DESTIA Q4

FINANCIAL STATEMENTS 2011

BUILDING THE BIGGER PICTURE

DESTIA GROUP'S FINANCIAL STATEMENTS 1 JANUARY–31 DECEMBER 2011

- Turnover was MEUR 495.9, down as expected on the previous year by 7.9 per cent
- Group cash flow was good throughout the year.
- The E18 Koskenkylä−Kotka PPP project and the Kalasatama project were won.
- The order book increased by 24.5 per cent to MEUR 805.1 by 31 December.
- The surfacing business was sold to NCC.
- The Group adopted IFRS reporting in its financial statements for the period ending 31 December 2011.

Key figures (IFRS), MEUR	1-12/2011	1-12/2010
Turnover	495.9	538.6
Operating profit	-8.1	11.6
% of turnover	-1.6	2.2
Profit for the financial period	-13.0	9.5
% of turnover	-2.6	1.8
Average number of personnel	1,813	2,096
Order book at end of period	805.1	646.5

Operating Environment

Based on information from Statistics Finland, 2011 estimates for total volumes in the infrastructure sector were optimistic. However, growth forecasts had to be lowered towards the end of the year as a result of the eurozone debt crisis and uncertainty in the global economy. In 2011, total turnover in infrastructure construction was about EUR 5 billion (2010: 5.5 billion). Input costs started to increase markedly last year. According to Statistics Finland, civil engineering costs rose by 7.0 per cent between December 2010 and December 2011. The annual change in costs varied by subindex from 3.9 per cent in rock construction to 18.0 per cent in surfacings. The increase in the total index was particularly affected by price increases in materials and a rise in equipment costs. Material costs were particularly affected by a rise in prices for bitumen and plastic products. Equipment costs rose largely as a result of increased fuel prices. (Civil engineering cost index 2011, December. Statistics Finland.)

The infrastructure sector experienced consolidation in 2011. Last year saw much corporate restructuring, and the sector lost some medium-to-large-sized players. Infrastructure construction service areas such as building are, however, still quite fragmented as a competitive field. Most of the participants are relatively small local companies specialising in a single or limited range of services. The entry threshold to the sector is low.

In small and technically simple jobs, Destia's field of competitors is quite local, but grows to include larger players as the size and level of technical difficulty of projects increase. The group of nationally-operating companies providing a wider range of services is small. Major infrastructure builder competitors have been aiming for regional markets, and medium-sized companies have in recent years expanded their operations geographically and have got involved in major contracts in the role of main contractor, both in maintenance and construction.

In 2011, consortia of large and medium-large companies participated in bidding for major contracts. International players are also entering the Finnish infrastructure market. These companies are taking advantage of being cheaper than the competition, but are still able to provide professionally-skilled labour. So far, new foreign companies have not succeeded in gaining a foothold in the Finnish infrastructure market as independent operators.

The sector invested extensively in on-site safety. The development of construction work processes, such as the utilisation of automation and taking ecological aspects into consideration were given special attention.

In infrastructure construction, railway projects, tunnel construction, energy grid construction and the opening of mines are all experiencing growth. The opening to competition of the municipal and railway market segments has progressed more slowly than expected.

Major infrastructure investments will maintain market volumes for roads and railways. The 2012 budget proposal suggested a nominal increase of 4 per cent for appropriations for basic road maintenance. New investment projects are the Tampere shore route to be carried out based on the alliance model, the Turku port connecting route and the E18 Koskenkylä−Kotka project that was started at the end of 2011. The Ostrobothnian railway project, which was not realised as a PPP (public private partnership) project, is likely to start with budget funding.

It is estimated that the revival in demand in the infrastructure sector will occur in 2012–2013, at which time the above-mentioned major projects like PPP and alliance projects will be in full swing.

First adoption of IFRS reporting

In 2011, the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). Before that, the Group's financial reporting was based on the Finnish Accounting Standards (FAS). The date of adoption of IFRS was 1 January 2010. Since that date, the opening balance sheet has been drawn up based on the IFRS accounting principles. The consolidated financial statements for 2010 are presented based on the IFRS standards for comparative purposes. The interim reports with their comparative data will be prepared based on the IFRS standards starting from the period 1 January–31 March 2012.

Business development

During the 1 January–31 December 2011 financial year, the Destia Group's (hereinafter Destia) operations have comprised five regional and three operational business units: Cap of the North, Western Finland, South-Western Finland, Southern Finland and Eastern Finland, and Railways, Rock and Consulting Services. The Destia Group units are Economics & Financing, Legal Services, Human Resources, Communications and Processes.

Destia and NCC concluded a transaction for asphalting and surfacing services on 30 November 2011. This transaction supports Destia's strategy to concentrate on its core business operations, and strengthens its balance sheet.

Destia's turnover declined by 7.9 per cent in 2011 in comparison to the previous year, and totalled MEUR 459.9 (538.6).

The Group's comparative order book grew by 24.5 per cent and was at the end of December 2011 MEUR 805.1 (646.5).

Orders received during the year and the order book

In February, the METRO consortium between Destia Ltd and Metrostav a.s of the Czech Republic and Länsimetro signed a contract agreement, worth over MEUR 15, for the excavation of the Karhusaari Island metro tunnels. The contract comprises the excavation of two parallel metro tunnels approximately 1.3 kilometres long, and three vertical shafts. This contract will be completed in 2012.

During the report period, Destia won a smaller volume share of road maintenance contracts, track projects and surfacing contracts than in the previous year. During 2011, of 13 regional highway contracts for which tenders were requested, Destia won a total of seven of which the Kangasala, Raasepori, Orivesi, Ii and Ranua contracts will continue for five years and the Pihtipudas and Suonenjoki ones for seven years. During the report period, Destia also won the three-year street and park maintenance contract for the Maaria–Paattinen district of Turku.

Destia was chosen as a partner for SRV Rakennus Oy in infrastructure design and construction for the Kalasatama centre project. The first parts of the project will be completed in 2015 and the rest in stages by 2021.

A contract was concluded in May with Ovako Bar Oy Ab for civil engineering work for the Imatra Steel scrapyard, which includes soil cutting and the construction of drainage and structural layers. The contract also entails the construction of a reinforced concrete slab and noise wall for the handling area.

In July, a contract was concluded with Posiva Oy for the continuation of excavations at ONKALO. Destia has been responsible for the excavation contract at ONKALO since spring 2010. The new excavation contract includes excavations at ONKALO's technical level at a depth of 438m, where hall facilities, a tunnel connection for the exhaust air shaft and a pumping station for the tunnel will be built, among other things. This contract will last until May 2012.

In July, Destia concluded a contract for the construction of the eastern open-track section of the Ring Rail Line in Vantaa. The contract includes bridges for the open-track section, civil engineering work, the construction of Leinelä Station, excavation and environmental and street work. The planned completion of the work is in 2013 and the contract is valued at about MEUR 14.

In August, a design-and-build contract was signed with the City of Vantaa for Tikkurilantie, in which Destia will be in charge of both construction design and construction. The contract includes the extension of Tikkurilantie between Katriinantie and Riipiläntie. The section of road will be about 1.5 km long and the contract is valued at about MEUR 10. It will be completed in autumn 2013.

In August, Destia concluded a contract with the Northern Ostrobothnian Centre for Economic Development, Transport and the Environment and the wholesale water company Vesikolmio Oy owned by the municipalities in the Kalajoki River basin for the construction of a 28-km-long sewer mains between Haapajärvi and Nivala. The contract will be completed in December 2012.

In October, Destia won the overall contract for the Kuokkala Ring Road in Jyväskylä put out to tender by the Central Finland Centre for Economic Development, Transport and the Environment. The contract is valued at about MEUR 9.5, and will be carried out between 2011 and 2013. In addition to a 2.8-km stretch of road, the contract also includes the construction of two bridges, six underpasses, streets, three roundabouts, lanes for non-motorised traffic and noise barriers.

In December, Tieyhtiö Valtatie 7 Oy, which is owned by Destia, YIT, Meridiam Infrastructure Projects S.á.r.l and Ilmarinen Mutual Pension Insurance Company, signed a service agreement with the Finnish Transport Agency for the construction and maintenance of the E18 Koskenkylä–Kotka motorway to be implemented on the basis of the life cycle model. The total value of the contract is about MEUR 623. The Finnish Transport Agency will commission from Tieyhtiö Valtatie 7 Oy the design, construction, maintenance and financing of the road as authorised in the agreement. Destia's share of the project is about MEUR 190. Tieyhtiö has signed a separate agreement on the construction and maintenance of the road with a consortium established by YIT and Destia. Motorway construction work began in late 2011.. Completion of the section of road is expected in 2015.

In 2011, the Infrastructure Design unit of Consulting Services won design projects in the field of road design such as National Road 5 from Tuppurala to Hatsola and National Road 4 from Kirri to Tikkakoski. Projects won in other fields of expertise included a study of the representativeness and coverage of road traffic accident registers, and the preparation of an operating model for traffic safety strategy and work in the Helsinki region. In infrastructure information, new contracts were concluded evenly throughout the field. Contracts were also concluded for international consulting projects in places such as Azerbaijan and the Solomon Islands.

Group

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Destia Group’s business result in 2011 was MEUR -8.1 (11.6), which was -1.6 per cent (2.2) of turnover. Operating profit for the financial year includes MEUR 10.7 (6.1) of other business yields, which for the most part are made up of business profit from assignments, property sales profit, rental income and equipment sales profit.

The lower profitability than in the previous year was due to several major factors: the significant project impairment in Norwegian operations, errors in the pricing of a track maintenance contract and in the scheduling of ongoing contracts, and the failure of one rock construction project. Depreciations in long-term contracts amounted to MEUR 19.2, and goodwill and equipment write-downs totalled MEUR 4.9, making a total for depreciations of MEUR 24.1. Project loss entries also include estimated losses contained in the order book.

Balance sheet, money flow and financing

The sum total of the Group’s balance sheet was MEUR 262.0 (262.3). Return on investments was -5.4 per cent (8.4), equity ratio was 25.7 per cent (31.5), and gearing 17.5 per cent (68.7).

Group cash flow and solvency were good. The operating money flow during the period is a reflection of the success of measures aimed at improving profitability in core businesses. The money flow for the reporting period comprised operating money flow of MEUR 29.0 (0.9), investment money flow of MEUR 10.7 (-6.7) and financing money flow of MEUR -12.3 (-2.7). Group financial assets at the end of the period were MEUR 53.7 (26.3). At the end of the period, the Group had no commercial papers issued (10.0), and Destia's MEUR 31.1 short-term credit limits were not in use (0.3). During the financial year, the Group’s long-term interest-bearing liabilities totalled MEUR 63.3 (64.8). With regard to loans, 1.4 per cent (15.2) are short-term and 98.6 per cent (84.8) long-term.

Hedging is in use against currency, commodity and interest risks in accordance with the Group’s financing policies.

Shares and share capital

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

Investments and company transactions

The total amount of gross investments during the financial year was MEUR 5.2 (12.0). Of the investments made, MEUR 3.7 (8.8) were primarily equipment-related investments, and MEUR 1.5 (3.2) were other investments.

Destia outsourced its site facilities and some of its small-scale construction machinery and related functions to Ramirent Finland Oy. The contract was signed on 29 March 2011, and includes a five-year machinery and equipment leasing agreement in addition to sales.

Destia and Ruokakesko concluded a property transaction on 28 June 2011 for Destia's Vaasa warehouse area. Destia will continue to operate in the area as a tenant.

The surfacing business transaction concluded between Destia and NCC on 24 March 2011 was finally approved by the Finnish Competition Authority on 30 November 2011, thanks to a new revised agreement.

The agreement covers Destia’s surfacing business, with the exception of an asphalting station in the capital region. In 2010, the turnover of the surfacing business was about MEUR 42. As a result of the transaction, about 80 employees were transferred to NCC. Business transactions and the property transaction support Destia’s strategy, which stresses the strengthening of core businesses and the creation of better conditions for their development.

Annual general meeting 2011 and administration

The Annual General Meeting of Destia Ltd was held on 23 March 2011, and it confirmed the company’s financial statements for 2010 and discharged from liability the President and CEO and members of the Board. The Annual General Meeting decided, in accordance with the proposal of the Board, that no dividends be paid for the financial period that ended on 31 December 2010.

The Annual General Meeting ratified the total number of Board members as five and reappointed Karri Kaitue as the Chairperson of the Board and Matti Mantere as Vice Chairperson. Elina Engman, Ilpo Nuutinen and Solveig Törnroos-Huhtamäki were re-elected as the other members of the Board.

The Annual General Meeting selected Deloitte & Touche Ltd (Authorised Public Accountants) as Destia Ltd’s auditor for the accounting period 2011, with Tapani Vuopala (APA) as the main responsible auditor.

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 Chairperson of the Board, Karri Kaitue, will continue as the Chairperson of the Nomination and Compensation Committee. Elina Engman and Ilpo Nuutinen were elected as the Committee’s members. Matti Mantere was elected as the Chairperson of the Audit Committee, and Ilpo Nuutinen and Solveig Törnroos-Huhtamäki as members.

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

Changes in the organisational structure

Destia Group’s operations under its new organisational structure, which is based on regional operations, started at the beginning of 2011. In order to carry out the new strategy that covers the years 2011−2013 and to achieve the targets set, the organisational structure was made leaner. In order to ensure operational cost-effectiveness, five regional (Cap of the North, Western Finland, South-Western Finland, Southern Finland and Eastern Finland) and three operational business units (Railways, Rock and Consulting Services) were created. The new organisational structure moved decision-making closer to customers. Additionally, it helps the Group to strive for a tighter hold on project management.

Management and personnel

From the outset of 2011, Destia’s Group Management Team was composed, in addition to President & CEO Hannu Leinonen, of Miia Apukka, Minna Heinonen,Veli Hyyryläinen, Pasi Kailasalo, Jouni Karjalainen, Kalevi Katko, Hannu Kulju, Sari Kuittinen-Tihilä (up to December 2011), Aki Markkola, Olavi Nätti (up to December 2011), Jukka Raudasoja, Pirkko Salminen,Marko Vasenius, Seppo Ylitapio and personnel representative Jouko Korhonen (up to 30 June 2011) and Kimmo Laaksola (from 1 July 2011).

The Group’s average number of personnel during the financial year was 1,813 (2,096). At the end of December, the number of personnel was 1,602 (1,940), of which permanent staff totalled 1,513 (1,816) and temporary employees 89 (124). The change from the previous year was a result of personnel adjustments and the transfer of employees to NCC through the surfacing business transaction. A total of 97.6 per cent (96.6) of personnel worked in Finland and 2.4 per cent (3.4) abroad. Due to the seasonal nature of the business, the number of personnel varies during the year and peaks in the summer. Negotiations concerning lay-offs during the winter were initiated at the business units late in the year.

On the basis of these negotiations, a total of 24 employees were made redundant for production-related reasons. The overall amount of lay-offs at business units due to the seasonal nature of the work was 50 person-years.

In 2010, personnel costs in the Group fell in comparison with the previous year to MEUR 90.8 (102.8), which was 18.3 per cent (19.1) of turnover, despite the fact that during the year general increases raised personnel costs by 2.2 per cent (1,9), equating to MEUR 2.0 (1.9).

Safety improvement is a pivotal challenge to the construction field, since it substantially impacts both the field’s productivity and its attractiveness as an employer. Occupational health and safety are implemented in accordance with a separate occupational health and safety policy programme. The results of the measures are gauged regularly. In 2011, Destia’s personnel-related accident frequency, i.e. workplace accidents leading to at least one case of absence per one million working hours, was 23.2 (22.1 calculated to correspond to the current organisation). Although Destia has paid special attention to occupational safety and continuous measures have been taken in the Group to improve safety at work, the number of work-related accidents was slightly higher than the year before.

Litigation and disputes

On 5 July 2011, the Supreme Court issued a decision in a matter concerning public procurement, in which Destia was seeking compensation for costs arising from tendering in 2002. According to its decision, the Supreme Court considered that the Finnish Road Administration (now the Finnish Transport Agency) did not cause compensable damage to Destia's predecessor, Tieliikennelaitos, on the grounds that it, contrary to procurement regulations, failed to inform the tenderers of the suspension of the procurement and the reasons for it. The decision is legally binding.

The Court of Appeal in Kouvola imposed fines on two of Destia's technical managers for environmental damage. According to the court, the managers were guilty of removing excessive extractable soil resources for the basic improvement of the Lusi−Hartola road. According to the court, Destia is obliged to pay a sum of EUR 69,000 to the State for the value of the resources removed. The decision is not legally binding.

Helsinki's District Attorney raised charges on 31 August 2010 against the former President & CEO of Destia Ltd, on suspicion of seven abuses of positions of trust during the years 2008–2009. In addition, charges were laid against a former employee of the company, a unit manager, on suspicion of abetting abuse of a position of trust in 2009. A charge was also made against one person external to the company on suspicion of two cases of abetting abuse of a position of trust in 2008. After hearing those accused in the pre-trial investigation, the decision was made with regard to the four former employees of Destia suspected of committing legal offences not to bring charges against them on the grounds of suspected abetting of abuse of a position of trust. The District Court released those suspected of offences in May 2011. The District Attorney and Destia have appealed the decision at the Court of Appeal.

Near-term risks and uncertainties

Destia classifies risks into market and operating environment risks as well as operational risks. Destia's most significant short-term risks and factors of uncertainty are related to the prevailing market situation. Most financial indicators and forecasts have weakened further in recent times. Although in the State Budget funding for road-building has increased in 2012, no growth is evident in the infrastructure construction market as a whole. Economic uncertainty has reduced the desire of the private sector to invest. The scarcity of budgetary appropriations and investments is reflected in the competitive situation of the sector. Competition is fierce, especially in the construction business. The competitive situation in the maintenance business is also intensifying.

The achievement of Destia Group's strategy and near-term objectives may be negatively affected by significant changes in the economic situation. Of fundamental importance from Destia's perspective is the success of the round of area-wide maintenance contracts in spring 2012, in which 15 area-wide contracts will be put out to tender. Success in the tenders for major investment projects is also important to Destia. The opening to competition of the railway market is a prerequisite for the success of Destia's Railways business.

Destia's organisation was reformed at the beginning of 2011. As a result of this reform, the structural efficiency of operations was safeguarded and the utilisation of business resources strengthened. The aim of the efficient new structure is to increase the volume of business in local projects and serve customers locally. In order to reach this goal, in 2012 Destia is focusing on improving supervisor work, production efficiency and project management.

The uncertainty in project profitability caused by the possible rise in input prices can be prevented by monitoring and assessing the price development of goods, by safeguarding key procurements economically from a project perspective and by guarding against such things as price risks using derivative instruments. In project operations, risks are also involved in the execution of projects, particularly when they are implemented using new contract-related methods and technologies and in new fields of business. Project risks are managed from tendering to implementation through comprehensive risk management procedures, contractual terms and insurances. Risks may also stem from a lack of skilled project personnel in areas where projects simultaneously concentrate.

Environmental matters

Destia has a combined international quality and environmental ISO 9001 and 14001 certificate with regard to all its contracted services, i.e. infrastructure construction, surfacing, upkeep and maintenance services as well as mineral aggregate services. During the financial year, Destia's operations were in compliance with the certification. In operations, attention was given to ecological effectiveness, the use of natural resources and materials, fuel and energy consumption, as well as the environmental safety of operations and taking the immediate environs into consideration. More detailed information on Destia's approach to environmental matters is available on the company's website.

Research and development

During the reporting period, Destia revised its research and development strategy to focus on an information-modelling-based operating method extending around the utilisation of work machinery automation. With respect to the use of machinery automation, Destia had gathered experience from almost 80 sites up to the end of the financial period. In the road maintenance field, several results were achieved in the development of methods and equipment to improve productivity and safety. The costs of the company's research and development activities in 2011 totalled MEUR 1.1 (0.6).

Events following the financial year

As a result of the market situation in construction, it has been agreed with SRV that the Kalasatama project will be divided into separate sub-projects. Because of this, in the first quarter of 2012 the value of Destia's total order book is being reduced by about MEUR 60.

Since the end of the reporting period, changes have taken place in the Group's Management Team at the beginning of January. Laura Ahokas became the new Director of Human Resources on 9 January, and Kalevi Katko was appointed Head of the Railways unit when Veli Hyyryläinen left the service of the Group. At the beginning of 2012, Seppo Ylitapio was appointed Head of the Cap of the North unit, in addition to his position as Head of Western Finland.

On 1 January 2012, Einar Stene AS merged with Destia Norge AS.

Strategic direction

The most important goal of Destia Group in 2010 was to improve profitability. In this task, the focus in 2011 shifted from the revamping of basic structures, in which a significant factor was organisational change, to the improvement of operations. Destia will continue to focus on risk management in its bidding activity and on work with customers, as well as continuing the improvement in the efficiency of support processes.

On 30 September 2011, Destia's Board of Directors ratified the company strategy and financial targets for the strategic period 2012−2014. The key focus area of the strategy continues to be the improvement of business profitability and consolidation of the company's position in core business areas. The Board reconfirmed the following financial targets for the strategic period: the growth rate of core business should exceed the overall market growth, relative operating profit at 4 per cent, return on investments 15 per cent and equity ratio 35 per cent.

Prospects for 2012

In 2011, fewer major State infrastructure projects started than in the previous year, which significantly affected the overall market situation. It is estimated that the revival in demand in the infrastructure sector will occur in 2012–2013, at which time the above-mentioned major projects like PPP and alliance projects will be in full swing. The overall market in 2012 is expected to be better than the previous year. Uncertainty related to global and European economic development may, however, affect the start-up of new planned projects.

However, Destia's existing strong order book and the measures for improving profitability initiated previously will exert a positive impact on the prospects for 2012. Based on the 2011 cash flow, there are additional signs that the profitability of core business projects has improved on average.

It is forecast that the 2012 turnover of the Destia Group will increase slightly and that the operating result will be clearly positive.

Board of Directors' proposal for the disposal of profit

The parent company's loss for the financial period is EUR 1,652,319.10, and the Board proposes that this be entered in the profit and loss account. Destia's distributable unrestricted shareholders' equity only consists of the invested unrestricted equity fund, so the company has no distributable assets.

Vantaa, 28 February 2012

DESTIA LTD

Board of Directors

Further information is provided by: President & CEO Hannu Leinonen, tel. +358 20 444 4000 and Head of Economics and Financing Pirkko Salminen, tel. +358 50 3022 485

Destia Group's Interim Report for the first quarter of 2012 will be published on 3 May 2012.

Group profit and loss statement (IFRS)

EUR 1,000	**1 Jan.–31 Dec. 2011**	1 Jan.–31 Dec. 2010
Turnover	**495,948**	538,622
Other operating income	**10,738**	6,108
Materials and services	**344,323**	354,075
Employee benefit expenses	**90,763**	102,796
Depreciation and write-downs	**19,451**	21,347
Depreciation	**1,719**	0
Goodwill depreciation	**3,208**	0
Other operating costs	**55,321**	54,871
Operating profit	**-8,100**	11,641
Financial income	**746**	664
Financial expenses	**4,427**	5,258
Profit before taxes	**-11,781**	7,048
Income taxes	**1,220**	-2,425
Profit for the period	**-13,001**	9,473
Other comprehensive profit and loss items		
Money flow hedges	**-1,718**	168
Actuarial profit and loss from benefit-based pension arrangements	**1,014**	-614
Conversion differences	**12**	-24
Taxes related to other comprehensive profit and loss items	**109**	116
Other review-period comprehensive profit and loss items after taxes	**-583**	-354
Profit for the period	**-13,584**	9,119

Profit for the review period and review-period comprehensive profit and loss belong to the shareholders of the parent company

Earnings per share, total (EUR)	**-19.12**	13.93

GROUP BALANCE SHEET
IFRS

EUR 1,000	31 Dec. 2011	31 Dec. 2010
ASSETS		
Non-current assets		
Property, plant and equipment	**71,825**	99,983
Goodwill	**16,985**	20,181
Other intangible goods	**2,744**	2,901
Pension receivable	**1,047**	0
Saleable financial assets	**1,659**	2,182
Other financial assets	**0**	466
Deferred tax assets	**5,089**	7,274
Non-current assets total	**99,349**	132,987
Current assets		
Inventories	**25,389**	24,437
Accounts receivable and other receivables	**83,496**	78,545
Cash in hand and at bank	**53,732**	26,324
Current assets total	**162,618**	129,306
Assets total	**261,967**	262,293

	31 Dec. 2011	31 Dec. 2010
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	**17,000**	17,000
Invested unrestricted equity fund	**56,430**	56,430
Other items	**-1,238**	55
Retained earnings	**-12,810**	-518
Shareholders' equity	**59,382**	72,967
Long-term liabilities		
Deferred tax liabilities	**2,407**	3,436
Provisions	**7,601**	8,871
Financial liabilities	**63,263**	64,804
Long-term liabilities total	**73,272**	77,351
Short-term liabilities		
Accounts payable and other non-interest-bearing liabilities	**76,468**	60,798
Provisions	**18,489**	8,002
Financial liabilities	**3,008**	12,261
Advances received	**31,346**	30,914
Short-term liabilities total	**129,312**	111,976
Equity and liabilities total	**261,967**	262,293

GROUP CASH FLOW STATEMENT
IFRS

EUR 1,000	**2011**	2010
OPERATING CASH FLOW		
Payments received from customers	**496,999**	529,082
Payments to suppliers and personnel	**- 465,350**	- 525,413
Interest paid	**-2,572**	-2,566
Dividends received	**2**	2
Interest received	**646**	662
Other financial items	**-648**	-831
Taxes paid	**-83**	-86
Net operating cash flow	**28,994**	851
INVESTMENT CASH FLOW		
Acquisition of subsidiaries less financial assets at moment of acquisition		-3,260
Sale of subsidiaries less financial assets at moment of acquisition		-3
Investments in intangible assets and property, plant and equipment	**-4,708**	-10,990
Proceeds from sale of tangible and intangible assets	**15,207**	7,528
Other investments	**-51**	
Proceeds from sale of other investments	**266**	8
Net investment cash flow	**10,713**	-6,717
FINANCIAL CASH FLOW		
Increase in non-current debt (+)		30,000
Decrease in non-current debt (-)	**-39**	-1,410
Increase in non-current financing (+)	**5,311**	
Decrease in non-current financing (-)	**-16,585**	-31,265
Repayment of leasing liabilities	**-996**	
Net financial cash flow	**-12,309**	-2,675
Change in liquid assets	**27,399**	-8,542
Liquid assets at start of financial period	**26,324**	34,784
Effect of changes in exchange rates	**10**	82
Liquid assets at end of financial period	**53,732**	26,324

CALCULATION OF CHANGES IN GROUP EQUITY

EUR1,000	Share capital	Hedge instrument fund	IUE fund	Conversion differences	Accrued earnings	Total
	Shareholders' equity					
Equity 1 Jan. 2010	17 000		56 430	-29	-9 553	63 848
Comprehensive profit and loss						
Profit for the period					9 473	9 473
Other comprehensive profit and loss items:						
Conversion differences				-41	17	-24
Cash flow hedges		124				124
Actuarial profit or loss from benefit-based arrangements					-454	-454
Comprehensive profit and loss for review period, total		124		-41	9 036	9 119
Equity total 31 Dec. 2010	**17 000**	**124**	**56 430**	**-69**	**-518**	**72 967**

	Share capital	Hedge instrument fund	IUE fund	Conversion differences	Accrued earnings	Total
	Shareholders' equity					
Equity 1 Jan. 2011	17 000	124	56 430	-69	-518	72 967
Comprehensive profit and loss						
Profit for the period					-13 001	-13 001
Other comprehensive profit and loss items:						
Conversion differences				5	7	12
Cash flow hedges		-1 297				-1 297
Actuarial profit or loss from benefit-based arrangements					702	702
Comprehensive profit and loss for review period, total		-1 297		5	-12 292	-13 458
Equity total 31 Dec. 2011	**17 000**	**-1 173**	**56 430**	**-65**	**-12 810**	**59 382**

Notes

This Financial Statements Bulletin has been prepared following the IAS 34 Interim Financial Reporting standard. Destia's Consolidated Financial Statements have, on 31 December 2011, been prepared following the International Financial Reporting Standards (IFRS). The Group's first adoption of the IFRS is described in the concluding part of this Financial Statements Bulletin. The 2010 Consolidated Financial Statements are presented as IFRS-compliant comparison data. As additional data, the Group presents in tabular form the profit and loss statement data by quarter, calculated based on the FAS principles for quarters Q3–Q1 2011 and 2010, and annual financial statements data 2011 and 2010 calculated based on the IFRS calculation principles. The Group's interim reports with comparison data are presented as IFRS-compliant beginning from quarter 1 January–31 March 2012.

GROUP´S KEY FIGURES

MEUR	IFRS 2011	IFRS 2010	FAS 2009
Turnover	495,9	538,6	603,4
Change from previous year, %	-7,9	-10,7	-15,9
Operating result	-8,1	11,6	-16,9
% of turnover	-1,6	2,2	-2,8
Profit for the period	-13,0	9,5	-17,7
% of turnover	-2,6	1,8	-2,9
Gross investments	5,2	12,0	29,4
% of turnover	1,0	2,2	4,9
Balance sheet total	262,0	262,3	274,1
Equity	59,4	73,0	62,9
Equity ratio, % 1)	25,7	31,5	26,3
Gearing, % 2)	17,5	68,7	65,2
Interest-bearing liabilities	64,1	76,4	83,5
Current Ratio 3)	1,3	1,1	0,9
Quick Ratio 4)	1,3	1,2	0,8
Return on equity, % 5)	-19,6	13,8	-21,2
Return on investment, % 6)	-5,4	8,4	-10,6
Earnings per share, EUR	-19,12	13,93	-24,96
Equity per share, EUR	87,30	107,30	92,49
Average personnel	1 813	2 096	2 860
Order book	805,1	646,5	753,3
Research and development expenses	1,1	0,6	2,8
% of other operating expenses	2,0	1,1	4,2

Formulas:
1) (Equity / (balance sheet total - advances received))*100
2) ((Interest-bearing liabilities - cash, bank deposits and short-term investments) / equity) *100
3) (Inventories + liquid assets) / short-term liabilities
4) Short-term liabilities without percentage-of-completion receivables / short-term liabilities without advance payments
5) (Profit for the period / average equity)*100
(opening and closing balance)
6) (Profit before taxes + interest costs and other financial expenses) / (invested capital average)*100
(balance sheet total - non-interest-bearing liabilities - compulsory provisions, opening and closing balance)

Consolidated profit and loss statement

	IFRS	FAS	FAS	FAS	IFRS	FAS	FAS	FAS
MEUR	**1-12/2011**	**1-12/2010**	**4-6/2011**	**1-3 2011**	**1-3/2010**	**7-9/2010**	**7-9/2011**	**1-3/2010**
TURNOVER	495,9	155,3	108,2	89,4	538,6	179,2	122,3	89,4
Other business profit	10,7	1,2	3,4	0,9	6,1	1,0	2,5	0,7
Materials and services	-344,3	-108,0	-72,1	-60,5	-354,1	-122,4	-80,8	-49,9
Employee benefit expenses (IFRS)	-90,8				-102,8			
Personnel costs (FAS)		-23,5	-22,5	-21,7		-26,8	-23,1	-27,0
Depreciations, amortisations and impairment	-19,5	-5,6	-6,3	-5,2	-21,3	-5,6	-5,4	-5,5
Amortisations + goodwill amortisat. (IFRS)	-4,9							
Other business expenses	-55,3	-13,7	-17,4	-10,0	-54,9	-13,3	-16,7	-10,8
OPERATING RESULT	-8,1	5,7	-6,8	-7,1	11,6	12,1	-1,2	-3,1
Financial income and expenses	-3,7	-0,5	-0,8	-0,6	-4,6	-0,7	-0,6	-0,6
PROFIT BEFORE EXTRAORDINARY ITEMS	-11,8	5,2	-7,6	-7,7	7,0	11,4	-1,8	-3,7
Extraordinary items (FAS)						-0,1		
Income taxes	-1,2			0,0	2,4	-0,2	-0,1	-0,9
PROFIT FOR REVIEW PERIOD	-13,0	5,2	-7,6	-7,7	9,5	11,1	-1,9	-4,6
Other comprehensive profit and loss statement items (IFRS)	-0,6				-0,4			
COMPREHENSIVE PROFIT AND LOSS FOR REVIEW PERIOD (IFRS)	-13,0				9,5			

GROUP´S CONTINGENT LIABILITIES

1 000 EUR

	2011	2010
Loans secured by mortgages		
Loans from financial institutions	93	130
Mortgages given as security	350	350
Pledged mortgages		126
Pledged deposits		59
Bank guarantees	97 846	86 559
Lease responsibilities		
Within one year	3 966	3 010
Within over a year and five years	5 595	7 501
Within more than five years	208	23

GROUP´S DERIVATIVE CONTRACTS

1000
euroa

	2011	2010
Currency derivatives		
Nominal value	3 002	8 539
Fair value	-18	-36
Interest rate derivatives		
Nominal value	60 000	60 000
Fair value	-2 140	-421
Commodity derivatives		
Nominal value	918	1 431
Fair value	18	298

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.

SHARES AND SHAREHOLDERS

Shareholder	Number of shares	EUR / share	%	Voting right	Share capital EUR
State of Finland	680 000	25	100	1 vote/share	17 000 000

First adoption of IFRS reporting

It its 2011 financial statements, Destia Group adopted reporting in accordance with the IFRS standards. The date of adoption was 1 January 2010. Attached is a presentation of the essential effects of the IFRS standards on financial information in the opening IFRS balance sheet and in the 2010 comparative data, compared to the previously applied accounting practice based on FAS (Finnish Accounting Standards).

The adoption of IFRS accounting reduced Destia's equity at the time of adoption by MEUR 1.1 and increased the 2010 result by MEUR 1.2. In the preparation of the opening balance sheet on 1 January 2010, Destia Group observed the IFRS 1 standard (First-time adoption of IFRS standards), which mainly requires the retrospective application of the standards, but allows the application of certain reliefs. The most significant of these reliefs is the use of FAS-based values for company acquisitions in the balance sheet on the day of the adoption of IFRS. The following paragraphs describe in greater detail the differences caused by the switch to the IFRS balance sheet, profit and loss account and accounting principles. IFRS accounting principles are described in greater detail in the principles for preparing the consolidated financial statements.

Business combinations, goodwill and depreciation testing of companies (IFRS 3)
Company acquisitions that took place prior to 1 January 2010 were not adjusted retrospectively. The obligation to redeem the minority share in Kaivujyrä Oy was, however, taken into account as a liability at the moment of transfer as required by IFRS 1 as, according to the IFRS standards, Destia originally acquired a 100 per cent ownership in the company.

Assets and liabilities related to ferry operations, which were included in the FAS consolidated financial statements on 31 December 2009 and divested from Destia's business through a partial demerger at the beginning of 2010, are, at the moment of adoption, presented as current assets and liabilities as required by IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.

In addition, the remaining negative goodwill at the moment of adoption concerning the acquisition of Finnroad Oy carried out in 2008 was entered as income.

Goodwill write-downs have been given up and annual depreciation tests for goodwill are now carried out. Goodwill has been tested for depreciation at the moment of adoption based on the IFRS 1 First-time Adoption standard. Goodwill depreciation testing did not give rise to depreciation entries.

Employee benefits
According to the IFRS standards, the entry practice for pensions is affected by the nature of the pension arrangements. The supplementary pension taken at the time of Destia's incorporation is processed as a benefit-based arrangement in accordance with the IFRS standards.

Inventories
Contrary to previous practice, the fixed general costs of manufacture are included in the acquisition cost of inventories, in accordance with the IFRS standards.

Financial leasing
According to the IAS 17 Leases standard, Destia as a lessee has classed leasing agreements either as financial leasing agreements or other leasing agreements. Leasing agreements classed as financial leasing agreements are presented as fixed assets and interest-bearing debt, and write-downs, amortisations and interest costs are entered for them. According to FAS, leasing agreements were not presented in the balance sheet as assets, but were entered in the profit and loss account as annual leasing costs.

Financial instruments
In the opening IFRS balance sheet, the Group's derivative contracts are valued at fair value. Changes in the fair value of derivative contracts will in future be recorded through profit and loss, with the exception of those contracts subject to hedge accounting in accordance with IAS 39.

According to IFRS 1, hedge accounting may not be applied retrospectively. On 23 November 2010, Destia Group began to apply hedge accounting based on IAS 39 in one interest rate swap. The Group also began to apply hedge accounting based on IAS 39 in another interest rate swap from 1 January 2011. The effective portion of the changes in fair value of these instruments is entered in extraordinary items from the commencement of the hedge accounting.

Provisions
In some cases, FAS permits the making of provisions for future costs and losses earlier than IFRS. At Destia, guarantee arrangements, restructuring and disability and environmental obligations presented in FAS as compulsory provisions, as well as provisions arising from disputes, were valued at the moment of first adoption in accordance with IFRS, and they are presented as long- and short-term provisions. IFRS also requires that landscaping provisions are processed as part of the acquisition cost of the asset in question, as a result of which the values of fixed assets have also been adjusted.

Intangible goods
In the IFRS balance sheet, basic improvement costs of leased premises are classed as other tangible goods. According to FAS standards, they were classed as intangible rights.

Deferred taxes
Changes in deferred taxes arise from IFRS adjustments made in the opening balance sheet as, based on IFRS standards, deferred taxes are entered for all temporary items between accounting and taxation.

Other differences and effects
The FAS-based method of presentation in the presented profit and loss account and balance sheet tables has been changed to correspond to the IFRS accounting categorisation.

The following shows the equity reconciliation of the opening balance sheet and the balance sheet of the comparison year, as well as the reconciliation of the result of the comparison year:

Reconciliation of equity 1 January 2010 and 31 December 2010

MEUR	FAS 31 Dec. 2009	Effect of adoption of IFRS	IFRS 1 Jan. 2010	FAS 31 Dec. 2010	Effect of adoption of IFRS	IFRS 31 Dec. 2010
ASSETS						
Non-current assets						
Property, plant and equipment	119.4	-4.4	115.0	94.5	5.5	100.0
Goodwill	17.0	3.0	20.0	15.7	4.5	20.2
Other intangible assets	2.2	-0.2	2.0	3.0	-0.1	2.9
Saleable financial assets	0.0	2.2	2.2	0.0	2.2	2.2
Other receivables	0.0	0.3	0.3	0.0	0.5	0.5
Investments	2.2	-2.2	0.0	2.2	-2.2	0.0
Deferred tax assets	0.0	4.8	4.8	0.0	7.3	7.3
Non-current assets total	**140.8**	**3.5**	**144.3**	**115.4**	**17.7**	**133.0**
Current assets						
Inventories	25.5	0.0	25.5	24.4	0.0	24.4
Accounts receivable and other receivables	62.3	0.2	62.5	78.5	0.0	78.5
Deferred tax assets	4.3	-4.3	0.0	6.9	-6.9	0.0
Cash assets	41.2	-6.4	34.8	26.3	0.0	26.3
Current assets total	**133.3**	**-10.5**	**122.8**	**136.2**	**-6.9**	**129.3**
Saleable assets	**0.0**	**16.0**	**16.0**	**0.0**	**0.0**	**0.0**
Assets total	**274.1**	**9.1**	**283.2**	**251.6**	**10.8**	**262.3**

EQUITY AND LIABILITIES

Shareholders' equity						
Share capital	17.0	0.0	17.0	17.0	0.0	17.0
Invested unrestricted equity fund	60.5	-4.1	56.4	56.4	0.0	56.4
Other items	0.0	0.0	0.0	0.0	0.1	0.1
Retained earnings	-14.7	5.1	-9.6	-6.4	5.9	-0.5
Shareholders' equity total	**62.9**	**1.0**	**63.8**	**67.1**	**6.0**	**73.0**
Minority interest	2.0	-2.0	0.0	0.0	0.0	0.0
Equity total	**64.9**	**-1.1**	**63.8**	**67.1**	**6.0**	**73.0**
Group reserve	0.1	-0.1	0.0	0.1	-0.1	0.0
Compulsory provisions	25.7	-25.7	0.0	17.7	-17.7	0.0
Long-term liabilities						
Deferred tax liabilities	0.0	3.6	3.6	0.0	3.4	3.4
Pension liabilities	0.0	0.3	0.3	0.0	0.2	0.2
Provisions	0.0	11.2	11.2	0.0	8.9	8.9
Loans from financial institutions	41.4	5.1	46.5	60.8	4.0	64.8
Long-term liabilities total	**41.4**	**20.2**	**61.6**	**60.8**	**16.5**	**77.3**
Short-term liabilities						
Accounts payable	69.5	2.6	72.1	60.8	0.0	60.8
Provisions	0.0	13.1	13.1	0.0	8.0	8.0
Loans from financial institutions	42.1	-8.8	33.3	11.4	0.9	12.3
Advances received	27.2	0.0	27.2	30.9	0.0	30.9
Deferred tax liabilities	3.0	-3.0	0.0	2.8	-2.8	0.0
Short-term liabilities total	**141.9**	**3.9**	**145.8**	**105.9**	**6.1**	**112.0**
Liabilities for saleable non-current assets	**0.0**	**12.0**	**12.0**	**0.0**	**0.0**	**0.0**
Equity and liabilities total	**274.1**	**9.1**	**283.2**	**251.6**	**10.8**	**262.3**

Reconciliation of Group profit for financial year 1 January−31 December 2010

MEUR	FAS 1 Jan.−31 Dec. 2010	Effect of adoption of IFRS	IFRS 1 Jan.−31 Dec. 2010
Continuing operations			
Turnover	539.2	-0.6	538.6
Other operating income	6.1	0.0	6.1
Materials and services	-355.4	1.3	-354.1
Personnel expenses	-103.4	0.6	-102.8
Depreciation and write-downs	-22.7	1.3	-21.3
Other operating expenses	-55.5	0.7	-54.9
Operating profit	**8.3**	**3.3**	**11.6**
Financial income	0.7	0.0	0.7
Financial expenses	-3.2	-2.1	-5.3
Profit before taxes	**5.9**	**1.2**	**7.1**
Income taxes	2.5	-0.1	2.4
Profit for the period from continuing operations	**8.4**	**1.1**	**9.5**
Discontinued operations			
Profit for the period from discontinued operations	0.0	0.0	0.0
Profit for the period			
Other extraordinary items:			
Cash flow hedges	0.0	0.1	0.1
Actuarial profit and loss	0.0	-0.6	-0.6
Conversion differences	0.0	0.0	0.0
Taxes for other extraordinary items	0.0	0.1	0.1
Other extraordinary items for the period after taxes	0.0	-0.4	-0.4
Profit for the period	**8.4**	**0.7**	**9.1**

The effect of adopting the IFRS standards on the Group's accrued earnings:

MEUR		1 Jan. 2010	31 Dec. 2010
Accrued earnings based on FAS		-14.7	-6.4
IFRS adjustments:			
IAS 12	Income taxes	0.4	0.1
IAS 17	Leases	0.2	0.0
IAS 19	Employee benefits	-0.2	-0.2
IAS 37	Provisions, contingent liabilities and contingent assets	2.0	1.6
IAS 39	Financial instruments	0.4	-0.2
IFRS 3	Business combinations	2.2	4.6
IFRS 5	Non-current assets held for sale and discontinued operations	0.1	0.0
Accrued earnings based on IFRS		**-9.6**	**-0.5**