

DESTIA GROUP FINANCIAL STATEMENTS ANNOUNCEMENT 2009: The order book on good level, turnover and operating result declined

- The Group's turnover amounted to EUR 603.4 million (717.1), a 15.9 per cent year-on-year decline.
- The operating result for the financial year was a loss of EUR 16.9 (+19.3) includes EUR 22.6 million in non-recurring costs.
- The equity ratio was 26.3 per cent (33.4)
- The order book end of the year 2009 was 753.3 million Euros (721.0)
- Destia Group acquired on 1 July 2009 the Norwegian company Einar Stene AS
- Maarakennus Jaara Oy merged to Destia Ltd on 1 August 2009
- The Hakamäentie street project in Helsinki was completed and was selected as the infrastructure construction site of 2009*
- Ferry services was decided to separate from Destia Ltd through partial demerger since 1st of January 2010

GROUP'S KEY FIGURES

EUR MILLION	GROUP 2009	GROUP 2008
Turnover	603,4	717,1
Year-on-year change, %	-15,9	
Operating result	-16,9	19,3
% of turnover	-2,8	2,7
Profit/loss for the period	-17,7	10,4
% of turnover	-2,9	1,5
Gross capital expenditure	29,4	66,5
% of turnover	4,9	9,3
Balance sheet total	274,1	294,4
Equity	62,9	85,5
Equity ratio, % 1)	26,3	33,4
Gearing, % 4)	65,2	44,4
Korollinen vieras pääoma	83,5	62,7
Current ratio 5)	0,9	0,8
Quick ratio 6)	0,8	0,7
Return on equity, % 2)	-21,2	14,7
Return on investment, % 3)	-10,6	15,7
Earnings per share, EUR	-24,96	15,32
Equity per share, EUR	92,49	125,75
Average personnel	2 860	2 921
Order book	753	721
Research and development costs	2,8	3,0
% of other operating expenses	4,2	4,6

Group's Key figures formulas on page 18

*Best of 2009 competition by Rakennuslehti

Operating environment

Operating environment In spite of the downturn in the global economy, the total value of civil engineering in Finland contracted by only -2.4 per cent in 2009 and amounted to EUR 5.3 billion (VTT, Civil Engineering in Finland, autumn 2009).

The effects of the recession were generally evident in the state of the market throughout the report year, leading to substantial adjustment measures in the industry. The availability of project funding was challenging and financing costs rose in spite of the decline in general interest rate levels. The prices of raw materials were also down and remained lower than in previous years until the latter half of 2009.

The weaker economic situation had a less substantial effect on infrastructure projects than on many other investments, because public projects have gone ahead on schedule. In 2009, the government decided on reflation measures – including basic road and railway maintenance, airport development and a variety of other road, waterway and railway projects as part of a revitalisation programme – totalling about EUR 350 million. Project implementation started at the beginning of 2009 and will run through to 2013. Most of the projects will be implemented in 2010-2013.

A fall in residential construction volume has shifted the industry's focus towards infrastructure projects. Competition has increased, as new players have entered the market. This increase in supply has also heated up price competition.

The industry seeks to improve construction site safety and introduce automated machinery. Environmental friendliness and process efficiency have also come under the microscope.

New implementation concepts and greater use of the lifecycle model have been topics of discussion in major public sector route projects in particular.

The depth and duration of the recession will impact on the outlook for both infra construction and other fields of industry. Availability and cost of funding has had a noticeable adverse impact on the implementation of planned investments in the private sector in particular, or have led to the postponement of start dates.

Financial performance, 1 Jan – 31 Dec 2009

In 2009, the Group's turnover amounted to EUR 603.4 million (EUR 717.1 million in 2008), a 15.9 per cent year-on-year decline.

The operating result for the financial year was a loss of EUR 16.9 million (operating profit 19.3), representing -2.8 (2.7) per cent of turnover. The operating loss for 2009 includes EUR 5.5 million (11.4) in other operating income, mainly consisting of rental income, capital gains on the sale of machinery and profits from the assignment of properties. The operating result includes EUR 22.6 million in non-recurring costs on personnel adjustments, the depreciation and impairment of fixed assets and inventories, and the winding down of operations in Estonia. One reason for the year-on-year decline in the operating result and turnover is the sale of the road marking business at the end of 2008. The road marking business had turnover of about EUR 10 million.

In October 2008, the Destia Group acquired a 100 per cent holding in Finnroad Oy. The Norwegian company Einar Stene AS was acquired on 1 July 2009. Finnroad's full-year turnover amounted to EUR 7.5 million, while Einar Stene racked up turnover of EUR 2.6 million as from 1 August 2009.

The Group's extraordinary items amounted to EUR -0.7 million (0) and comprised costs related to discontinued operations in Estonia. The Group's result for the financial year totalled EUR -17.7 million (10.4).

The relative profitability of Destia's maintenance and construction projects improved, with the exception of certain individual projects. Personnel adjustment measures and other cuts to fixed costs implemented at the end of 2009 due to the changes in the business environment resulted in non-recurring expense items in the 2009 financial statements. The adjustment measures and other fixed cost cuts will only start having a positive effect on earnings as from 2010.

The Destia Group's financial targets

On 26 November 2007, the Board of Directors decided on the following financial targets to be reached by 2011: an operating profit of 5.5 per cent of turnover and a return on investment (ROI) of 20 per cent and profitable growth.

Business operations

In 2009, the Destia Group was divided into five business units: Infra Construction, Infra Maintenance, Rocks, Solutions and International.

The parent company's turnover in 2009 amounted to EUR 548.0 million (649.0), representing 90.8 per cent (90.5) of consolidated turnover, while the turnover of the subsidiaries totalled EUR 55.4 million (68.1), or 9.2 per cent (9.5) of consolidated turnover. The Group's uninvoiced order book was EUR 753 million (721) at the end of 2009.

Infra Construction

The Infra Construction unit encompasses traffic route and bridge construction, end-to-end Design and Build projects, surfacing works and the construction of environmental and energy infrastructure. In addition to Finland, the unit carries out infra construction in Northern Sweden and Northern Norway.

In 2009, the Infra Construction unit's turnover amounted to EUR 295.3 million (388.3), representing 48.9 per cent (54.2) of the Group's turnover. At the turn of the year, the unit employed 862 people (957) and its order backlog stood at EUR 314 million (245).

The Hakamäentie project, which was started in 2006 in Helsinki, was completed and handed over to the client on schedule during the review period. The major ongoing projects included works on Highway 4 Kemi, the Joutsa-Toivakka section, and a road contract for the Lusi-Hartola section, the Hännilänsalmi bridge project in Central Finland and the Koirakivi-Hurus section of Highway 5 in south-eastern Finland.

The most important new agreements were made for the Kivenlahti-Kirkkonummi section of Main Road 51, the construction of water and sewage pipelines between Leppävirta and Varkaus for the North Savo Regional Environment Centre, the improvement of the Käpylä- Kulomäentie section of Tuusulanväylä in Helsinki and Vantaa, and the Luostarinkylä and Impivaara overtaking lanes between Rauma and Eurajoki. Destia Norge AS won tenders for two five-year maintenance contracts in Finnmark, Northern Norway.

The unit competed for numerous tenders during the report year. Although the order backlog for construction was challenging, it was satisfactory at year's end in light of the market situation.

Infra Maintenance

The Infra Maintenance unit includes regional maintenance contracts, small-scale construction, ferry services, road weather service centres and vehicle and machinery services.

In 2009, the Infra Maintenance unit posted turnover of EUR 204.1 million (204.0), accounting for 33.8 per cent (28.4) of the Group's turnover. At year-end, the unit employed 707 (763) people and its order backlog stood at EUR 382.6 million (422).

The largest maintenance contracts ongoing during the review period were seven-year regional contracts in Lapua, Oulu, Kajaani, Jyväskylä and Raisio as well as four ferry operation contracts.

A major contract agreement was signed during the financial year for the maintenance of Rautaruukki's Raahe works from 2009 to 2015.

The new maintenance period of the maintenance contracts put out to competition by the Finnish Road Administration began on 1 October 2009. Destia has a total of 57 regional contracts with the Finnish Road Administration. The contracts cover a total of about 54,500 kilometres of roads and around 3,500 kilometres of light traffic routes. In terms of contract price, Destia has a market share of 66 per cent in the regional contracts of the Finnish Road Administration. In addition, Destia has about 30 winter maintenance contracts with other customers around Finland.

Ferry Services was partially demerged as a separate wholly state-owned company on 1 January 2010. Ferry Services had turnover of about EUR 30.7 million.

Rocks

The Rocks unit includes mineral aggregate services, rock engineering, railway construction and railway infrastructure maintenance.

In 2009, the Rocks unit posted turnover of EUR 63.8 million (85.4), representing 10.6 percent (11.9) of the Group's turnover. At year-end, the unit employed 391 (361) people and its order backlog stood at EUR 37.9 million (31.0).

The largest contracts ongoing during the report year were waste rock excavation and ore crushing at the Talvivaara mine (ALU2), expansion and area works for tunnels at Olkiluoto 3, railway superstructure works on the Porokylä–Maanselkä section in Northern Karelia, and four regional railway maintenance contracts.

The major new projects landed during the report year were an earthworks and excavation contract for the Parliament House and a superstructure contract in Ilmala, Helsinki.

Other operations

The Solutions unit comprised infra planning, infra information and new businesses such as Destia Traffic information services, commercial premises solutions and windpower.

In 2009, the Solutions unit posted turnover of EUR 28.8 million (29.7), accounting for 4.8 per cent (4.1) of the Group's turnover. At yearend, the unit employed 489 (509) people and its order backlog stood at EUR 11.8 million (13.0). A decision was made to discontinue Solutions as a separate unit at the end of 2009. In 2010, most of its operations continue in the Infra Construction unit.

International operations included infra construction, infra maintenance and mineral aggregate services in the Baltic countries and Russia, as well as international infrastructure consulting.

In 2009, the International unit's turnover amounted to EUR 11.4 million (9.7), representing 1.9 per cent (1.4) of the Group's turnover. At year-end, the unit employed 51 (151) people and its order backlog stood at EUR 7.0 million (10.0). A decision was made to discontinue the International unit at the end of 2009. In 2010, its infra construction and international consulting businesses continue in the Infra Construction unit and its maintenance business in the Infra Maintenance unit.

Acquisitions and divestments

In 2009, Destia increased its holding in Kaivujyrä – a Group specialising in railway construction – from 68 per cent to 76 per cent. The holding is increased annually in accordance with the share purchase agreement signed in 2007, and will increase to 84 per cent at the beginning of 2010.

On 9 March 2009, Destia Ltd acquired the remaining 20 per cent of the share capital of the Oulu-based company Maarakennus Jaara Oy, which specialised in both traditional civil engineering and infrastructure projects requiring specialist knowhow. Maarakennus Jaara Oy was merged into Destia Ltd on 1 August 2009. Its turnover in 2008 amounted to EUR 24.2 million.

On 1 July 2009, Destia Ltd's Norwegian subsidiary Destia Norge AS acquired the share capital of the Norwegian company Einar Stene AS.

At its plenary session on 15 October 2009, Finnish Government resolved to separate Destia's Ferry Services from other operations. On 11 November 2009, Destia Ltd's extraordinary general meeting approved the partial demerger of Ferry Services such that it would become a state-owned company on 1 January 2010. Ferry Services had turnover of about EUR 30.7 million. According to the preliminary calculations included in the partial demerger plan, Ferry Services had a balance sheet total of EUR 15.5 million. The demerged company was named Gammasora Oy in 2009 and was renamed Suomen Lauttaliikenne Oy at the beginning of 2010.

Balance sheet, investments and financing

The Group's consolidated balance sheet total stood at EUR 274.1 million (294.4). The reduction in the balance sheet was mainly due to nonrecurring current and fixed asset items. Return on investment was -10.6 per cent (15.7), the equity ratio 26.3 per cent (33.4) and gearing 65.2 per cent (44.4).

Gross capital expenditure totalled EUR 29.4 million (66.5). Construction and machinery investments accounted for 19.4 million (42.2) and other investments amounting to EUR 10.0 million (24.3) were primarily associated with corporate acquisitions.

Destia maintained good liquidity during the year. Destia Ltd substantially rearranged its funding by signing an agreement for a five-year loan of EUR 30 million in December. This floatingrate loan was drawn in its entirety at the end of the year and was used to pay back commercial papers. At the end of the year, the amount of commercial papers in issue was EUR 38.4 million (48.4).

The Group's interest-bearing, long-term liabilities increased to EUR 41.4 million (7.5) during the report year. Of the loans, 50.4 per cent (88.0) are short-term and 49.6 per cent (12.0) long-term. Short-term credit limits were only used occasionally.

On the closing date, the consolidated balance sheet also included a loan of EUR 9 million drawn down for Destia Kalusto Oy in December. The loan has a maturity of three years. Due to the partial demerger at the turn of the year, the loan was transferred to Gammasora Oy (now Suomen Lauttaliikenne Oy) at the beginning of 2010.

Liquid funds, including cash and bank and investments in securities, totalled EUR 41.2 million (22.9) at the end of December. The EUR 30 million short-term credit limits were unused. Foreign exchange, commodity and interest rate risks are hedged to a minimum of 50 and up to 100 per cent in line with the Group's treasury policy.

Cash flow for the reporting period comprised EUR 30.7 million (36.9) in cash flow from business operations, EUR -28.2 million (-55.5) in cash flow from investment activities and EUR 15.8 million (37.8) in cash flow from financing activities.

General Meetings 2009 and Corporate Governance

The members of Destia Ltd's Board of Directors from 1 January to 11 March 2009 were Eeva-Liisa Virkkunen (Chair), Jorma Haapamäki (Vice Chair), Arto Honkaniemi, Jarmo Pirhonen, Jukka Ruuska, Anna Tapio and Kaisa Vikkula.

Destia Ltd's Annual General Meeting was held on 11 March 2009. It adopted the company's financial statements for 2008 and discharged the members of the Board of Directors and the President and CEO from liability. In accordance with the proposal of the Board of Directors, the General Meeting resolved to pay a dividend of EUR 6.80 per share to a total of EUR 4,624,000.00, leaving EUR 4,602,492.05 in retained earnings.

On 11 March 2009, Eeva-Liisa Virkkunen (Chair), Jorma Haapamäki (Vice Chair), Jarmo Pirhonen, Jukka Ruuska, Anna Tapio and Kaisa Vikkula were re-elected to Destia Ltd's Board of Directors. Raimo Jaara and Ilpo Nuutinen were elected as new members. All members of the Board are independent of the company and its shareholder, with the exception of Ilpo Nuutinen, who is not independent with regard to the company's shareholder.

Deloitte & Touche Oy, Authorised Public Accountants, was elected as the auditor for 2009, with Tapani Vuopala, Authorised Public Accountant, as principal auditor. Destia Ltd held an extraordinary general meeting on 23 July 2009. At the proposal of the Board, the meeting resolved to commission a special audit of the company due to suspicions of misconduct on the part of Jukka Laaksovirta, the former President and CEO. The audit covered Destia's operations from its first day in business as a limited company, 1 January 2008, and focused particularly on the day-to-day administration handled by the President and CEO and the agreements he had approved on behalf of the company. The special audit was carried out by Tuokko Tilintarkastus Oy, Authorised Public Accountants.

After the report on the special audit had been completed, all members of Destia's Board of Directors announced that they would resign. An extraordinary general meeting held on 27 October 2009 appointed a temporary Board of Directors. Pekka Timonen was elected as the Chairman of the Board and Ilpo Nuutinen and Jarmo Väisänen as its members. All were independent of the company, but not of its shareholder. On 11 November 2009, Destia Ltd's extraordinary general meeting approved a plan to transfer Destia Ltd's Ferry Services to Gammasora Oy by means of a partial demerger. The demerger came into effect on 1 January 2010. On 2 December 2009, Destia Ltd's extraordinary general meeting appointed a new Board of Directors for the company and relieved the temporary Board elected on 27 October 2009. Five members were elected to the Board. The Chairman of the Board is Karri Kaitue, the Vice Chairman is Matti Mantere (as from 1 February 2010) and the other members are Elina Engman, Ilpo Nuutinen and Solveig Törnroos-Huhtamäki. All members of the Board are independent of the company and its shareholder, with the exception of Ilpo Nuutinen, who is not independent with regard to the company's shareholder.

The Board of Directors has appointed two committees, an Audit Committee and a Nomination and Compensation Committee, whose members are elected from among the Board members.

The members of the Audit Committee from 1 January to 11 March 2009 were Eeva-Liisa Virkkunen (Chair), Jukka Ruuska and Kaisa Vikkula. From 11 March to 27 October 2009, the Chairman of the Audit Committee was Jukka Ruuska and its members were Anna Tapio and Kaisa Vikkula. As from 22 December 2009, the members of the Audit Committee were Ilpo Nuutinen and Solveig Törnroos-Huhtamäki. Matti Mantere served as its Chairman as from 1 February 2010.

The members of the Nomination and Compensation Committee from 1 January to 11 March 2009 were Eeva-Liisa Virkkunen (Chair), Jorma Haapamäki and Arto Honkaniemi. From 11 March to 27 October 2009, the Chair of the Committee was Eeva-Liisa Virkkunen and its members were Jorma Haapamäki and Ilpo Nuutinen. As from 22 December 2009, the Chairman of the Nomination and Compensation Committee was Karri Kaitue and its members were Elina Engman and Ilpo Nuutinen.

The Annual General Meeting approved a monthly fee of EUR 3,300 for the Chairman, EUR 1,800 for the Vice Chairman, and EUR 1,500 for the other members of the Board. In addition to the monthly fee, each Board member was paid a EUR 600 participation fee for each Board or Committee meeting. Travel expenses and daily allowances were reimbursed in accordance with Destia's travel regulations.

No fees were paid to the temporary Board, with the exception of its secretary.

Destia's President and CEO from 1 January to 29 May 2009 was Jukka Laaksovirta.
Destia's acting President and CEO from 29 May to 30 September 2009 was Hannu Kulju.
Destia's President and CEO as from 1 October 2009 is Hannu Leinonen.

Events concerning former President and CEO Jukka Laaksovirta

Destia's President and CEO Jukka Laaksovirta resigned on 29 May 2009 due to public allegations of misconduct between him and his former business partner.

On 5 June 2009, Destia's Board of Directors announced that the allegations would be investigated in co-operation with the police. On 23 July 2009, Destia's Board of Directors requested a police investigation into business irregularities during the term of former President and CEO Jukka Laaksovirta, as it suspected that the agreements made by Laaksovirta resulted in financial harm to Destia. At the proposal of the Board, an extraordinary general meeting resolved to commission a special audit of the company. The audit covered Destia's operations after it became a limited company, that is, 2008 and the first part of 2009.

After the report on the special audit had been completed, all members of Destia's Board of Directors announced that they would resign. An extraordinary general meeting held on 27 October 2009 appointed a temporary Board of Directors consisting of state officials from the Ownership Steering Department. Director General Pekka Timonen served as the Chairman of the Board.

On the basis of the special audit report, Destia's extraordinary general meeting resolved that the company would seek compensation from the former President and CEO for the damage incurred to the company. A separate legal investigation concerning the former auditor was ordered. Further actions will be decided on the basis of the investigation.

The consulting and service agreements the former President and CEO made with related party individuals and companies are still under investigation by the police. No new investigations have been requested on the basis of the special audit.

Share capital and shares

Destia Ltd's registered share capital amounted to EUR 17.0 million and it has 680,000 shares. The company is wholly owned by the State of Finland and its financial year runs from 1 January to 31 December.

Organisation and personnel

Destia restructured its organisation on 1 January 2009. The new units were Infra Construction, Infra Maintenance, Rocks, Solutions and International. The Group's joint functions were Finance and Administration, Legal Services and Communications. In May 2009, Personnel was added to Group functions.

Maarakennus Jaara Oy was merged into Destia Ltd on 1 August 2009.

As from the beginning of 2010, the organisation was overhauled by reorganising the five units to three: Infra Construction, Infra Maintenance and Rocks. The Group's joint functions are Finance and Administration, Legal Services as from 15 March 2010, Personnel and Communications.

As from the beginning of 2010, the Destia Management Team comprises President and CEO Hannu Leinonen, Hannu Kulju, Kalevi Katko, Jouni Karjalainen, Pirkko Salminen, Aki Markkola (as from 15 March 2010), Sari Kuittinen- Tihilä, Miia Apukka and personnel representative Jouko Korhonen.

The Group's support functions service centre was launched on 1 January 2010. It handles the Group's finance, Personnel, business premises and ICT services on a centralised basis. The average number of Group personnel in the report year was 2,860 (2,921). At the end of December, Destia personnel numbered 2,585 (2,833), of whom 2,423 (2,612) were permanent employees and 162 (221) were on fixed-term contracts. 97.6 per cent (95.4) worked in Finland and 2.4 per cent (4.6) abroad. Due to the seasonal nature of operations, the number of personnel fluctuates and is at its highest during the summer. The number of personnel declined during the report year because the recession weakened demand and heated up competition, which led Destia to stop recruitment and hold codetermination negotiations towards the end of the year. These negotiations resulted in 220 redundancies.

The Group's personnel expenses for 2009 amounted to EUR 146.0 million (143.0), representing 24.2 per cent (19.9) of turnover. General increases raised personnel expenses by 4.1 per cent (3.2), or EUR 5.5 million (4.4). The codetermination negotiations that ended in December led to 220 redundancies. The resulting non-recurring costs – EUR 5.6 million – are included in personnel expenses.

Taxable salaries and other compensation paid to the Group's Board of Directors and the Presidents and Deputy Managing Director of the parent company during the year totalled EUR 0.75 million (0.76).

Destia has an incentive scheme covering all company personnel. The criteria applied in the incentive scheme are based on the earnings and other targets of the Group and its units, and also on personal targets specified in annual performance reviews. An instant performance-related bonus may be granted to all employees subject to a separate decision.

In 2009, Destia designated the development of management and supervisory work as the most important focus area in Personnel. Raising the bar of safety is a key challenge facing the entire construction industry, as it has a significant impact on the industry's productivity and attractiveness as an employer. Destia has paid particular attention to safety issues for years. Occupational health

and safety are promoted in line with a separate occupational health and safety policy. The results of the measures taken are assessed regularly.

Environmental issues

Infrastructure production chains have an impact on the environment through energy consumption and the use of soil and mineral aggregates. Environmental management is a fundamental aspect of Destia's corporate culture and responsible operations. Destia offers solutions that take a life cycle approach and promote environmental wellbeing, and also participates in joint efforts to develop the industry. Environmental compliance is part of Destia's operating practices and professional skills. Destia seeks to proactively reduce both the direct and indirect environmental impacts of its operations in line with its environmental policy.

No significant environmental damage occurred in 2009.

Destia has international combined ISO 9001 and 14001 quality and environmental certification for all its contract services, that is, infrastructure construction, maintenance and mineral aggregate services.

Research and development

R&D enables Destia to remain a pioneer in its field. Destia's R&D seeks to standardise production concepts and improve productivity, and also to develop new businesses. Destia also plays its part in general sector development through a variety of projects. R&D co operation is also carried out with stakeholders.

Automation continues to be a significant area of ongoing development. In 2009, good progress was made in the introduction of automated machinery on Destia's construction sites, as planned. Development will also help the company respond to changing order practices in the industry. Destia's R&D expenditure in 2009 amounted to EUR 2.8 million (3.0).

Risk management

As stated in Destia's risk management policy and business principles, risk management is an integral part of ordinary operations and overall management. Management closely monitors any changes in the operating environment and evaluates any risks and their impact on implementing the company's strategy. Strategy-related risks are reviewed as part of Destia's strategy work. Business plans assess risk factors, how likely they are to be realised and their potential impact on achieving targets. Major risks for the current operating year are identified, and measures are drawn up to manage them. Quarterly reports are made on any changes in the risk environment.

The Destia Group's major risks are associated with the general state of the economy and the consequent tightening of the market situation. Successfully bidding for projects is particularly challenging in the prevailing market conditions. The market situation also poses challenges to the profitability of the projects that are carried out.

Major risk factors related to projects, assets and commitments are covered by means of systematic project management, extending from the offer phase to the conclusion of the project. The risks and impacts of project operations are evaluated in connection with project reports. Destia prepares itself for contractual risks by safeguarding its interests with contractual terms. Insurance has been taken out to protect against the accident risks of projects.

Management of the Group's financial risks is conducted centrally in accordance with the Group's treasury policy.

The Destia Group's internal audit helps ensure sufficient internal control. The internal audit is conducted according to professional standards. On the basis of the observations of the special audit carried out in 2009, Destia has paid particular attention to specifying its internal control methods and instructions. For this reason, the Board of Directors decided that the ethical principles would be expanded into ethical guidelines that would then be approved by the Board.

Legal proceedings and disputes

On 19 October 2007, the District Court of Helsinki issued its ruling in the lawsuit filed by Destia regarding procurement proceedings for the E18 Lohja–Lohjanharju motorway contract. Destia sought EUR 5.5 million in compensation from the Finnish Road Administration, but the District Court dismissed the claim. Destia has now taken its case to the Helsinki Court of Appeal. The maximum additional costs that may be incurred by Destia are estimated to be the costs of the legal proceedings.

Lempäälän Hiihtoputki Oy – a client that ordered a ski tunnel – has made a claim for damages against Destia for cancelling the contract without cause. Destia has denied the claim in its entirety, stating that the contract was cancelled solely due to reasons attributable to Lempäälän Hiihtoputki Oy. Soraset Yhtiöt Oy, Destia's subcontractor in the ski tunnel contract, has made a claim for damages against Destia for the cancellation of the contract. Destia, Lempäälän Hiihtoputki Oy and Soraset Yhtiöt Oy have been in negotiations to resolve their disputes amicably since August 2009.

Masku Kiinteistöt Oy has announced that it will dissolve its co-operation agreement with Destia for the construction of nine retail properties. However, Destia has an equivalent co-operation agreement with Rakennusliike Lehto Oy. Rakennusliike Lehto Oy has submitted a notice of anticipated breach of contract to Destia in the matter. Destia, Masku Kiinteistöt Oy and Rakennusliike Lehto Oy have been in negotiations to resolve their disputes amicably since August 2009.

The co-operation agreement between Destia and Kiinteistö Oy Kiimingin Ideapark Ab has lapsed in accordance with the terms of the agreement. In connection with this project, Destia has notified Metsäliitto, the selected subcontractor, that the Kiimingin Ideapark project will not be carried out now that the co-operation agreement between Destia Ltd and Kiimingin Ideapark Ab has lapsed. Metsäliitto later demanded compensation for lost profits from Destia. Destia has paid the agreed compensation for design services to Metsäliitto and denied Metsäliitto's other demands.

Destia has pending legal proceedings against Baltic Cargo Shipping Oy and Markku Saarikangas in a dispute concerning a ship leasing agreement.

In addition, arbitration proceedings are pending with certain former executives.

Events after the close of the financial year

In January, a consortium in which Destia is a partner won the Design and Build project for the Joensuu ring road of Highway 6, one of the largest projects whose call for tenders was concluded in early 2010.

Ferry Services was partially demerged as a separate state-owned company on 1 January 2010. Ferry Services had turnover of about EUR 30.7 million in 2009.

As from the beginning of 2010, the organisation was overhauled by reorganising the five units to three: Infra Construction, Infra Maintenance and Rocks. The Group's joint functions are Finance and Administration, Legal Services as from 15 March 2010, HR and Communications. As from the

beginning of 2010, the Destia Management Team comprises President and CEO Hannu Leinonen, Hannu Kulju, Kalevi Katko, Jouni Karjalainen, Pirkko Salminen, Aki Markkola (as from 15 March 2010), Sari Kuittinen- Tihilä, Miia Apukka and personnel representative Jouko Korhonen.

The Group's support functions service centre was launched on 1 January 2010. It handles the Group's finance, HR, business premises and ICT services on a centralised basis.

Future prospects

Improved profitability is the Destia Group's primary target. This will pave the way for the creation of the new strategy. Destia will continue to focus on its strengths: traditional civil engineering, road maintenance, earthworks for the mining industry, railway construction and infra planning.

Substantial changes in financing markets and the economy – and the duration of their impacts – have led to uncertainty in the outlook for the infrastructure industry. Major traffic route and railway projects are in the pipeline and will be launched in the coming years. In 2009, Government decided on reflation measures that will increase infrastructure construction in 2010–2013. However, the economic downturn and tighter financing situation hinder the launch of private and municipal sector projects in particular, and competition for upcoming projects is heating up.

The current market situation makes it difficult to forecast trends for 2010. The economic downturn is expected to lower total demand for infrastructure construction slightly during the year ahead, as compared with 2009. Destia's solid order backlog and the profitability improvement measures it launched in 2009 have a positive effect on the outlook for the present year.

The Destia Group's turnover for 2010 is expected to be on a par with the previous year and its consolidated operating result to show a clear profit.

Board of Directors' proposal for the disposal of profit

Destia Ltd's distributable funds total EUR 51,850,108.90 after the EUR 13,301,784.06 loss for the period.

Destia Ltd's Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year that ended on 31 December 2009.

Helsinki 18 February 2010

DESTIA Ltd

Board of Directors

Further Information:

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The interim report of the first quarter of the Destia Group will be published on 30 April 2010.

DESTIA GROUP'S PROFIT AND LOSS ACCOUNT

	GROUP	GROUP
	1.1.-31.12.2009	1.1.-31.12.2008
TURNOVER	603 404 876,30	717 119 079,02
Production for own use	212 095,82	
Other operating income	5 512 194,76	11 393 155,98
Materials and services		
Materials and consumables		
Purchases during the financial year	-106 734 255,79	-152 404 994,28
Increase/decrease in inventories	-6 874 419,31	3 331 657,28
External services	-267 945 802,70	-331 673 623,43
Materials and services	-381 554 477,80	-480 746 960,42
Personnel expenses		
Salaries and fees	-118 843 942,75	-114 854 613,76
Pension expenses	-19 224 048,39	-20 696 529,07
Other personnel expenses	-7 967 958,55	-7 460 073,92
Personnel expenses	-146 035 949,69	-143 011 216,75
Depreciation and write-downs		
Depreciation according to plan	-27 453 422,98	-19 211 217,25
Depreciation of consolidated goodwill	-2 312 290,28	-1 468 161,29
Write-downs of non-current assets	-1 343 320,00	
Other operating expenses	-67 325 759,89	-64 791 449,14
OPERATING RESULT	-16 896 053,76	19 283 230,14
FINANCIAL INCOME AND EXPENSES		
Dividend income from Group companies		
Income from other non-current financial assets	862,00	418,00
Other interest income from Group companies		
Other interest income and financial income	896 902,05	267 550,70
Write-downs of non-current financial assets		
Interest expenses from liabilities to Group companies		
Interest expenses from liabilities to others	-1 823 037,27	-3 384 816,92
Other financial expenses at Group companies		
Other financial expenses	-872 920,82	-338 002,85
Financial income and expenses	-1 798 194,04	-3 454 851,07
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	-18 694 247,80	15 828 379,06
EXTRAORDINARY ITEMS		
Extraordinary expenses	-716 803,65	
Extraordinary items	-716 803,65	
PROFIT/LOSS BEFORE TAXES	-19 411 051,45	15 828 379,06
Income tax and deferred taxes	2 338 025,62	-3 681 138,62
Minority interest	-618 627,51	-1 729 805,85
PROFIT/LOSS FOR THE PERIOD	-17 691 653,34	10 417 434,59

DESTIA GROUP'S BALANCE SHEET

	GROUP 31.12.2009	GROUP 31.12.2008
ASSETS		
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Intangible rights	1 165 044,91	820 207,02
Goodwill	25 404,49	151 740,20
Consolidated goodwill	16 939 480,03	13 655 644,01
Other long-term expenditure	533 460,20	553 867,15
Advance payments on intangible assets	500 494,31	24 893,22
Intangible assets	19 163 883,94	15 206 351,61
TANGIBLE ASSETS		
Land and water areas	3 034 437,14	3 185 311,19
Buildings and structures	10 969 641,33	11 898 234,93
Machinery and equipment	90 660 368,93	95 412 215,58
Other tangible assets	13 704 924,98	15 926 497,21
Advance payments and construction in progress	1 066 297,50	421 483,78
Tangible assets	119 435 669,88	126 843 742,70
INVESTMENTS		
Shares in Group companies		
Receivables from Group companies		
Other shares and securities	2 190 138,07	2 101 798,39
Investments	2 190 138,07	2 101 798,35
NON-CURRENT ASSETS	140 789 691,89	144 151 892,66
CURRENT ASSETS		
INVENTORIES		
Materials and consumables	25 498 458,88	32 136 634,75
Unfinished products		11 977,25
Finished products		110 640,50
Other inventories		65 838,46
Inventories	25 498 458,88	32 325 090,96
RECEIVABLES		
Accounts receivable	40 044 535,35	65 563 684,73
Current receivables from Group companies		
Other receivables	1 100 436,85	3 378 412,46
Deferred tax assets	4 302 840,97	
Prepaid expenses and accrued income	21 131 603,40	26 036 497,70
Receivables	66 579 416,57	94 978 594,89
Investments		5 114 497,54
Cash and bank	41 185 110,84	17 821 038,44
CURRENT ASSETS	133 262 986,30	150 239 221,86
ASSETS	274 052 678,18	294 391 114,52
	GROUP 31.12.2009	GROUP 31.12.2008
EQUITY AND LIABILITIES		
EQUITY		
Share capital	17 000 000,00	17 000 000,00
Reserve for invested non-restricted equity	60 549 400,91	60 549 400,91
Retained earnings	3 034 514,23	-2 455 826,06
Profit/loss for the period	-17 691 653,33	10 417 434,59
EQUITY	62 892 261,81	85 511 009,44
MINORITY INTEREST	2 038 796,26	3 910 048,34
ACCUMULATED APPROPRIATIONS		
Depreciation difference		
PROVISIONS	25 686 161,43	18 257 284,54
GROUP RESERVE	129 376,35	129 376,35

DESTIA GROUP'S CASH FLOW STATEMENT

	GROUP 12/2009	GROUP 12/2008
<u>Cash flow from business operations</u>		
Payments received from customers	636 544 556,11	723 437 752,76
Payments to suppliers of goods/services and to personnel	-602 143 999,40	-683 419 885,65
Cash flow from business operations before financial items and taxes	34 400 556,71	40 017 867,11
Interest paid on business operations	-1 823 037,27	-2 677 395,85
Dividend income received from business operations	862,00	418,00
Interest received from business operations	248 058,00	250 132,75
Other financial items from business operations	-872 920,82	-338 002,85
Taxes paid on business operations	-1 225 829,40	-357 007,03
Cash flow from business operations	30 727 689,22	36 896 012,13
<u>Cash flow from investment activities</u>		
Investments in tangible and intangible assets	-24 677 936,98	-46 143 328,04
Proceeds from the sale of tangible and intangible assets	5 512 198,48	6 424 727,84
Acquired and divested shares in subsidiaries	-8 984 577,53	-13 914 671,34
Other investments	-104 324,31	-1 988 971,39
Proceeds from the sale of other investments	5 432,00	98 421,14
Loans granted		
Repayment of loan receivables		
Cash flow from investment activities	-28 249 208,34	-55 523 821,79
<u>Cash flow from financing activities</u>		
Withdrawals of short-term loans		41 495 385,31
Repayment of short-term loans	-13 017 994,60	
Withdrawals of long-term loans	40 351 587,93	2 062 081,97
Repayment of long-term loans	-6 658 499,35	-5 575 282,17
Dividends paid	-4 904 000,00	-188 000,00
Cash flow from financing activities	15 771 093,98	37 794 185,11
Change in liquid assets	18 249 574,86	19 166 375,45
Liquid assets on balance sheet on 31 Dec	41 185 110,84	22 935 535,98
Liquid assets on balance sheet on 1 Jan	22 935 535,98	3 769 160,53
	18 249 574,86	19 166 375,45

GROUP'S PROFIT AND LOSS ACCOUNT

EUR MILLION	1-3/2009	4-6/2009	7-9/2009	10-12/2009	1-12/2009	1-3/2008	4-6/2008	7-9/2008	10-12/2008	1-12/2008
TURNOVER	96,9	147,9	205,4	153,2	603,4	103,7	170,3	227,3	215,8	717,1
Production for own use		0,0		0,2	0,2	0,0	0,0	0,0		
Other operating income	1,0	0,8	2,3	1,4	5,5	0,7	1,4	1,5	7,8	11,4
Materials and services	-55,9	-87,9	-134,1	-103,6	-381,5	-66,4	-111,5	-156,7	-146,2	-480,8
Personnel expenses	-30,7	-38,6	-39,4	-37,3	-146,0	-28,6	-34,3	-35,7	-44,5	-143,1
Depreciation and write-downs	-5,9	-6,1	-6,5	-12,6	-31,1	-4,3	-5,2	-5,8	-5,4	-20,7
Other operating expenses	-12,3	-18,0	-15,6	-21,5	-67,4	-10,0	-15,7	-17,1	-21,9	-64,7
OPERATING RESULT	-6,9	-1,9	12,1	-20,2	-16,9	-4,9	5,0	13,5	5,6	19,2
Financial income and expenses	-0,6	-0,3	-0,9	0,0	-1,8	-0,3	-0,7	-1,1	-1,3	-3,4
RESULT BEFORE EXTRAORDINARY ITEMS AND TAXES	-7,5	-2,2	11,2	-20,2	-18,7	-5,2	4,3	12,4	4,3	15,8
EXTRAORDINARY ITEMS										
Extraordinary items				-0,7	-0,7					
APPROPRIATIONS, TAXES AND MINORITY INTEREST										
Income tax and deferred taxes	-0,1	0,1	-0,5	2,8	2,3		-0,4	-0,6	-2,7	-3,7
Minority interest	0,1	0,0	-0,3	-0,4	-0,6	0,3	-0,2	-0,5	-1,3	-1,7
RESULT FOR THE PERIOD	-7,5	-2,1	10,4	-18,5	-17,7	-4,9	3,7	11,3	0,3	10,4

DESTIA GROUP'S QUARTERLY BALANCE SHEET

	31.12.2009	30.9.2009	30.6.2009	31.3.2009	31.12.2008	30.9.2008	30.6.2008	31.3.2008
ASSETS								
NON-CURRENT ASSETS	140,8	149,6	149,9	148,4	144,2	134,8	131,5	104,2
CURRENT ASSETS								
Inventories	25,5	36,6	39,3	35,7	32,3	33,0	32,3	28,6
Receivables	66,6	103,5	86,3	54,0	95,0	142,4	105,1	57,8
Investments	0,0	0,0	0,0	0,1	5,1	0,2	0,2	1,2
Cash and bank	41,2	7,6	22,6	13,4	17,8	4,5	6,8	4,8
CURRENT ASSETS	133,3	147,7	148,2	103,2	150,2	180,1	144,4	92,4
ASSETS	274,1	297,3	298,1	251,6	294,4	314,9	275,9	196,6
EQUITY AND LIABILITIES								
EQUITY	62,9	81,3	71,4	73,1	85,5	85,5	70,2	66,7
MINORITY INTEREST	2,0	1,6	1,3	1,3	3,9	2,7	2,1	0,4
PROVISIONS	25,7	16,4	17,2	18,0	18,3	16,4	16,7	16,4
GROUP RESERVE	0,1	0,1	0,1	0,1	0,1			
LIABILITIES								
Deferred tax liability	3,0	1,9	2,0	2,2	2,2	0,5	0,6	0,0
Long-term liabilities	41,4	6,4	6,1	6,4	7,5	15,6	15,3	12,5
Short-term liabilities	138,9	189,5	200,0	150,5	176,9	194,2	171,0	100,6
LIABILITIES	183,3	197,8	208,1	159,1	186,6	210,3	186,9	113,1
EQUITY AND LIABILITIES	274,1	297,3	298,1	251,6	294,4	314,9	275,9	196,6

DESTIA GROUP'S QUARTERLY CASH FLOW STATEMENT

	3/2009	6/2009	9/2009	12/2009	3/2008	6/2008	9/2008	12/2008
Cash flow from business operations								
Payments received from customers	137,1	259,6	440,3	636,5	129,6	263,7	470,0	723,4
Payments to suppliers of goods/services and to personnel	-137,4	-267,8	-448,3	-602,1	-142,0	-278,3	-494,7	-683,4
Cash flow from business operations	-0,3	-8,2	-8,0	34,4	-12,4	-14,6	-24,7	40,0
Interest paid on business operations	-0,3	-0,7	-1,7	-2,7	-0,3	-0,8	-1,4	-3,0
Interest received	0,1	0,2	0,2	0,2		0,1	0,2	0,3
Taxes paid from business operations	0,0	-0,1	-0,3	-1,2		-0,3	-1,1	-0,4
Other financial items from								
Cash flow from business operations	-0,5	-8,8	-9,8	30,7	-12,7	-15,6	-27,0	36,9
Cash flow from investment activities								
Investments in tangible and intangible assets	-6,9	-16,5	-19,9	-24,7	-6,1	-20,8	-30,4	-46,1
Proceeds from the sale of tangible and intangible assets	1,0	3,6	4,1	5,5	0,1	1,0	2,5	6,4
Acquired and divested shares in subsidiaries and associates	-6,3	-6,3	-8,9	-9,0	-0,4	-11,2	-14,5	-13,9
Other investments	-0,1	-0,4	-0,1	-0,1				-2,0
Proceeds from the sale of other investments				0,1		0,1	0,1	0,1
Cash flow from investment activities	-12,2	-19,6	-24,8	-28,2	-6,4	-30,9	-42,3	-55,5
Cash flow from financing activities								
Withdrawals of short-term loans	8,1	33,2	24,3		21,2	49,0	69,5	41,5
Repayment of short-term loans				-13,0				
Withdrawals of long-term loans	0,2	0,4	0,6	40,4	0,2	1,0	1,3	2,1
Repayment of long-term loans	-0,1	-0,7	-0,7	-6,7		-0,2	-0,3	-5,6
Dividends paid	-4,9	-4,9	-4,9	-4,9		-0,1	-0,2	-0,2
Cash flow from financing activities	3,3	28,0	19,3	15,8	21,4	49,7	70,3	37,8
Change in liquid assets	-9,4	-0,4	-15,3	18,3	2,3	3,2	1,0	19,2
Liquid assets on balance sheet on 31 Dec	13,5	22,5	7,6	41,2	6,1	7,0	4,8	22,9
Liquid assets on balance sheet on 1 Jan	22,9	22,9	22,9	22,9	3,8	3,8	3,8	3,8
Change in liquid assets	-9,4	-0,4	-15,3	18,3	2,3	3,2	1,0	19,2

Contingent liabilities

1000 eur	GROUP 2009	GROUP 2008
Loans secured by mortgages		
Loans from financial institutions	167	2 244
Mortgages given as security	350	2 447
Pledged mortgages	826	7 139
Pledged deposits	57	93
Pledged shares of subsidiaries (book value in subsidiary)	1 321	1 321
Guarantees		
On behalf of Group companies	0	0
On behalf of others	86 302	77 012
Leasing commitments		
Falling due during current financial year	1 775	1 081
Falling due in later financial years	2 116	1 461
Future payments for long-term rental agreements	4 515	7 033

Derivative contracts

1000 eur

Currency derivatives

Nominal value	3 553	0	3 012	0
Fair value	37	0	-6	0

Interest rate derivatives

Nominal value	39 990	990	30 000	0
Fair value	144	-1	133	0

Commodity derivatives

Nominal value	32 626	0	32 626	0
Fair value	424	0	424	0

Nominal values and fair values are presented as net amounts.

Fair value is an estimate of the gains or losses that would have been realised if the derivative contracts had been terminated at the balance sheet date.

Formulas:

- 1) $\text{Equity} + \text{minority interest} / (\text{Balance sheet total} - \text{advances received})$
- 2) $(\text{Interest-bearing liabilities} - \text{cash, bank balances and securities}) / \text{Equity} + \text{minority interest}$
- 3) $\text{Inventories} + \text{financial assets} / \text{Short-term liabilities}$
- 4) $\text{Financial assets excluding receivables from uncompleted contracts} / \text{Short-term debts excluding advances paid}$
- 5) $\text{Profit before extraordinary items} - \text{taxes} / \text{Equity} + \text{minority interest (balance sheet at beginning and end of year)}$
- 6) $\text{Profit before extraordinary items} + \text{interests and other financial expenses} / \text{Average equity invested}$
(Balance sheet total - non-interest-bearing liabilities - provisions, balance sheet at beginning and end of year)