DESTIA

Interim Report

Q1	1 Jan-31 Mar 2010
Q2	1 Jan-30 Jun 2010
Q3	1 Jan-30 Sep 2010
Q4	1 Jan-31 Dec 2010

INTERIM REPORT OF THE DESTIA GROUP 01/01–31/03/2010

Summary

- The first quarter yielded more profits than the previous year
- The development programme for increasing profitability advanced according to plans
- In March, Destia increased its share of ownership of the Kaivujyrä Group by 8 per cent
- The order book is still strong at 780 million Euros (782)
- At the turn of the year, ferry services were separated from Destia Ltd through partial demerger

Key Figures, MEUR	1-3/2010	1-3/2009	1-12/2009
Turnover	89,4	96,9	603,4
Operating profit	-3,1	-6,9	-16,9
% of turnover	-3,5	-7,1	-2,8
Profit for the financial period	-4,6	-7,5	-17,7
% of turnover	-5,1	-7,7	-2,9

Operating Environment

In 2010, the market for infrastructural construction is predicted to maintain the level of the previous year. It is not thought that the recovery operations approved by the Finnish Government in early 2009 will yet show significant results in 2010 because contractors will not be employed in large building contracts until 2011–2013. Other construction operations are being cut due to the financial problems of municipalities and the state, as well as the lack and opportunities for private infrastructural investment. (Economic trend of civil engineering in Finland 1/2010, VTT.)

The focus of construction work has shifted to infrastructural projects during the last few years, and new actors have emerged on the market. Competition remains high. The price level of building contract quotes was considered to be the highest during 2006–2008. In 2009, the price level dropped, and developers estimate it will continue to decline in 2010. A clear increase in the value of quotes is expected for 2011 as the market recovers from the economic recession and contractors are employed in large construction projects. (Economic trend of civil engineering in Finland 1/2010, VTT.)

The costs of the civil engineering industry rose by 2.0 per cent from March 2009 to March 2010. The annual change in costs varied by subindex from the 1.9 per cent decline in foundation engineering to the 16.8 per cent increase in surfacing. The increase in the total index was especially affected by price increases in bitumen and plastic products as well as in fuel and energy. It was mainly held back by price reductions in earth and rock material, and in metal products. (Cost index of civil engineering works 19/04/2010, Statistics Finland.)

Development of Turnover by Business Operations

Starting from 1 January 2010, Destia's operations have comprised three business groups: Infrastructure Construction, Infrastructure Maintenance, and Rocks. The different Destia Group units are Economics and Financing, Legal Services, Personnel and Communications, and Corporate Planning and Development. Each subsidiary and subgroup takes part in business group operations.

The January–March turnover of the Destia Group decreased 7.8 per cent to 89.4 million Euros in comparison with the same period of the previous year (96.9). The turnover of the previous year was 90.8 million Euros not including ferry services. The Group's amount of work not entered as income was 780 million Euros at the end of March (782).

Infrastructure Construction Business

Infrastructure construction comprises construction of traffic routes, environmental construction, bridge building as well as energy infrastructure construction and surfacing services, "Plan and Implement" projects, design, measurement and research services, and international contracting and consultation.

Key Figures, MEUR	1-3/2010	1-3/2009	1-12/2009
Turnover	38,1	41,9	334,8
% of Group turnover	42,6	43,3	55,5
Order stock	344,1	307,8	332,8
Personnel, average	1168	1382	1485

The order book of infrastructure construction was at the end of the reporting period larger than in the previous year, and the contracts were distributed on a longer time span than the year before. The number of personnel was affected by personnel adaptation carried out in late 2009.

The largest projects that were underway during the reporting period include the Joutsa–Toivakka section on National Road 4, construction on the Lusi–Hartola road on National Road 4, the Hännilänsalmi bridge project in Central Finland, the Kemi section of National Road 4 in Northern Finland, the Koirakivi–Hurus section of National Road 5 in South-Eastern Finland and Southern Finland, and the Kirkkonummi–Espoo (Kivenlahti) section of National Road 51.

Quoting was frequent in infrastructure constructions. Significant new contracts were made during the reporting period. The consortium TYL Joensuu Kehätie, whose shareholders Destia and Kesälahden Maansiirto Oy are, made a contract for the Repokallio–Käpykangas road project on National Road 6 in Joensuu. A contract was also made on a complete wind measurement package, for which Kotkan Energia held tenders. Kotkan Energia is making plans on wind energy on Långö island and Rankki in Kotka. A blanket agreement on designing the streets of Helsinki was made for 2010–2011. Destia received two of the four operations in the blanket agreement. The agreements cover street, regional and water management designs, as well as diverse design projects.

Infrastructure Maintenance Business

Infrastructure maintenance includes winter maintenance, gravel road maintenance and repair, traffic environment and bridge maintenance, small-scale construction work, regional maintenance and repair projects, and the services for the monitoring of winter road conditions offered by Kelikeskus.

Key Figures, MEUR	1-3/2010	1-3/2009	1-12/2009
Turnover	41,2	43,4	204,1
% of Group turnover	46,1	44,7	33,8
Order stock	375,1	445,9	382,6
Henkilöstö keskim.	418	776	781

The order book of and number of personnel in Infrastructure Maintenance were both affected by the demerger of the ferry services from Destia.

Destia has made contracts for 57 regional national road projects for the current maintenance period. The duration of maintenance contracts is generally ca. 5–7 years. In addition, Destia has ca. 30 winter maintenance contracts around Finland. Destia's infrastructure maintenance carries out both winter and summer maintenance in the Rautaruukki factory area at Raahe and in the steelworks area of Outokumpu Stainless Ltd at Tornio.

In 2010, tenders will be held for 13 regional national road projects in three rounds. During the reporting period, Destia won two out of the four tenders of the first round: regional projects in Keuruu and Pielavesi. During the second round, Destia won three of the four tenders: regional projects in Viinijärvi, Kristiinankaupunki and Pyhäjärvi. All five won tenders are seven-year regional projects. The last round of tenders took place in April.

Destia Ferry Services became a separate state-owned company at the turn of the year. Suomen Lauttaliikenne Oy started its operation on 1 January 2010. The 272 ferry service workers previously employed by Destia were transferred to the new company. In 2009, the turnover of Ferry Services was 30.7 million Euros, with a first quarter result of 6.1 million Euros. The effects of the partial demerger of Ferry Services on the balance sheet of the Destia Group are presented in the table on page 11.

Rocks Business

Rocks covers rock material services, bedrock and mining construction as well as railway construction and railway infrastructure maintenance.

Key Figures, MEUR	1-3/2010	1-3/2009	1-12/2009
Turnover	10,1	11,6	64,5
% of Group turnover	11,3	12,0	10,7
Order stock	60,3	28,3	37,9
Personnel, average	374	473	454

The Rocks order book was significantly larger at the end of the reporting period than during the previous year due to long-term railway maintenance and bedrock construction projects. The change in personnel in comparison with the previous year includes the personnel changes in late 2009 and the additional project personnel for the previous year.

The largest projects underway during the first quarter were waste excavation and ore rock crushing at Talvivaara, and tunnel expansion and regional work at Olkiluoto.

The Rocks business group made significant new contracts during the reporting period. A contract was made with Talvivaara Oy for construction at Talvivaara, Sotkamo. The contract includes removal of rock waste, transportation, and constructing a bank of rock waste. A contract was made with Lujabetoni Oy for the delivery of concrete stone material to Lujabetoni Oy factories in Helsinki and Espoo until 2015. An extension on a tunnel contract in Olkiluoto was agreed with Posiva Oy. The final tunnel contract of ONKALO, an underground bedrock research facility under construction at Olkiluoto, comprises mining an access tunnel and constructing testing and demonstration facilities at final disposal depth.

During the reporting period, Destia's share of Kaivujyrä Group, which is specialised in railway construction, increased from 76 per cent to 84 per cent. The increase of shareholding was based on a trade agreement made in 2007.

Development of the Result for the Group

The business result was negative at 3.1 million Euros (-6,9). The profitability increase from the previous year was influenced by a development programme for increasing profitability. The programme was started in the autumn of 2009 and it has advanced according to plans.

Construction projects are mostly realised during the second and third quarter and not at the beginning of the year, which is typical for the industry.

Balance Sheet, Money Flow and Financing

The consolidated balance sheet total was 226.1 million Euros at the end of March (251.7). The equity ratio was 27.3 per cent (33.4), the net indebtedness was 91.1 per cent (77.0) and the return on investments was -9.0 per cent
(-14.7). The balance sheet total decreased by 16.1 million Euros due to the demerging of ferry services.

The money flow for the reporting period comprised business money flow of -12.8 million Euros (-0.5), investment money flow of -4.4 million Euros (-12,2) and financing money flow of -8.5 million Euros (3.3). The financial assets according to the balance sheet were 15.5 million Euros at the end of the reporting period (13.5). 3.8 million Euros of the Group's short-term credit limit of 31.3 million Euros was in use (0.0). The partial demerger of ferry services affected the cash flow of the reporting period by -2.8 million Euros.

The Group's interest-bearing debt was reduced to 66.1 million Euros during the reporting period (70.9). The net financing costs were 0.6 million Euros (0.6), which comprised 0.7 per cent of the turnover (0.6). The interest-bearing net debt was 50.6 million Euros at the end of the reporting period (57.4).

Investments

The total amount of gross investments of the reporting period was 4.7 million Euros (10.7) The amount of building and equipment investments was 3.7 million Euros (6.2).

Personnel

The Group's average number of personnel during the reporting period was 2,071 persons (2,764). The number of personnel at the end of March was 2,065 (2,768), of which 1,961 (2,550) were permanent and 104 (218) were temporary employees. The change in comparison with the previous year was caused by the personnel adaptations carried out in late 2009 and transferring the ferry service personnel from the Group. Due to the seasonal nature of business, the number of personnel varies during the year and peaks in the summer.

A collective labour agreement concerning infrastructure industry workers was made on 9 March 2010, and an agreement concerning infrastructure industry employees was made on 10 March 2010. The agreement period of both agreements is from 1 March 2010 to 29 February 2012.

Administration and Decisions at the Annual General Meeting

The Annual General Meeting of Destia Ltd was held on 18 March 2010, and it confirmed the company's balance sheet for 2009. The AGM decided not to distribute a dividend, as proposed by the board.

Elina Engman, Karri Kaitue, Matti Mantere, Ilpo Nuutinen and Solveig Törnroos-Huhtamäki were re-elected for the board. Karri Kaitue will continue to act as the chairman of the board as elected by the AGM. The Chartered Accounting Company Deloitte & Touche was selected as the company auditor, whose main responsible auditor is CA Tapani Vuopala.

The board of Destia Ltd elected Matti Mantere as the Deputy Chairman at its organising meeting. The meeting decided on the Audit Committee and the Appointment and Compensation Committee. The board elected Matti Mantere as the chairman and Ilpo Nuutinen and Solveig Törnroos-Huhtamäki as members of the Audit Committee. Karri Kaitue was elected as the chairman and Elina Engman and Ilpo Nuutinen as the members of the Appointment and Compensation Committee.

Aki Markkola was appointed as a member of Destia Ltd's Management Team and as the legal affairs manager starting from 15 March 2010.

Near-future Risks and Uncertainties

The economic recession creates uncertainty in Destia's operating environment, which makes it difficult to predict how the market develops in the near future. Risks caused by the recession include heightened competition and its impact on pricing. The competition has heightened even more as new actors compete with Destia for the same infrastructure contracts.

Uncertainty is also being created by the possible increase of cartridge prices and the ability to manage the price increase, which also affect the profitability of projects.

Events following the Reporting Period

On 1 April 2010, Destia Ltd bought the remaining 16 per cent of the shares of the Kaivujyrä Group by corporate acquisition and is now the owner of Kaivujyrä Group's entire share capital.

In the third round of regional projects, Destia won four of five tenders. Three of the won tenders are five-year projects and one is a seven-year project, which has a long-term influence on the company's result and cash flow.

The METRO consortium of Destia and Czech Metrostav a.s has won the excavation contracts for the access tunnels on the Helsinki side (Lauttasaari, Myllykallio and Koivusaari) of the Helsinki Metro extension.

Prospects for 2010

The most important goal of the Destia Group is improving profitability. This lays a foundation for creating a future strategy. The company will continue to operate in its strong areas of expertise: traditional earthworks, road maintenance and repair, mining industry earthworks, railway construction and infrastructure industry planning.

Due to the market situation, it is difficult to estimate the developments in 2010. The overall demand for infrastructure construction is believed to continue its decline to some extent in comparison with 2009 due to the recession. Destia's existing good order book and measures for improving profitability that were started in 2009 have a positive effect on the prospects of 2010.

In 2010, it is estimated that the Destia Group's turnover will reach the same level as the year before and, accordingly, the operating result of the Group will be clearly positive.

Helsinki, 30 April 2010

DESTIA Ltd

Board of Directors

The information of this interim report has not been audited.

GROUP'S PROFIT AND LOSS ACCOUNT

EUR MILLION	1-3/2010	1-3/2009	1-12/2009
TURNOVER	89,4	96,9	603,4
Production for own use			0,2
Other operating income	0,7	1,0	5,5
Materials and services	-49,9	-55,9	-381,6
Personnel expenses	-27,0	-30,7	-146,0
Depreciation and write-downs	-5,5	-5,9	-31,1
Other operating expenses	-10,8	-12,3	-67,3
OPERATING RESULT	-3,1	-6,9	-16,9
Financial income and expenses	-0,6	-0,6	-1,8
RESULT BEFORE EXTRAORDINARY ITEMS AND TAXES	-3,7	-7,5	-18,7
EXTRAORDINARY ITEMS			-0,7
Taxes	-0,9	-0,1	2,3
Minority interest	0,0	0,1	-0,6
RESULT FOR THE PERIOD	-4,6	-7,5	-17,7

GROUP´S BALANCE SHEET

EUR MILLION	31.3.2010	31.12.2009	31.3.2009
ASSETS			
NON-CURRENT ASSETS	129,9	140,8	148,4
CURRENT ASSETS			
Inventories	25,1	25,5	35,7
Deferred tax assets	3,6	4,3	
Receivables	52,0	62,3	54,0
Investments	0,0	0,0	0,2
Cash and bank	15,5	41,2	13,4
CURRENT ASSETS	96,2	133,3	103,3
ASSETS	226,1	274,1	251,7
EQUITY AND LIABILITIES			
EQUITY	54,2	62,9	73,1
MINORITY INTEREST	1,3	2,0	1,3
GROUP RESERVE	0,1	0,1	0,1
PROVISIONS	21,7	25,7	18,0
LIABILITIES			
Deferred tax liability	2,8	3,0	2,3
Long-term liabilities	31,8	41,4	6,4
Short-term liabilities	114,2	138,9	150,6
LIABILITIES	148,8	183,3	159,3
EQUITY AND LIABILITIES	226,1	274,1	251,7

CONSOLIDATED BALANCE SHEET

EUR MILLION	1-3/2010	1-3/2009	1-12/2009
Cash flow from business operations			
Payments received from customers	96,2	137,1	636,5
Payments to suppliers of goods/services and to personnel	-108,2	-137,4	-602,1
Cash flow from business operations before financial items and taxes	-12,0	-0,3	34,4
Interest paid on business operations	-0,4	-0,3	-1,8
Dividend income received from business operations	0,1	0,1	0,2
Other financial items from business operations	-0,2		-0,9
Taxes paid on business operations	-0,3		-1,2
Cash flow from business operations	-12,8	-0,5	30,7
Cash flow from investment activities			
Investments in tangible and intangible assets	-4,1	-6,9	-24,7
Proceeds from the sale of tangible and intangible assets	1,0	1,0	5,5
Acquired and divested shares in subsidiaries and associates	-1,3	-6,3	-9,0
Other investments		-0,1	-0,1
Proceeds from the sale of other investments			
Cash flow from investment activities	-4,4	-12,2	-28,2
Cash flow from financing activities			
Withdrawals of short-term loans		8,1	
Repayment of short-term loans	-8,00		-13,0
Withdrawals of long-term loans		0,2	40,4
Repayment of long-term loans	-0,50	-0,1	-6,7
Dividends paid		-4,9	-4,9
Cash flow from financing activities	-8,5	3,3	15,8
Change in liquid assets	-25,7	-9,4	18,3
Liquid assets on balance sheet on 31 March	15,5	13,5	41,2
Taseen mukaiset rahavarat 1.1.	41,2	22,9	22,9
Change in liquid assets	-25,7	-9,4	18,3

GROUP'S KEY FIGURES

EUR MILLION	1.1.- 31.3.2010	1.1.- 31.3.2009	1.1. - 31.12.2009
Turnover	89,4	96,9	603,4
Year-on-year change, %	-7,8	-6,6	-15,9
Operating result	-3,1	-6,9	-16,9
% of turnover	-3,5	-7,1	-2,8
Profit/loss for the period	-4,6	-7,5	-17,7
% of turnover	-5,1	-7,7	-2,9
Gross capital expenditure	4,7	10,7	29,4
% of turnover	5,2	11,1	4,9
Balance sheet total	226,1	251,7	274,1
Equity	54,2	73,1	62,9
Equity ratio, % 1)	27,3	33,4	26,3
Return on equity, % 2)	-30,7	-36,8	-21,2
Return on investment, % 3)	-9,0	-14,7	-10,6
Gearing, % 4)	91,1	77,0	65,2
Interest-bearing liabilities	66,1	70,9	83,5
Current ratio 5)	0,8	0,7	0,9
Quick ratio 6)	0,6	0,4	0,8
Order book	780	782	753
Research and development costs	0,1	0,7	2,8
% of other operating expenses	0,9	5,7	4,2
Earnings per share, EUR	-6,77	-10,96	-24,96
Equity per share, EUR	79,72	107,56	92,49
Average personnel	2 071	2 764	2 860

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

GROUP'S CONTINGENT LIABILITIES

EUR MILLION	**31.3.2010**	**31.12.2009**
Loans secured by mortgages		
Loans from financial institutions	0,2	0,2
Mortgages given as security	0,4	0,4
Pledged mortgages	0,8	0,8
Pledged deposits	0,1	0,1
Pledged shares of subsidiaries, book value in subsidiary	1,3	1,3
Guarantees on behalf of others	78,6	86,3
Leasing commitments		
Falling due during next 12 months	2,2	1,8
Falling due later	2,4	2,1
Future payments for long-term rental agreements	4,2	4,5

GROUP´S DERIVATIVE CONTRACTS

EUR MILLION	**31.3.2010**	**31.12.2009**
Currency derivatives		
Nominal value	4,7	3,6
Fair value	-0,1	0,0
Interest rate derivatives		
Nominal value	30,9	40,0
Fair value	-0,7	0,1
Commodity derivatives		
Nominal value	2,6	3,0
Fair value	0,6	0,4

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.

DEMERGING OF FERRY SERVICES FROM DESTIA GROUP
Influence on the 2010 balance sheet of Destia Group

BALANCE SHEET EUR MILLION	31.12.2009	1.1.2010
ASSETS		
NON-CURRENT ASSETS	140,8	131,2
CURRENT ASSETS		
Inventories	25,5	25,5
Receivables	62,3	62,2
Deferred tax assets	4,3	4,3
Cash and bank	41,2	34,8
CURRENT ASSETS	133,3	126,8
ASSETS	274,1	258,0
EQUITY AND LIABILITIES		
EQUITY		
Share capital	17,0	17,0
Reserve for invested non-restricted equity	60,6	56,4
Retained earnings	3,0	-14,6
Profit/loss for the period	-17,7	
EQUITY	62,9	58,8
MINORITY INTEREST	2,0	2,0
PROVISIONS	25,7	25,7
GROUP RESERVE	0,1	0,1
LIABILITIES		
Deferred tax liability	3,0	2,8
Long-term liabilities	41,4	32,4
Short-term liabilities	138,9	136,2
LIABILITIES	183,3	171,4
EQUITY AND LIABILITIES	274,1	258,0