced roads during 2014−2019.

Destia also won the Technopark II parking project in Lappeenranta, which is scheduled for completion in June 2014.

Destia signed a contract for the first stage of the Kivikontie interchange put out to tender by the City of Helsinki, which will be completed in September 2014. A contract was also signed for track renewal between Myllymäki and Tuuri put out to tender by the Finnish Transport Agency, which will be completed in July 2014.

Contracts put out to tender by the Port of Oulu, for the second phase of its West Quay construction project, which started at the end of August and will be completed at the end of 2014, and by the Northern Ostrobothnia ELY Centre, for light traffic arrangements on National Road 27 in Ylivieska, were also signed. The planned completion of the contract is in September 2014.

The E18 Koskenkylä−Kotka life-cycle project, which was ongoing in 2013, has proceeded according to plan. The Main Road 51 Kivenlahti–Kirkkonummi improvement project was completed in October 2013. The project will continue with the maintenance of surfacings, road structures and bridge structures for a period of 15 years.

Group result development

The operating result for continuing operations during the accounting period was EUR 18.9 million (14.0) and for the fourth quarter EUR 5.5 million (-0.4). Relative profitability improved significantly to 3.9 per cent (2.8).

The result, which was fundamentally better than the previous year, was made possible by an improvement in the average profitability of projects and a significantly lower level of fixed costs than in previous years.

Other operating profit for the reporting period was EUR 5.3 million (5.3), and in the fourth quarter MEUR 1.5 (1.9). For the most part, it is made up of rental proceeds and property- and fleet-related capital gains.

The result for the accounting period was weakened by Destia having to pay a total of EUR 2.1 million in compensation, including penalty interest and legal fees, ordered in arbitration. The final impact of this payment on Destia's operating profit was EUR 1.3 million and on financial costs EUR 0.5 million. The dispute concerned old contracts carried out in 2008.

The financial targets set for the 2010−2013 strategy period were met in return on investment and equity ratio. The operating profit percentage also nearly reached its target, despite the challenging market trends. The growth target was not met. The targets were: operating profit 4.0 per cent; return on investment 15.0 per cent; equity ratio 35.0 per cent; and a faster rate of growth in revenue than the market growth rate.

Balance sheet, cash flow and financing

The total assets on the consolidated balance sheet at the end of the accounting period were EUR 220.0 million (223.5). Return on investments was 22.1 per cent (12.5), equity ratio 44.0 per cent (35.2) and net gearing 51.6 per cent (-40.5).

The Group's liquidity is very good. Cash flow for the accounting period comprised an operating cash flow of EUR 14.9 million (39.1), an investment cash flow of EUR -1.2 million (-1.4) and a financing cash flow of EUR -20.3 million (-30.5). Operating cash flow showed a sharp development at the end of 2012, which had a reductive effect on operating cash flow at the beginning of 2013. Investment cash flow includes the maturing of a EUR 25 million investment held until the due date and its maturity. In May, the Group prematurely amortised long-term loans to the value of EUR 20 million. The interest rate swap related to the loan was reduced by a corresponding amount causing a non-recurring financial cost of EUR 1.0 million, which is included in operating cash flow. The interest rate swap hedging the remaining long-term loan no longer meets the hedge accounting requirements of the IFRS, which is why in future it will be valued at fair value through profit and loss.

The cash and cash equivalents on the consolidated balance sheet at the end of the accounting period were EUR 54.5 million (61.1). During the accounting period, the Group's EUR 150 million in commercial papers and EUR 31.1 million short-term credit limits were not used (these were also not used during the reference period). As a result of the premature amortisation of the EUR 20 million loan, the amount of liabilities fell to EUR 11.2 million (32.9) at the end of the accounting period. Of all loans, 2.0 per cent (1.0) are short-term and 98.0 per cent (99.0) long-term. Interest-bearing net liabilities at the end of the accounting period were EUR -43.3 million (-28.1), meaning that the company was free of net liabilities.

The Group's net financial costs during the accounting period were EUR 2.2 million (3.1), or 0.4 per cent (0.6) of revenue, and in the fourth quarter they were EUR 0.9 million (0.2), or 0.6 per cent (0.1) of revenue. Fourth quarter financial costs were increased by the EUR 0.5 million in penalty interest that Destia was ordered to pay in arbitration. A reduction in financial costs was primarily due to the low amount of interest-bearing net liabilities. Non-recurring items increased the net financial items by a total of EUR 1.5 million during the accounting period. Income taxes in the reporting period amounted to EUR 4.2 million (in the reference period, EUR 0.2 million negative).

Protection against currency, commodity and interest risks has been organised in accordance with the Group’s treasury policy

Shares and share capital

The registered share capital of Destia Ltd is EUR 17.0 million and its total number of shares is 680,000. The company is owned 100 per cent by the State of Finland.

Investments and divestments

During the reporting period, gross investments made totalled EUR 9.5 million (7.3), or 1.9 per cent (1.4) of revenue, and in the fourth quarter EUR 3.0 million (2.9), or 2.1 per cent (2.2) of revenue. Investments were mainly targeted at the fleet, but also at data systems and holiday timeshares for the recreational use of personnel.

Annual General Meeting 2013 and administration

Destia Ltd’s Annual General Meeting held on 18 March 2013 confirmed the company’s financial statements for 2012 and discharged the members of the Board of Directors and the President & CEO from liability for the accounting period 1 January–31 December 2012. The Annual General Meeting decided, as proposed by the Board of Directors, that no dividends be paid for the accounting period ending 31 December 2012.

The Annual General Meeting ratified the total number of members in the Board of Directors as five and reappointed Karri Kaitue as the Chairman of the Board of Directors. Kalevi Alestalo, Elina Engman, Matti Mantere and Solveig Törnroos-Huhtamäki were re-elected as members of the Board of Directors.

The Annual General Meeting elected Deloitte & Touche Ltd (Authorised Public Accountants) as Destia Oy’s auditor for the 2013 accounting period, with Aleksi Martamo (APA) as the auditor with principal responsibility.

At its organising meeting, the Board reappointed Matti Mantere as Vice Chairperson.

Two committees were appointed to support the work of the Board: a Nomination and Compensation Committee, and an Audit Committee. In accordance with Destia’s administration and management system, the Chairman of the Board, Karri Kaitue, will continue as the Chairperson of the Nomination and Compensation Committee. Kalevi Alestalo and Elina Engman were elected as the Committee's members. Matti Mantere was elected as the Chairperson of the Audit Committee, with Kalevi Alestalo and Solveig Törnroos-Huhtamäki as members.

The Annual General Meeting decided to keep the compensations of the Board members unchanged: monthly compensation for the Board’s Chairperson was EUR 3,300. The monthly compensation for the Vice Chairperson was EUR 1,800, and the other members of the Board each received EUR 1,500 as monthly compensation. In addition to the monthly compensation, all members of the Board were paid EUR 600 each as a participation fee for every Board and committee meeting. Travel costs are remitted in accordance with Destia's travel regulations.

Management and personnel

At the beginning of 2013, Destia streamlined the work of its management team in order to enhance the control of customer work and to meet rapid changes in the market situation. The Group Management Team comprises President & CEO Hannu Leinonen, CFO Pirkko Salminen, and Executive Vice Presidents Minna Heinonen, Pasi Kailasalo, Jouni Karjalainen, Jukka Raudasoja, Marko Vasenius and Seppo Ylitapio, and personnel representative Kimmo Laaksola. In addition, Extended Management Team was established to prepare and guide development projects and strategy concerning the entire Group and to develop the management system. 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.

The Group's average number of personnel during the reporting period was 1,515 (1,591). At the end of December, the number of personnel was 1,465 (1,502), 1,375 (1,417) of which were permanent staff and 90 (85) temporary employees. Due to the seasonality of the business, the number of personnel varies during the year, peaking in the summer.

Collective labour agreements concerning infrastructure industry employees and salaried staff were signed on 17 November 2011. The contractual period for both agreements is 1 March 2012−31 March 2014.

On 24 June 2013, Destia Ltd concluded redundancy negotiations under the Act on Co-operation within Undertakings aimed at reducing the number of employees working in regional maintenance contracts, as a consequence of the results of the tendering of regional contracts. As a result of the negotiations, Destia Ltd made seven drivers redundant. The redundancies were implemented during 2013.

On 14 February 2013, Destia's Board of Directors decided on a bonus scheme for 2013 covering all personnel. The bonus scheme forms a part of the overall personnel reward scheme. The bonus scheme brings a supportive, in-house co-operation and strategy enhancing control and reward element to compensation. The scheme will support and develop the company's profitability and operating conditions. The target group for the new bonus scheme is comprised of three different personnel groups: 1) personnel working on Destia projects; 2) work supervisors; and 3) support function personnel and business unit support personnel, including management.

On 14 February 2013, the Destia Board of Directors decided on the establishment and implementation of a long-term incentive scheme. The purpose of the scheme is to combine shareholder and management objectives in order to increase the value of the company as well as to get management to commit to the company and offer them a competitive bonus scheme. The scheme features three separate three-year earnings periods, 2013–2015, 2014–2016 and 2015–2017. For each earnings period, the Board of Directors will decide on the earnings criteria, the targets set for them and the persons included in the scheme. The earnings criteria for earnings period 1 January 2013–31 December 2015 is the Group's cumulative 2013−2015 EBITDA adjusted with changes in net liabilities. At the Board meeting held on 19 December 2013, it was decided that the earnings criteria for earnings period 1 January 2014–31 December 2016 would be, correspondingly, the Group's cumulative 2014-2016 EBITDA adjusted with changes in net liabilities. Any bonuses earned during the earnings period 2014–2015 would be paid in money in the spring of 2020. The target group for earnings period 2014–2016 currently consists of 15 persons, including business unit and support function heads and the President and CEO. The Board of Directors is also authorised to review the remuneration paid, if needed.

The company's remuneration schemes correspond to the opinion given on 13 August 2012 by the Cabinet Committee on Economic Policy about compensation paid to company management and key personnel.

In 2013, the Group's staff costs remained on a par with the previous year at EUR 86.9 million (86.5), or 17.7 per cent (17.4) of revenue. Staff costs include the EUR 5.5 million (3.9) in performance and incentive bonuses for all personnel.

The improvement of safety is a key challenge for the construction field, since it substantially impacts productivity in the field and its attractiveness as an employer. Occupational health and safety are provided for in accordance with a separate occupational health and safety policy. The results of actions taken are measured regularly. In 2013, Destia's personnel accident frequency, i.e. the number of workplace accidents leading to at least one day of absence per one million working hours, was 10.8 (15.6).

In 2013, Destia continued investments in human resources development. Some 600 Destia employees have taken part in the TahTo training programme, which supports managerial work and performance management. All Destia employees have gone through the TahTo2 training programme. The TahTo2 training programme included the basic elements of performance management as well as occupational safety matters, analysis of the personnel survey results and addressing a discussion model.

Litigation and disputes

In January 2013, the environmental authority made a request to investigate Destia's Harjula soil area at Mäntsälä. In summer 2012, on its own initiative Destia informed the environmental authority that soil had by mistake been taken from outside the extraction area covered by the valid permit, but from property owned by the company. Destia continues to investigate the matter in co-operation with the environmental authority.

The Supreme Administrative Court rejected Destia's right to appeal in spring 2013 concerning the excessive taking of soil in Hartola. Therefore, the decision on the matter given in 2011 by the Court of Appeal remains final. The Court of Appeal fined Destia's two work supervisors for environmental offences and ordered Destia Ltd to pay compensation.

In a decision given by the District Court of Helsinki on 31 May 2013, Destia has won its civil case in which Telasteel Oy demanded about EUR 1 million in compensation from Destia. The dispute concerned a contract in which Telasteel was a subcontractor for Destia. Telasteel has appealed the decision at the Court of Appeal. In Destia's view, the demand is groundless.

The arbitration proceedings in a dispute between Destia and Rakennusliike Lehto Oy ended in November 2013 to the benefit of Rakennusliike Lehto Oy. The arbitration proceedings concerned a subcontracting contract for nine business properties in 2008. Destia was ordered to pay Rakennusliike Lehto Oy EUR 1.5 million in damages for contracts lost as well as legal expenses and penalty interest. Of the compensation, EUR 1.3 million had an impact on Destia's 2013 operating result and EUR 0.5 million on financial costs. The decision of the arbitration proceedings cannot be appealed.

Short-term risks and uncertainties

In recent years, risk management has been developed at Destia in a variety of manners. The key risk-management guidelines and principles have been compiled in the company's new risk management policy ratified by the Board of Directors on 28 August 2013.

Destia's risk management policy describes the main principles, responsibilities and modes of operation of risk management. To implement the policy, more detailed procedures for the various fields of the company's operations have been devised. The risk management policy is based on The Finnish Corporate Governance Code and the international COSO ERM and SFS-ISO 31000 ("Risk management. Principles and Guidelines") frameworks.

Destia divides risks into market and operating environment risks, operational risks, damage risks, and financial and financing risks.

The fluctuation in the economic operating environment and the uncertainty in the market situation are causing a significant risk for Destia's business. Although the number of public infrastructure projects has so far remained stable, all in all the amount of infrastructure construction is expected to decline. Public sector investments in infrastructure construction are declining and economic uncertainty has also reduced the willingness of the private sector to invest. The contracting market is reflected in the competitive situation in the sector and, in Destia's core business areas, the competitive situation is expected to remain fierce. Success in tendering for regional main road maintenance contracts as well as major contracts is of paramount importance.

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 in terms of project profitability is being created by the potential increase of input prices and the ability to manage project-related risks. The key factors in reaching project targets are active project management 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. Risks concerning the financial reporting process are managed through uniform operating methods and by ensuring the reliability of reporting tools used.

Fluctuations in economic conditions may cause considerable changes on financial markets. Destia manages its financial risks in accordance with the company's treasury policy and hedges fundamental risks by derivative contracts. The company's freedom from net liabilities significantly reduces financial risks. Changes in the prices of oil-based commodities, in particular, cause uncertainty for 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 Destia's damage risk management, the key factors are proactive project management procedures, investments in occupational safety and ensuring adequate insurance cover.

Environmental issues

Destia holds the international combined ISO 9001 and 14001 quality and environmental certificate concerning all contracting services, or services for infrastructure construction, infrastructure maintenance consulting, aggregates, and railways. In the accounting period, Destia's operations were conducted in accordance with the certification requirements. Operational focus was placed on eco-efficiency, use of natural resources and materials, consumption of fuels and energy, operational environmental safety, and consideration for the areas near locations where Destia operates. Destia's environmental issues are reported more closely on the company's website.

Research and development

In the accounting period, the focal area in research and development was the information model-based method expanding around the utilisation of power tool automation, to which mobile data acquisition is also closely linked. A significant part of the development work is included in the field's RYM Oy PRE research programme. Visibility in the field was especially gained by the model-based quality assurance method and the upgrading of National Road 13, where an accurate initial data model was measured using mobile laser cutting to serve as the basis for model-based planning and implementation. The additional resources targeted at the development of engineering construction have yielded results which can be made use of in service implementation. The renewal of the mobile data acquisition and reporting of infrastructure maintenance services progressed as planned, and the system has been introduced widely in production. Additionally, several results relating to method and fleet development improving productivity and safety were created.

R&D costs totalled some MEUR 1.1 (1.0).

In addition, the company implemented an extensive TahTo training, which supports managerial work and performance management, and a number of significant ICT system development projects were ongoing. The development costs of these activities were MEUR 2.3 (1.9).

Corporate Governance Statement

Destia Ltd’s Corporate Governance Statement will be published separately from this interim report in the company’s 2013 Annual Report on Destia’s website at www.destia.fi.

Events following the reporting period

There have been no major exceptional events after the end of the accounting period.

Strategic direction

On 22 September 2013, the Destia Ltd’s Board of Directors ratified the new company strategy for 2014−2022 and the new financial targets 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 set the following financial targets for the 2014−2016 business planning period: average growth in revenue of 5 per cent a year, operating profit of 5 per cent by the end of the period, return on investment of more than 15 per cent, and equity ratio of at least 40 per cent.

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.** Destia strongly invests in customer work and the improvement of occupational safety. The development of personnel is still the company’s strategic area of focus.

Outlook for 2014

The continuation of economic uncertainty and the tightening of the financial markets in the Eurozone influence the infrastructure market in 2014. With the public infrastructure market remaining relatively stable and the level of private sector investments decreasing, the infrastructure market is expected to contract further until 2015. Competition is fierce as the number of major projects decreases and as projects started during previous years are being completed.

Destia’s order book remains at the level of the turn of 2013/2014, with most of it extending till the current year and the next year. The lower than forecast level of the order book and, especially, the poor success in the tendering of major projects in 2013 set a challenge for revenue in 2014. However, the order book together with the measures taken to improve customer work and project management are a good foundation for keeping profitability and cash flow at a good level also in future.

Destia Group’s 2014 revenue and operating profit are expected to remain slightly below the previous year's level.

Proposal by the Board on the use of distributable assets

The profit of the parent company in the accounting period was EUR13,256,966.26, which is proposed to be recorded on the profits and losses account. Destia Ltd’s distributable assets total EUR57,217,630.87, including the invested unrestricted equity fund of EUR56,430,070.64.

Destia Ltd’s Board of Directors proposes to the Annual General meeting that no dividends and no repayment of capital be paid for the accounting period ending 31 December 2013.

Vantaa, 12 February 2014

Destia Ltd

Board of Directors

For more information, contact: President & CEO Hannu Leinonen, tel. +358 20 444 4000 and CFO Pirkko Salminen, tel. +358 50 3022 485

Destia Group’s interim report for the first quarter of 2014 will be published on 6 May 2014.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IFRS

MEUR	10-12/2013	10-12/2012	1-12/2013	1-12/2012
Continuing operations				
Revenue	**143.3**	**134.6**	**489.7**	**507.3**
Other operating income	1.5	1.9	5.3	5.3
Materials and services	98.4	94.1	335.4	355.6
Employee benefit expenses	25.4	25.6	86.9	86.5
Depreciations	3.1	3.6	12.2	13.9
Other operating expenses	12.4	13.6	41.6	42.6
Operating result	**5.5**	**-0.4**	**18.9**	**14.0**
Financial income	0.1	0.1	0.6	0.3
Financial expenses	0.9	0.3	2.7	3.4
Result before taxes	**4.7**	**-0.6**	**16.8**	**10.9**
Income taxes	1.4	1.3	4.2	-0.2
Result for the period of continuing operations	**3.3**	**-1.8**	**12.5**	**11.1**
Discontinued operations				
Result for the period of discontinued operations	0.1	-0.5	2.3	-0.2
Result for the period	**3.4**	**-2.4**	**14.9**	**10.8**
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	-0.8	-1.3	-0.8
	-1.3	-0.8	-1.3	-0.8
Items that may be reclassified subsequently to profit and loss				
Translation differences of foreign subsidiaries	0.0	0.0	0.0	0.1
Cash flow hedges	0.0	-0.4	1.0	-0.1
	0.0	-0.4	1.0	0.0
Other comprehensive income net of tax	**-1.3**	**-1.1**	**-0.4**	**-0.8**
Comprehensive income for the period including tax effects	**2.1**	**-3.5**	**14.5**	**10.0**

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

Earnings per share, EUR	**5.06**	**-3.47**	**21.85**	**15.90**

CONSOLIDATED BALANCE SHEET
IFRS

MEUR	31.12.2013	31.12.2012
ASSETS		
Non-current assets		
Tangible assets	57.7	66.9
Goodwill	17.0	17.0
Other intangible assets	2.4	2.3
Pension receivable		0.1
Available-for-sale financial assets	2.1	1.7
Deferred tax assets	2.0	4.6
Non-current assets, total	**81.2**	**92.5**
Current assets		
Inventories	20.6	24.3
Accounts and other receivables	63.8	45.5
Cash and cash equivalents	54.5	61.1
Current assets, total	**138.9**	**130.9**
Assets, total	**220.0**	**223.5**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	17.0	17.0
Invested unrestricted equity fund	56.4	56.4
Other items	-0.3	-1.3
Retained earnings	10.8	-2.8
Equity, total	**83.9**	**69.4**
Non-current liabilities		
Deferred tax liabilities	0.6	1.4
Pension liabilities	0.8	
Provisions	11.8	15.3
Financial liabilities	10.9	32.6
Non-current liabilities, total	**24.1**	**49.3**
Current liabilities		
Accounts payable and other liabilities	75.7	65.1
Provisions	6.6	13.2
Financial liabilities	0.2	0.4
Advances received	29.5	26.1
Current liabilities, total	**112.0**	**104.7**
Equity and liabilities, total	**220.0**	**223.5**

CONSOLIDATED CASH FLOW STATEMENT
IFRS

MEUR	10-12/2013	10-12/2012	1-12/2013	1-12/2012
OPERATING CASH FLOWS				
Cash receipts from customers	161.9	170.4	475.2	535.2
Expenses paid to suppliers and personnel	-134.9	-139.9	-456.8	-488.7
Interests paid	-0.2	-0.3	-0.7	-1.7
Interests received	0.0	0.1	0.2	0.3
Other financial items	-1.0	-0.4	-2.2	-2.1
Tax paid	-0.4	-0.3	-0.5	-0.8
Net operating cash flow, continuing operations	25.5	29.6	15.1	42.3
Net operating cash flow, discontinued operations			-0.2	-3.1
Net operating cash flow	25.5	29.6	14.9	39.1
INVESTMENT CASH FLOW				
Investments in intangible and tangible assets	-2.2	-2.8	-7.6	-7.2
Sale of intangible and tangible assets	1.8	1.9	6.5	5.8
Investments in other assets			-26.0	0.0
Proceeds from the sale of other investments			25.9	
Net investment cash flow, continuing operations	-0.3	-0.9	-1.2	-1.4
Net investment cash flow, discontinued operations				
Net investment cash flow	-0.3	-0.9	-1.2	-1.4
FINANCIAL CASH FLOWS				
Decrease in non-current debt (-)	-0.2	0.0	-20.2	-30.0
Decrease in short-term financing (-)	0.0	-0.2	-0.1	-0.5
Net financial cash flow, continuing operations	-0.2	-0.2	-20.3	-30.5
Net financial cash flow, discontinued operations				
Net financial cash flow	-0.2	-0.2	-20.3	-30.5
Change in cash and cash equivalents	25.0	28.5	-6.6	7.3
Cash and cash equivalents at beginning of financial year	29.5	32.5	61.1	53.7
Effect of exchange rate changes	0.0	0.1	0.0	0.1
Cash and cash equivalents at end of financial year	54.5	61.1	54.5	61.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
IFRS

MEUR	Equity attributable to equity holders of the parent company					
	Share capital	Hedqe instrument fund	Invested unrestricted equity fund	Translation differences	Retained earnings	Total
Equity 1 Jan 2012	17.0	-1.2	56.4	-0.1	-12.8	59.4
Other comprehensive income						
Result for the period					10.8	10.8
Other comprehensive items:						
Translation differences				0.1		0.1
Cash flow hedges		-0.1				-0.1
Actuarial profit or loss from benefit-based arrangements					-0.8	-0.8
Comprehensive profit and loss for the financial year, total		-0.1		0.1	10.0	10.0
Equity total 31 Dec 2012	**17.0**	**-1.3**	**56.4**	**0.0**	**-2.8**	**69.4**

	Equity attributable to equity holders of the parent company					
	Share capital	Hedqe instrument fund	Invested unrestricted equity fund	Translation differences	Retained earnings	Total
Equity 1 Jan 2013	17.0	-1.3	56.4	0.0	-2.8	69.4
Other comprehensive income						
Result for the period					14.9	14.9
Other comprehensive items:						
Translation differences						
Cash flow hedges		1.0				1.0
Actuarial profit or loss from benefit-based arrangements					-1.3	-1.3
Comprehensive profit and loss for the financial year, total		1.0			13.6	14.5
Equity total 31 Dec 2013	**17.0**	**-0.3**	**56.4**	**0.0**	**10.8**	**83.9**

NOTES TO THE REPORT

This financial statements bulleting has been prepared in line with IAS 34 – Interim Financial Reporting. The new revised standards or interpretations effective as of 1 January 2013 have effect on showing not bearing on the figures presented for the report period.

GROUP´S KEY FIGURES
IFRS

MEUR	10-12/2013	10-12/2012	1-12/2013	1-12/2012
Revenue, continuing operations	143.3	134.6	489.7	507.3
Change from previous year, %	6.5	-6.6	-3.5	3.0
Operating profit for the period, continuing operations	5.5	-0.4	18.9	14.0
% of revenue	3.9	-0.3	3.9	2.8
Result for the period, continuing operations	3.3	-1.8	12.5	11.1
% of revenue	2.3	-1.4	2.6	2.2
Result for the period	3.4	-2.4	14.9	10.8
Gross investments	3.0	2.9	9.5	7.3
% of revenue	2.1	2.2	1.9	1.4
Balance sheet total			220.0	223.5
Equity			83.9	69.4
Equity ratio, % 1)			44.0	35.2
Net gearing, % 2)			-51.6	-40.5
Interest-bearing liabilities			11.2	32.9
Current Ratio 3)			1.2	1.3
Quick Ratio 4)			1.2	1.3
Return on equity, % 5)			19.4	16.8
Return on investment, % 6)			22.1	12.5
Earnings per share, EUR	5.06	-3.47	21.85	15.90
Equity per share, EUR			123.4	102.1
Average personnel			1 515	1 591
Occupational accidents resulting in absence from work *)			10.8	15.6
Order book			593.0	600.8
Research and development expenses			1.1	1.0
% of other operating expenses			2.6	2.4

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

Formulas:

1) (Equity/(balance sheet total - advances received))*100
2) ((Interest-bearing liabilities - cash and cash equivalents and held-to-maturity investments)/equity) *100
3) (Inventories + liquid assets)/current liabilities
4) Financial assets without receivables from uncompleted contracts/current liabilities without advance payments
5) (Result for the period/average equity)*100
   (opening and closing balance)
6) (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)

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

CONSOLIDATED INCOME STATEMENT; QUARTERLY FIGURES

IFRS

MEUR	10-12/2013	7-9/2013	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Continuing operations								
Revenue	**143.3**	**156.0**	**112.3**	**78.1**	**134.6**	**156.2**	**118.4**	**98.1**
Other operating income	1.5	1.7	0.8	1.3	1.9	1.4	1.2	0.8
Materials and services	98.4	110.7	74.7	51.7	94.1	113.7	81.7	66.1
Employee benefit expenses	25.4	20.6	21.8	19.1	25.6	20.3	20.0	20.6
Depreciations	3.1	3.0	3.0	3.1	3.6	3.4	3.4	3.6
Other operating expenses	12.4	10.2	11.2	7.8	13.6	10.0	10.6	8.4
Operating result	**5.5**	**13.2**	**2.5**	**-2.2**	**-0.4**	**10.3**	**3.9**	**0.2**
Financial income	0.1	0.0	0.4	0.1	0.1	0.1	0.1	0.0
Financial expenses	0.9	0.2	1.3	0.4	0.3	0.3	2.2	0.7
Result before taxes	**4.7**	**13.1**	**1.6**	**-2.5**	**-0.6**	**10.2**	**1.7**	**-0.5**
Income taxes	-1.3	-3.2	-0.3	-0.6	1.3	-0.7	0.4	-0.3
Result for the period of continuing operations	**3.3**	**9.9**	**1.3**	**-1.9**	**-1.8**	**10.9**	**2.1**	**-0.1**
Discontinued operations								
Result for the period of discontinued operations	0.1	0.6	0.0	1.7	-0.5	0.4	0.6	-0.8
Result for the period	**3.4**	**10.4**	**1.3**	**-0.3**	**-2.4**	**11.3**	**2.7**	**-0.9**

CONSOLIDATED BALANCE SHEET, QUARTERLY FIGURES

IFRS

MEUR	12/2013	9/2013	6/2013	3/2013	12/2012	9/2012	6/2012	3/2012
ASSETS								
Non-current assets								
Tangible assets	57.7	60.5	62.9	63.1	66.9	61.1	63.9	65.3
Goodwill	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Other intangible assets	2.4	2.5	2.3	2.4	2.3	2.3	2.5	2.6
Pension receivable		0.1	0.1	0.1	0.1	1.1	1.1	1.1
Available-for-sale financial assets	2.1	2.1	2.1	1.7	1.7	1.7	1.7	1.6
Deferred tax assets	2.0	3.3	3.6	4.2	4.6	7.0	6.0	5.7
Non-current assets, total	**81.2**	**85.5**	**88.0**	**88.6**	**92.5**	**90.2**	**92.1**	**93.3**
Current assets								
Inventories	20.6	23.6	23.4	23.8	24.3	27.1	25.2	25.1
Accounts and other receivables	63.8	72.5	73.4	42.4	45.5	81.8	74.0	59.4
Held-to-maturity investments				25.0				
Cash and cash equivalents	54.5	29.5	24.8	25.2	61.1	32.5	27.5	64.2
Current assets, total	**138.9**	**125.6**	**121.6**	**116.4**	**130.9**	**141.4**	**126.7**	**148.7**
Assets, total	**220.0**	**211.2**	**209.6**	**205.0**	**223.5**	**231.6**	**218.8**	**242.0**
EQUITY AND LIABILITIES								
Equity attributable to equity holders of the parent company								
Share capital	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Invested unrestricted equity fund	56.4	56.4	56.4	56.4	56.4	56.4	56.4	56.4
Other items	-0.3	-0.3	-0.3	-1.2	-1.3	-0.9	-0.6	-1.4
Retained earnings	10.8	8.7	-1.8	-3.0	-2.8	0.4	-10.9	-13.7
Equity, total	**83.9**	**81.8**	**71.3**	**69.2**	**69.4**	**72.9**	**61.9**	**58.3**
Non-current liabilities								
Deferred tax liabilities	0.6	1.4	1.4	1.4	1.4	2.4	2.4	2.4
Pension liabilities	0.8							
Provisions	11.8	14.1	14.5	14.6	15.3	7.2	7.4	7.4
Financial liabilities	10.9	11.1	11.2	32.5	32.6	31.1	31.1	61.1
Non-current liabilities, total	**24.1**	**26.6**	**27.1**	**48.5**	**49.3**	**40.7**	**40.9**	**70.9**
Current liabilities								
Accounts payable and other liabilities	75.7	73.0	68.2	49.5	65.1	70.3	62.7	55.2
Provisions	6.6	7.4	8.6	9.5	13.2	13.1	15.0	15.8
Financial liabilities	0.2	0.3	0.4	0.4	0.4	2.0	0.4	3.2
Advances received	29.5	22.1	34.0	28.0	26.1	32.6	37.9	38.6
Current liabilities, total	**112.0**	**102.8**	**111.1**	**87.3**	**104.7**	**118.0**	**116.0**	**112.8**
Equity and liabilities, total	**220.0**	**211.2**	**209.6**	**205.0**	**223.5**	**231.6**	**218.8**	**242.0**

CONSOLIDATED CASH FLOW STATEMENT; QUARTERLY FIGURES
IFRS

MEUR	10-12/2013	7-9/2013	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
OPERATING CASH FLOWS								
Cash receipts from customers	161.9	141.6	86.0	85.6	170.4	143.5	104.7	116.6
Expenses paid to suppliers and personnel	-134.9	-137.5	-88.1	-96.3	-139.9	-136.7	-106.7	-105.3
Interests paid	-0.2	0.0	-0.5	0.0	-0.3	-0.2	-1.2	0.0
Interests received	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.1
Other financial items	-1.0	-0.1	-1.0	-0.1	-0.4	-0.1	-1.5	-0.1
Tax paid	-0.4	-0.3	0.5	-0.3	-0.3	-0.2	-0.1	-0.2
Net operating cash flow, continuing operations	25.5	3.7	-3.1	-11.0	29.6	6.4	-4.9	11.1
Net operating cash flow, discontinued operations		0.5		-0.7		-1.8		-1.3
Net operating cash flow	**25.5**	**4.2**	**-3.1**	**-11.7**	**29.6**	**4.6**	**-4.9**	**9.8**
INVESTMENT CASH FLOW								
Investments in intangible and tangible assets	-2.2	-1.0	-3.7	-0.7	-2.8	-2.0	-2.1	-0.3
Sale of intangible and tangible assets	1.8	1.6	1.6	1.5	1.9	2.4	0.5	1.0
Investments in other assets			-1.0	-25.0			0.0	
Proceeds from the sale of other investments			25.9					
Net investment cash flow, continuing operations	-0.3	0.6	22.8	-24.2	-0.9	0.4	-1.6	0.7
Net investment cash flow, discontinued operations								
Net investment cash flow	**-0.3**	**0.6**	**22.8**	**-24.2**	**-0.9**	**0.4**	**-1.6**	**0.7**
FINANCIAL CASH FLOWS								
Decrease in non-current debt (-)	-0.2		-20.0		0.0		-30.0	
Increase in short-term financing (+)							-0.2	0.2
Decrease in short-term financing (-)	0.0	0.0	-0.1	0.0	-0.2	0.0	-0.2	-0.1
Repayments of financial leasing liability							0.1	-0.1
Net financial cash flow, continuing operations	-0.2	0.0	-20.1	0.0	-0.2	0.0	-30.2	0.0
Net financial cash flow, discontinued operations								
Net financial cash flow	**-0.2**	**0.0**	**-20.1**	**0.0**	**-0.2**	**0.0**	**-30.2**	**0.0**
Change in cash and cash equivalents	**25.0**	**4.7**	**-0.4**	**-35.9**	**28.5**	**5.0**	**-36.7**	**10.5**
Cash and cash equivalents at beginning of financial year	29.5	24.8	25.2	61.1	32.5	27.5	64.2	53.7
Effect of exchange rate changes					0.1			
Cash and cash equivalents at end of financial year	**54.5**	**29.5**	**24.8**	**25.2**	**61.1**	**32.5**	**27.5**	**64.2**

GROUP´S QUARANTEES AND CONTINGENT LIABILITIES

IFRS

MEUR	31.12.2013	31.12.2012
Bank quarantees	81.5	84.4
Leasing liabilities		
Within one year	3.3	2.9
Within more than one year and less than five years	3.8	4.5
Within more than five years	0.0	0.1
Total	7.1	7.5

GROUP'S CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

IFRS

MEUR	31.12.2013	31.12.2012
Financial assets		
Available-for-sale financial assets		
Available-for-sale financial assets (level 3)	2.1	1.7
Financial assets at fair value through profit or loss		
Current		
Trade and other receivables (level 2)	39.8	32.0
Cash and cash equivalents (level 2)	54.5	61.1
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Interest rate swaps, in hedge accounting (level 2)		1.7
Interest rate swaps, not in hedge accounting (level 2)	0.3	
Other derivatives - not in hedge accounting (level 2)		0.1
Financial liabilities valued at amortized acquisition cost		
Non-current		
Loans from financial institutions, interest-bearing (level 2)	10.0	30.2
Financial leasing liability, interest-bearing (level 2)	0.6	0.8
Current		
Loans from financial institutions, interest-bearing (level 2)		0.1
Financial leasing liability, interest-bearing (level 2)	0.2	0.2
Trade payables and other liabilities (level 2)	74.5	63.6

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.

SHARES AND SHAREHOLDERS

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

All figures have been rounded up or down, so the sums of individual figures may differ from the sums shown.