# DESTIA Q4

## Financial Statements 2012

BUILDING THE BIGGER PICTURE

**DESTIA GROUP'S FINANCIAL STATEMENTS 1 JANUARY – 31 DECEMBER 2012**

**1 JANUARY–31 DECEMBER 2012**

- Revenue from continuing operations increased by 3.0 per cent on the previous year to MEUR 507.3.
- Operating profit from continuing operations was MEUR 14.0 (8.4). The result for the accounting period of MEUR 10.8 (-13.0) was clearly better than the previous year.
- The Group's cash flow and liquidity were very good. Operating cash flow was MEUR 39.1 and the company is free of net liabilities.
- The comparable order book decreased by 19.4 per cent to MEUR 600.8 (745.1).
- Destia Group's 2013 revenue and operating profit are expected to remain at the level of the previous year.

| **Group's key figures (IFRS),** MEUR | **10-12/2012** | **10-12/2011** | **1-12/2012** | **1-12/2011** |
|---|---|---|---|---|
| Revenue, continuing operations | 134.6 | 144.0 | 507.3 | 492.5 |
| Operating profit, continuing operations | -0.4 | 4.8 | 14.0 | 8.4 |
| % of revenue | -0.3 | 3.4 | 2.8 | 1.7 |
| Result for the period, continuing operations | -1.8 | 1.6 | 11.1 | 3.5 |
| % of revenue | -1.4 | 1.1 | 2.2 | 0.7 |
| Result for the period | -2.4 | -5.3 | 10.8 | -13.0 |
| Equity ratio, % | | | 35.2 | 25.7 |
| Net gearing, % | | | -40.5 | 17.5 |
| Average personnel | | | 1,591 | 1,813 |
| Comparable order book at the end of period | | | 600.8 | 745.1 |

**Operating Environment**

In 2012, investments in the sector decreased in comparison with the previous year as a result of fixed-price government civil engineering investments. According to a trend assessment by VTT Technical Research Centre of Finland, infrastructure construction contracted by about 2 per cent. In 2012, shrinking sectors included the regional construction of new buildings and street and water supply construction.

Cost rises in civil engineering were rapid in comparison to other price rises. According to Statistics Finland, the costs of the civil engineering industry rose 3.1 per cent from December 2011 to December 2012. It is now felt, however, that cost rises are starting to flatten out.

Economic uncertainty continues both in Finland and elsewhere in Europe. The eurozone crisis is causing uncertainty and weakening the economic operating environment and the availability of finance, and in that infrastructure construction is no exception. The economic conditions of the civil engineering sector are affected by the development of the Finnish national economy, the public sector financial deficit and the decline in building construction.

Megatrends affecting the operations of companies in the infrastructure sector are urbanisation, climate change, the ageing of the population, and safety. Factors that are important to Finnish companies include efficient transport connections, main roads and the feeder routes that support them. A special challenge for Finland is safeguarding the efficiency of the industrial logistical network, especially that concerning wood supply as the countryside suffers from depopulation.

The growth in population is concentrated on major population centres: the Helsinki metropolitan area, Tampere, Oulu, Jyväskylä, Vaasa and Turku. In civil engineering, growth is greatest in the large urban areas of Southern Finland. Urbanisation and the resulting increasing passenger traffic also increase the need for new roads and streets, both within growth centres and between them. In the public sector, the focus is being shifted towards the construction and maintenance of growth centres and the routes connecting them.

The low volume of repair work in recent decades necessitates the basic improvement of roads and railways. New rail connections are also needed, especially if the planned mining projects come to fruition. Energy distribution networks will be renovated on account of their age and service reliability requirements. Power station projects also need a new trunk line. Infrastructure investments in air and water transport are, on the other hand, predicted to be low. In the commercial premises sector, increase in space utilisation efficiency is reducing the need for new construction. Laborious planning and permit processes are putting the brakes on the construction of wind farms.

In infrastructure construction, the government's project basket contains both government-led projects and joined undertakings with municipalities up to 2020. Major infrastructure investments will maintain service demand for roads and railways. The Ministry of Transport and Communications' budget for 2013 contains the major government-term road development projects for 2013−2016 approved in the government discussion on spending limits. The size of the programme is €1.0 billion and includes such projects as E18 Hamina–Vaalimaa, National Road 3 Tampere–Vaasa (at Laihia), National Road 5 Mikkeli–Juva, National Road 8 Turku–Pori, the upgrading and electrification of the Ylivieska–Iisalmi–Kontiomäki railway section, the upgrading of Ring Road I, the improvement of Ring Road III (E18), National Road 22 Oulu–Kajaani, and the upgrading of Helsinki Railway Yard.

Last year saw much corporate restructuring in the sector, some medium-to-large-sized players disappearing from the market. Infrastructure construction service areas remain, however, rather fragmented as a competitive field. Most of those in the sector are relatively small local companies specialising in a single or limited range of services. The entry threshold to the sector is mainly 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. There are some nationally-operating companies providing a wider range of services. 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.

More international operators have joined the Finnish infrastructure market. The use of foreign labour is growing.

It is estimated that the volume of infrastructure construction in 2013 will remain at the same level as the previous year. There will be fewer new major contracts to be won, so competition for them will be fierce. Government investments in infrastructure will decline in the next few years. The budget in deficit is affecting the already scarce financing opportunities for infrastructure construction, in spite of new financing solutions. According to forecasts, the volume of construction will start to increase very slightly in 2014.

During the past hundred years, the Finnish climate has changed with a rise in temperature and an increase in precipitation and wind. Climate change makes road weather conditions more difficult and hampers road maintenance. The infrastructure investments and maintenance requirements of cities are increasing. In Finland, the share of over-65-year-olds in the population is increasing rapidly. The labour market is contracting, so functions must be made more efficient and the EU labour market must be utilised. An emphasis on safety is forcing a change in attitudes in the construction industry. Future trends which also concern the infrastructure sector include digitalisation, ecology and user-friendliness.

When preparing the operating environment, the following sources have been used: Euroconstruct, the Finnish Transport Agency, the Confederation of Finnish Construction Industries, Statistics Finland, the VTT Technical Research Centre of Finland, and the Finnish Ministry of Finance.

**IFRS financial statements**

Since 2011, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The 2012 interim financial reports with their comparative information have been prepared in accordance with IFRS regulations. Before that, the Group's financial reporting was based on the Finnish Accounting Standards (FAS). The date on which the Group adopted the IFRS was 1 January 2010.

The effect on the result of the Norwegian discontinued operations is shown in 'Discontinuing operations'.

**Business development**

In the 1 January–31 December 2012 accounting period, the operations of Destia Group (hereinafter Destia) consisted of five regional (Cap of the North, Western Finland, South-Western Finland, Southern Finland and Eastern Finland) and three national business units (Railways, Rocks and Consulting Services). The Support Functions included Finance, Legal Services, Human Resources, Communications, and Processes.

In 2012, Destia's revenue from continuing operations increased by 3.0 per cent on the previous year to MEUR 507.3 (MEUR 492.5 1 January−31 December 2011). Major ongoing projects, such as the E18 Koskenkylä−Kotka life-cycle project and the Kalasatama project in Helsinki, impacted the growth in revenue over the previous year.

**The most significant orders received during the year and the order book**

The Group's comparable order book of MEUR 600.8 was 19.4 per cent less than the previous year (745.1). The order book at the end of 2011 contained the order book for the Kalasatama project, the value of which was decreased by about MEUR 60 during the first quarter of 2012. The order book from 2011 has been changed to be comparable.

The change in the order book over the previous year is mainly a result of the round of maintenance contracts in spring 2012, when the value of the order book for contracts won was significantly lower than the value of the maintenance contracts received in spring the previous year. Furthermore, the E18 Koskenkylä−Kotka project was almost completely in the order book of the comparison year, and nearly one-third was transferred to the 2012 revenue. Destia has also invested in improving profitability, which has had an impact on the winning of projects and on the order book.

Ongoing major projects in 2012 included the E18 Koskenkylä−Kotka life-cycle project, which has progressed according to plan, the Kalasatama project and the KT51 Kivenlahti−Kirkkonummi project.

In January, Destia won the 2012−2013 bridge maintenance contract for which bids were requested by the Uusimaa Centre for Economic Development, Transport and the Environment. This two-year contract also includes an option for 2014−2015. Bridge repair work takes place in the regions of Uusimaa, Kanta-Häme and Päijät-Häme.

Destia carried out the contract municipal engineering work for the Kotirinne residential district in Hattula. The contract covered the streets and municipal engineering in a town-plan area of about 34 hectares. The work began in February and was completed in October.

Destia is carrying out the contract for the construction of the Simola−Sieraniemi connecting road for the town of Nilsiä. The connecting road is a parallel route running from the centre of Nilsiä to the Tahko tourist area. The contract included the construction of a new carriageway and pedestrian and bicycle traffic route over a distance of about 2.9 km. This contract was, by and large, completed by November 2012. The work will reach a full conclusion by August 2013.

In the spring rounds of the public invitation for tenders for the regional contracts of main road maintenance, Destia won eight regional contracts out of 15. The five-year contracts won were at Sastamala, Kiuruvesi, Heinola, Lahti, Pello and Siikalatva and the seven-year contracts won were at Kitee and Kokkola.

Destia built a 700 metre-long street near the Teivo Trotting Track at Ylöjärvi in Häme, and provided the related municipal engineering work. The construction contract began at the end of April and was completed in the autumn.

Destia won the Finnish Transport Agency contract for the Karkkila−Loukku section of National Road 2. This included road-widening, groundwater protection, interchanges and the construction of animal fences. The work begun in May was concluded in late 2012.

Destia quarried out the Kuninkaanväylä pass commissioned by the City of Raisio, in which about 130,000 cubic metres of rock was quarried and a 500 metre-long stretch of road built. The construction work begun in June will be completed in November 2012. The sale of the crushed materials will continue until May 2013.

Destia is the contractor for the Sammalisto planning area in Nokia. In addition to street and municipal engineering, the work also included the construction of an electricity distribution network and fibre optics. The contract began in August and will be completed at the end of November 2013.

Destia is building a water supply line commissioned by the City of Salo between Teijo and Vuohensaari. The contract involves the installation of a seawater pressure sewer and water pipeline over a distance of about 13.9 km. The seawater work for this contract began in September, and the project will be fully completed in spring 2014.

Destia is carrying out the Kalkku water supply contract ordered by Tampereen Vesi. The contract includes the construction of a connecting line and depression embankment as well as quarrying work. The year-long project began in October 2012.

Destia is building the central sports field in Ylitornio. The reconstructed sports field requires, amongst other things, a drying system, sports-field surfacing, a service building and stands for spectators. The work began in September and will run for a year until August 2013.

There were also a large number of projects of different sizes and lengths all over Finland.

## Group performance

| **Group's key figures (IFRS),** MEUR | **1-12/2012** | **1-12/2011** |
|---|---|---|
| Revenue, continuing operations | 507.3 | 492.5 |
| Operating profit, continuing operations | 14.0 | 8.4 |
| % of revenue | 2.8 | 1.7 |
| Result for the period, continuing operations | 11.1 | 3.5 |
| % of revenue | 2.2 | 0.7 |
| Result for the period | 10.8 | -13.0 |
| Equity ratio, % | 35.2 | 25.7 |
| Net gearing, % | -40.5 | 17.5 |
| Average personnel | 1,591 | 1,813 |
| Comparable order book at the end of period | 600.8 | 745.1 |

Destia Group's operating profit for continuing operations in 2012 was MEUR 14.0 (8.4), which was 2.8 per cent (1.7) of revenue. Operating profit for the accounting period included MEUR 5.3 (10.7) of other operating income, which for the most part are made up of rental proceeds and property- and equipment-related capital gains.

The result, which was fundamentally better than the previous year, was made possible by an average improvement in the profitability of projects and a significantly smaller level of fixed costs than in previous years. Operating profit was negatively impacted in 2012 by corrections to contract allocations in track maintenance, some deterioration in margins for regional maintenance contracts and the failure of rock construction projects. No impairment was recorded during the accounting period. The operating result for the fourth quarter was weaker than in the previous year, mainly because of staff bonuses of MEUR 3.9 allocated to that quarter on the basis of the good development of earnings for the whole year. Other operating income in the fourth quarter of the comparison year of 2011 were also MEUR 3.4 million higher than the corresponding period in 2012

In March, Destia's Norwegian subsidiary Alpha Veg AS decided to file for bankruptcy, because the company's operations had for a long time been heavily loss-making. The effect on the result of the Norwegian business of MEUR -0.2 (-16.5) is shown in discontinuing operations.

### Balance sheet, cash flow and financing

The total amount of the consolidated statement of financial position was MEUR 223.5 (262.0). Return on investments was 12.5 per cent (-5.4), equity ratio was 35.2 per cent (25.7), and net gearing was -40.5 per cent (17.5).

The Group's cash flow and liquidity were very good. The particularly good development of operating cash flow in the accounting period is a result of a clear reduction in working capital in comparison to the previous year and of the success of measures aimed at improving profitability in the core business. The cash flow for the accounting period comprised operating cash flow of MEUR 39.1 (29.0), investment cash flow of MEUR -1.4 (10.7) and financing cash flow of MEUR -30.5 (-12.3). The cash and cash equivalents at the end of the accounting period according to the consolidated statement of financial position were MEUR 61.1 (53.7). At the end of the accounting period, the Group had no commercial papers issued (-), and Destia's MEUR 31.1 short-term credit limits were not in use (-). In June, the company prematurely repaid a MEUR 30 loan, and a related MEUR 30 interest rate swap was also prematurely terminated. This incurred MEUR 1.4 of non-recurring financial costs. At the end of the accounting period, the Group's interest-bearing debt amounted to MEUR 32.9 (64.1). With regard to loans, 1.0 per cent (1.4) are current and 99.0 per cent (98.6) are non-current.

Protection against currency, commodity and interest risks has been organised 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 per cent by the State of Finland.

**Investments and divestments**

The total amount of gross investments in the review period was MEUR 7.3 (5.2). The investments were mainly equipment-related ones.

In July, Destia sold the asphalt plant machines and equipment located in Maantiekylä in Tuusula to Ykkösasfaltti Oy, and in November it sold the premises of its Hintta base in Oulu to Kiinteistö Oy Oulun Rouskutie owned by Oulu-based Rakennusliike Lapti Oy.

**Annual general meeting 2012 and administration**

Destia's Annual General Meeting was held on 27 March 2012. The meeting confirmed the company's financial statements for 2011 and granted exemption from liability to Board members and the President & CEO for the accounting period 1 January–31 December 2011. The Annual General Meeting decided, in accordance with the proposal by the Board, that no dividends be paid for the accounting period ending 31 December 2011.

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 the Vice Chairperson. Kalevi Alestalo, Senior Financial Counsellor of the Ownership Steering Department at the Prime Minister's Office, was elected as a new member of the Board, and Elina Engman and Solveig Törnroos-Huhtamäki were re-elected to the Board.

The Annual General Meeting selected Deloitte & Touche Ltd (Authorised Public Accountants) as Destia Ltd's auditor for the 2012 accounting period, 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 Kalevi Alestalo were elected as the Committee's members. Matti Mantere was elected as the Chairperson of the Audit Committee, and Kalevi Alestalo 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. The monthly compensation to the Vice Chairperson was EUR 1,800 and the other members of the Board each received EUR 1,500 as monthly compensation. In addition to the monthly compensation, all members of the Board were paid EUR 600 each as a participation fee for every Board and committee meeting. Travel costs are remitted in accordance with Destia's travel regulations.

**Management and personnel**

Destia's Group Management Team from the beginning of 2012 comprised President & CEO Hannu Leinonen, Laura Ahokas (from 9 January 2012), Miia Apukka, Minna Heinonen, Pasi Kailasalo, Jouni Karjalainen, Kalevi Katko, Aki Markkola, Hannu Kulju, Jukka Raudasoja, Pirkko Salminen, Marko Vasenius, Seppo Ylitapio and Kimmo Laaksola.

The Group's average number of personnel during the accounting period was 1,591 (1,813). At the end of December, the number of personnel was 1,502 (1,602), of whom permanent staff totalled 1,417 (1,513) and temporary employees 85 (89). Due to the seasonal nature of the business, the number of personnel varies during the year and peaks in the summer.

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

On 14 June 2012, Destia Ltd concluded redundancy negotiations under the Act on Co-operation within Undertakings aimed at reducing the number of employees working in regional maintenance contracts, as a consequence of the results of the tendering of regional contracts. As a result of the negotiations, Destia Ltd made ten drivers redundant. The redundancies were implemented in year 2012.

In 2012, staff costs of the Group's continuing operations fell in comparison with the previous year to MEUR 86.5 (88.1), which was 17.4 per cent (17.6) of revenue, despite the fact that during the year across-the-board increases raised staff costs by 2.2 per cent (1.9), equating to MEUR 2.0 (1.9).

Improving safety is a pivotal challenge to the construction field, since it substantially impacts both the field's productivity and 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 2012, Destia personnel's accident frequency, or workplace accidents leading to at least one case of absence per one million working hours, was 15.6 (23.2).

**Litigation and disputes**

On 2 July 2012, the Court of Appeal rejected the charges against Destia Ltd's former President & CEO Jukka Laaksovirta on suspicion of abuse of his position of trust in 2008 and 2009. According to the Court's decision, Laaksovirta was not guilty of abusing his position of trust when he was Destia's President & CEO. The decision is legally binding.

Rakennusliike Lehto Oy has taken Destia to a court of arbitration concerning a co-operative agreement made between the parties in 2008. Rakennusliike Lehto is demanding MEUR 3.5 in compensation from Destia. In Destia's view, this demand is groundless. The case was initiated in autumn 2012 and will be arbitrated during 2013.

Telasteel Oy has sued Destia Ltd at Helsinki District Court concerning a contract in which Telasteel was Destia's subcontractor. Telasteel is demanding MEUR 1 in compensation from Destia. In Destia's view, this demand is groundless. The case was initiated in autumn 2012 and will be processed at the court during 2013.

**Near-term risks and uncertainties**

Destia classifies risks into market and operating environment risks as well as operational risks. Destia's most significant near-term risks and uncertainties are related to the prevailing market situation. Most financial indicators and forecasts have weakened further during this year. The state budget for 2013 will not revive the sector. Although road funding by the State will more or less stay at the current level, rises in the costs of infrastructure construction will reduce the purchasing power of the State as a customer. Challenges in the municipal economy will reduce municipal investments, and economic uncertainty has also reduced the willingness of the private sector to invest. No growth is evident in the infrastructure construction market in the near future. The scarcity of budgetary appropriations and investments is reflected in the competitive situation of the sector. The competitive situation in core business areas in construction and maintenance business is expected to continue to be fierce.

The achievement of Destia Group's strategy and near-term objectives may be negatively affected by significant changes in the economic environment. Of fundamental importance from Destia's perspective is the success in the round of area-wide maintenance contracts in spring 2013, and in competitive tendering for major investment projects. The genuine opening to competition of the railway market is a prerequisite for the success of Destia's Railways business.

A potential rise in input prices is creating uncertainty in the profitability of projects, which is in turn being affected by the uncertainty about costs, particularly of oil-based commodities. Risk 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 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 insurance policies. A challenge is to ensure that there are sufficient skills resources to meet demand.

**Environmental matters**

Destia has a combined international quality and environmental ISO 9001 and 14001 certificate with regard to all its contracted services: infrastructure construction, aggregates, infrastructure maintenance services and the railways business. During the accounting period, Destia's operations were in compliance with the certification. In operations, attention was paid 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**

The focus of research and development in the accounting period was on an information model-based operating method expanding around the utilisation of working machine automation. A significant part of development work is included in the sector's joint RYM Oy PRE research programme. Investments and additional resources were targeted at the development of engineering construction. The reform of the mobile data collection and reporting of infrastructure maintenance services progressed as planned and the system has been put into production use in phases. Several results were also achieved in the development of methods and equipment to improve productivity and safety.

The company implemented the extensive PRO project management and supervisor training programme, and several significant ICT system development projects were also launched.

All in all, in 2012, the Group's development costs amounted to MEUR 2.9, of which the share of R&D was MEUR 1.1 (1.1).

**Report on corporate governance**

A report on Destia Ltd's corporate governance is published as a document separate from this annual report as part of the company's 2012 financial review, and can be viewed along with the annual report at Destia's website: www.annualreport.destia.fi.

**Events following the financial year**

At the beginning of 2013, Destia divided its operations into four regional business units instead of the previous five. The new business units are Southern Finland, Western Finland, Eastern Finland and Northern Finland. At the beginning of the year, the Special Construction business unit was also set up, including the Rock, Railways and Equipment business units. The Support Functions include Finance, Legal Services, Human Resources, Communications, and Processes.

At the start of 2013, Destia made its management team work more efficient in order to boost the control of its customer work and to meet rapid changes in the market situation. The Group Management Team comprises President and CEO Hannu Leinonen, CFO Pirkko Salminen, and Executive Vice Presidents Minna Heinonen, Pasi Kailasalo, Jouni Karjalainen, Jukka Raudasoja, Marko Vasenius and Seppo Ylitapio, and personnel representative Kimmo Laaksola. An Extended Management Team was also set up to prepare and guide development projects and strategy concerning the entire Group and to develop a management system. In addition to the persons mentioned above, the Extended Management Team also include Senior Vice Presidents Laura Ahokas, Miia Apukka, Aki Markkola and Tom Schmidt.

At the beginning of 2013, Tom Schmidt, Executive Vice President, Customer Solutions and Production of Services was appointed to the Extended Management Team as Director of Processes, and Minna Heinonen was appointed as Director of Special Construction. Vice President in charge of Destia's processes Hannu Kulju and Kalevi Katko, Head of Railways, who will retire in 2013, stepped down from the Management Team.

On 14 February 2013, Destia's Board of Directors decided on a bonus system for 2013 covering all personnel. The Bonus system forms part of the overall staff reward scheme. The purpose of the bonus scheme is to introduce into rewarding an encouraging in-house cooperation and strategy-supportive control and reward element. The scheme will support and develop the company's profitability and operating conditions. The new bonus scheme is targeted at three groups of personnel: 1) Destia's project staff, 2) work supervisors, and 3) Group unit personnel and business unit support personnel including management.

On 14 February 2013, Destia's Board of Directors decided to establish and implement a long-term incentive scheme. The purpose of the scheme is to unite the aims of owners and management in order to increase the company's value, commit management to the company and offer them a competitive bonus scheme. The scheme features three three-year earnings periods, 2013–2015, 2014–2016 and 2015–2017. For each earnings period, the Board of Directors will decide on the earnings criteria and targets set for them. The earnings criterion for the period 1 January 2013−31 December 2015 is the Group's EBITDA for that period. Any bonus for the period 2013−2015 will be paid in cash in spring 2019. In the earnings period 2013−2015, 14 people at present belong to the target group, including heads of business units and Group units as well as the President and CEO.

The company's incentive schemes correspond to the opinion given on 13 August 2012 by the Cabinet Committee on Economic Policy about compensation paid to company management and key personnel. The incentive scheme are published in greater detail in the 2012 financial review, which can be viewed at Destia's website: www.annualreport.destia.fi.

In February 2013, Destia sold property covering about three hectares located at Maantiekylä in Vantaa to Ykkösasfaltti Oy. Destia also owns about six hectares in the property at Maantiekylä.

**Strategic direction**

On 26 September 2012, Destia's Board of Directors ratified the update to the company's strategy and the financial targets. The core of our strategy continues to be the improvement of business profitability and the strengthening of our position in core business operations. The Board also ratified the financial targets for the strategic period 2010−2013: the growth rate of core business operations 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 2013**

In 2012, economic uncertainty in Europe was also reflected in demand in the infrastructure sector. The number of infrastructure-related invitations to tender in the public sector decreased significantly during the year, and in particular private project start-ups contracted. However, the volume remained at a reasonable level thanks to major projects that had previously started.

The tightening up of financial markets is continuing to affect the infrastructure market this year. 2013 will be challenging with the number of new projects being lower than before and several major projects that had begun in previous years reaching completion, as a result of which competition for contracts will intensify. Based on current information, modest market growth can be expected in 2014.

Destia's order book at the end of 2012, which is lower than in previous years, will set challenges for revenue this year. Measures taken to improve profitability will, however, provide a good foundation for the positive development of profit and cash flow.

Destia Group's 2013 revenue and operating profit are expected to remain at the level of the previous year.

**Board of Directors' proposal for the disposal of profit**

The parent company's loss for the accounting period was EUR 9,061,351.36, and it is proposed that this be entered in the profit and loss account. Destia Ltd's distributable unrestricted equity consists only of an invested unrestricted equity fund, as a result of which Destia Ltd's Board of Directors proposes to the Annual General meeting that no dividends be paid for the accounting period ending 31 December 2012.

Vantaa, 14 February 2013

Destia Ltd

Board of Directors

Further information is provided by: President & CEO Hannu Leinonen, tel. +358 20 444 4000 and CFO Pirkko Salminen, tel. +358 50 302 2485

Destia Group's Interim Financial Report for the first quarter of 2013 will be published on 30 April 2013.

**CONSOLIDATED INCOME STATEMENT**
**AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| **IFRS** | **10-12/2012** | **10-12/2011** | **1-12/2012** | **1-12/2011** |
|---|---|---|---|---|
| MEUR | | | | |
| **Continuing operations** | | | | |
| **Revenue** | **134.6** | **144.0** | **507.3** | **492.5** |
| Other operating income | 1.9 | 5.3 | 5.3 | 10.7 |
| | | | | |
| Materials and services | 94.1 | 101.5 | 355.6 | 339.1 |
| Employee benefit expenses | 25.6 | 22.3 | 86.5 | 88.1 |
| Depreciations | 3.6 | 4.2 | 13.9 | 17.9 |
| Impairments | | 0.7 | | 1.2 |
| Goodwill impairment | | 1.6 | | 1.6 |
| Other operating expenses | 13.6 | 14.3 | 42.6 | 46.9 |
| **Operating profit** | **-0.4** | **4.8** | **14.0** | **8.4** |
| | | | | |
| Financial income | 0.1 | 0.4 | 0.3 | 0.7 |
| Financial expenses | 0.3 | 1.7 | 3.4 | 4.3 |
| **Result before taxes** | **-0.6** | **3.4** | **10.9** | **4.8** |
| | | | | |
| Income taxes | 1.3 | 1.9 | -0.2 | 1.3 |
| **Result for the period of continuing operations** | **-1.8** | **1.6** | **11.1** | **3.5** |
| | | | | |
| **Discontinued operations** | | | | |
| Result for the period of discontinued operations | -0.5 | -6.9 | -0.2 | -16.5 |
| | | | | |
| **Result for the period** | **-2.4** | **-5.3** | **10.8** | **-13.0** |
| | | | | |
| **Other comprehensive income** | | | | |
| Cash flow hedges | -0.5 | -0.3 | -0.1 | -1.7 |
| Actuarial profit and loss from benefit-based pension arrangements | -1.0 | 1.0 | -1.0 | 1.0 |
| Translation differences | 0.0 | 0.0 | 0.1 | 0.0 |
| Taxes relating to other comprehensive income items | 0.4 | -0.2 | 0.3 | 0.1 |
| Other comprehensive income, total | -1.1 | 0.4 | -0.8 | -0.6 |
| | | | | |
| **Comprehensive income for the period** | **-3.5** | **-4.9** | **10.0** | **-13.6** |
| | | | | |
| Result for the period and comprehensive income for the period belong to parent company shareholders. | | | | |
| | | | | |
| **Earnings per share, EUR** | **-3.47** | **-7.82** | **15.90** | **-19.12** |

## CONSOLIDATED BALANCE SHEET
**IFRS**

| MEUR | 31.12.2012 | 31.12.2011 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Tangible assets | 66.9 | 71.8 |
| Goodwill | 17.0 | 17.0 |
| Other intangible assets | 2.3 | 2.7 |
| Pension receivable | 0.1 | 1.1 |
| Available-for-sale financial assets | 1.7 | 1.7 |
| Deferred tax assets | 4.6 | 5.1 |
| **Non-current assets, total** | **92.5** | **99.4** |
| **Current assets** | | |
| Inventories | 24.3 | 25.4 |
| Accounts and other receivables | 45.5 | 83.5 |
| Cash and cash equivalents | 61.1 | 53.7 |
| **Current assets, total** | **130.9** | **162.6** |
| **Assets, total** | **223.5** | **262.0** |
| **EQUITY AND LIABILITIES** | | |
| **Equity attributable to equity holders of the parent company** | | |
| Share capital | 17.0 | 17.0 |
| Invested unrestricted equity fund | 56.4 | 56.4 |
| Other items | -1.3 | -1.2 |
| Retained earnings | -2.8 | -12.8 |
| **Equity, total** | **69.4** | **59.4** |
| **Non-current liabilities** | | |
| Deferred tax liabilities | 1.4 | 2.4 |
| Provisions | 15.3 | 7.6 |
| Financial liabilities | 32.6 | 63.3 |
| **Non-current liabilities, total** | **49.3** | **73.3** |
| **Current liabilities** | | |
| Accounts payable and other liabilities | 65.2 | 76.5 |
| Provisions | 13.2 | 18.5 |
| Financial liabilities | 0.3 | 3.0 |
| Advances received | 26.1 | 31.3 |
| **Current liabilities, total** | **104.7** | **129.3** |
| **Equity and liabilities, total** | **223.5** | **262.0** |

**CONSOLIDATED CASH FLOW STATEMENT**
**IFRS**

| MEUR | **1-12/2012** | **1-12/2011** |
|---|---|---|
| **OPERATING CASH FLOWS** | | |
| Cash receipts from customers | 535.2 | 490.8 |
| Expenses paid to suppliers and personnel | -488.7 | -460.5 |
| Interests paid | -1.7 | -2.5 |
| Dividends received | 0.0 | 0.0 |
| Interests received | 0.3 | 0.6 |
| Other financial items | -2.1 | -0.6 |
| Tax paid | -0.8 | -0.1 |
| Net operating cash flow, continuing operations | 42.3 | 27.7 |
| Net operating cash flow, discontinued operations | -3.1 | 1.3 |
| **Net operating cash flow** | **39.1** | **29.0** |
| **INVESTMENT CASH FLOW** | | |
| Investments in intangible and tangible assets | -7.2 | -4.7 |
| Sale of intangible and tangible assets | 5.8 | 15.2 |
| Investments in other assets | 0.0 | -0.1 |
| Proceeds from the sale of other investments | | 0.3 |
| Net investment cash flow, continuing operations | -1.4 | 10.7 |
| Net investment cash flow, discontinued operations | | 0.0 |
| **Net investment cash flow** | **-1.4** | **10.7** |
| **FINANCIAL CASH FLOWS** | | |
| Decrease in non-current debt (-) | -30.0 | 0.0 |
| Increase in short-term financing (+) | | 5.1 |
| Decrease in short-term financing (-) | -0.5 | -16.4 |
| Net financial cash flow, continuing operations | -30.5 | -11.3 |
| Net financial cash flow, discontinued operations | 0.0 | -1.0 |
| **Net financial cash flow** | **-30.5** | **-12.3** |
| **Change in cash and cash equivalents** | 7.3 | 27.4 |
| Cash and cash equivalents at beginning of financial year | 53.7 | 26.3 |
| Effect of exchange rate changes | 0.1 | 0.0 |
| **Cash and cash equivalents at end of financial year** | **61.1** | **53.7** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| MEUR | Equity attributable to equity holders of the parent company | | | | | |
|---|---|---|---|---|---|---|
| | **Share capital** | **Hedqe instrument fund** | **Invested unrestricted equity fund** | **Translation differences** | **Retained earnings** | **Total** |
| **Equity 1 Jan 2011** | 17.0 | 0.1 | 56.4 | -0.1 | -0.5 | 73.0 |
| **Other comprehensive income** | | | | | | |
| Result for the period | | | | | -13.0 | -13.0 |
| Other comprehensive items: | | | | | | |
| Translation differences | | | | 0.0 | 0.0 | 0.0 |
| Cash flow hedges | | -1.3 | | | | -1.3 |
| Actuarial profit or loss from benefit-based arrangements | | | | 0.0 | 0.7 | 0.7 |
| **Comprehensive profit and loss for the financial year, total** | | -1.3 | | 0.0 | -12.3 | -13.6 |
| **Equity total 31 Dec. 2011** | **17.0** | **-1.2** | **56.4** | **-0.1** | **-12.8** | **59.4** |

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

NOTES TO THE REPORT

This financial statements bulleting has been prepared in line with IAS 34, Interim Financial Reporting. The new revised standards or interpretations effective as of 1 January 2012 have no bearing on the figures presented for the report period. Destia has applied the same accounting principles in the preparation of the financial statement bulletin as in its Financial Statements for 2012.

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## GROUP´S KEY FIGURES

| MEUR | IFRS 2012 | IFRS 2011 | | IFRS 2010 |
|---|---|---|---|---|
| Revenue, continuing operations | 507.3 | 492.5 | | 525.0 |
| Change from previous year, % | 3.0 | -6.2 | | |
| Operating profit for the period, continuing operations | 14.0 | 8.4 | | 15.4 |
| % of revenue | 2.8 | 1.7 | | 2.9 |
| Result for the period, continuing operations | 11.1 | 3.5 | | 13.6 |
| % of revenue | 2.2 | 0.7 | | 2.6 |
| Result for the period | 10.8 | -13.0 | | 9.5 |
| Gross investments | 7.3 | 5.2 | | 12.0 |
| % of revenue | 1.4 | 1.1 | | 2.3 |
| Balance sheet total | 223.5 | 262.0 | | 262.3 |
| Equity | 69.4 | 59.4 | | 73.0 |
| Equity ratio, % 1) | 35.2 | 25.7 | | 31.5 |
| Net gearing, % 2) | -40.5 | 17.5 | | 68.7 |
| Interest-bearing liabilities | 32.9 | 64.1 | | 76.4 |
| Current Ratio 3) | 1.3 | 1.3 | | 1.1 |
| Quick Ratio 4) | 1.3 | 1.3 | | 1.2 |
| Return on equity, % 5) | 16.8 | -19.6 | | 13.8 |
| Return on investment, % 6) | 12.5 | -5.4 | | 8.4 |
| Earnings per share, EUR | 15.90 | -19.12 | | 13.93 |
| Equity per share, EUR | 102.08 | 87.30 | | 107.30 |
| Average personnel | 1,591 | 1,813 | | 2,096 |
| Comparable order book | 600.8 | 745.1 | *) | 646.5 |
| Research and development expenses | 2.9 | 1.1 | | 0.6 |
| % of other operating expenses | 6.9 | 2.3 | | 1.2 |

*) The order book from 2011 has been changed to be comparable, it is decreased by about MEUR 60.

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)/current liabilities
4) Financial assets without receivables from uncompleted contracts/current liabilities without advance payments
5) (Result for the period/average equity)*100
(opening and closing balance)
6) (Result before taxes + interest costs and other financial expenses)/(invested capital average)*100
(balance sheet total - non-interest-bearing liabilities - provisions, opening and closing balance)

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

## CONSOLIDATED INCOME STATEMENT, QUARTERLY FIGURES

| IFRS | 10-12 /2012 | 7-9 /2012 | 4-6 /2012 | 1-3 /2012 | 10-12 /2011 | 7-9 /2011 | 4-6 /2011 | 1-3 /2011 |
|---|---|---|---|---|---|---|---|---|
| MEUR | | | | | | | | |
| **Continuing operations** | | | | | | | | |
| **Revenue** | **134.6** | **156.2** | **118.4** | **98.1** | **144.0** | **152.3** | **108.3** | **87.9** |
| Other operating income | 1.9 | 1.4 | 1.2 | 0.8 | 5.3 | 1.1 | 3.6 | 0.7 |
| | | | | | | | | |
| Materials and services | 94.1 | 113.7 | 81.7 | 66.1 | 101.5 | 106.0 | 71.3 | 60.4 |
| Employee benefit expenses | 25.6 | 20.3 | 20.0 | 20.6 | 22.3 | 22.9 | 22.0 | 21.0 |
| Depreciations | 3.6 | 3.4 | 3.4 | 3.6 | 4.2 | 4.5 | 4.6 | 4.6 |
| Impairments | | | | | 0.7 | 0.5 | | |
| Goodwill impairment | | | | | 1.6 | | | |
| Other operating expenses | 13.6 | 10.0 | 10.6 | 8.4 | 14.3 | 12.6 | 11.9 | 8.2 |
| **Operating result** | **-0.4** | **10.3** | **3.9** | **0.2** | **4.8** | **6.9** | **2.2** | **-5.5** |
| | | | | | | | | |
| Financial income | 0.1 | 0.1 | 0.1 | 0.0 | 0.4 | 0.0 | 0.1 | 0.2 |
| Financial expenses | 0.3 | 0.3 | 2.2 | 0.7 | 1.7 | 0.9 | 0.9 | 0.7 |
| **Result before taxes** | **-0.6** | **10.2** | **1.7** | **-0.5** | **3.4** | **6.1** | **1.3** | **-6.0** |
| | | | | | | | | |
| Income taxes | 1.3 | -0.7 | 0.4 | -0.3 | 1.9 | -0.1 | -0.5 | 0.1 |
| **Result for the period of continuing operations** | **-1.8** | **10.9** | **2.1** | **-0.1** | **1.6** | **6.2** | **1.8** | **-6.1** |
| | | | | | | | | |
| **Discontinued operations** | | | | | | | | |
| Result for the period of discontinued operations | -0.5 | 0.4 | 0.6 | -0.8 | -6.9 | -0.8 | -7.9 | -0.9 |
| | | | | | | | | |
| **Result for the period** | **-2.4** | **11.3** | **2.7** | **-0.9** | **-5.3** | **5.3** | **-6.0** | **-7.0** |

## CONSOLIDATED BALANCE SHEET, QUARTERLY FIGURES

| **IFRS** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| MEUR | **Q4/2012** | **Q3/2012** | **Q2/2012** | **Q1/2012** | **Q4/2011** | **Q3/2011** | **Q2/2011** | **Q1/2011** |
| | | | | | | | | |
| **ASSETS** | | | | | | | | |
| **Non-current assets** | | | | | | | | |
| Tangible assets | 66.9 | 61.1 | 63.9 | 65.3 | 71.8 | 85.5 | 90.0 | 95.5 |
| Goodwill | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 20.2 | 20.2 | 20.2 |
| Other intangible assets | 2.3 | 2.3 | 2.5 | 2.6 | 2.7 | 2.8 | 3.0 | 2.7 |
| Pension receivable | 0.1 | 1.1 | 1.1 | 1.1 | 1.1 | 0.0 | 0.0 | 0.0 |
| Available-for-sale financial assets | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.6 | 2.1 | 2.2 |
| Deferred tax assets | 4.6 | 7.0 | 6.0 | 5.7 | 5.1 | 7.2 | 7.2 | 7.3 |
| **Non-current assets, total** | **92.5** | **90.2** | **92.1** | **93.3** | **99.4** | **117.4** | **123.1** | **129.2** |
| | | | | | | | | |
| **Current assets** | | | | | | | | |
| Inventories | 24.3 | 27.1 | 25.2 | 25.1 | 25.4 | 27.9 | 27.4 | 24.4 |
| Accounts and other receivables | 45.5 | 81.8 | 74.0 | 59.4 | 83.5 | 92.3 | 79.2 | 50.2 |
| Cash and cash equivalents | 61.1 | 32.5 | 27.5 | 64.2 | 53.7 | 18.4 | 8.2 | 18.0 |
| **Current assets, total** | **130.9** | **141.4** | **126.7** | **148.7** | **162.6** | **138.6** | **114.8** | **92.6** |
| | | | | | | | | |
| **Assets, total** | **223.5** | **231.6** | **218.8** | **242.0** | **262.0** | **256.0** | **237.9** | **221.8** |

| EQUITY AND LIABILITIES | Q4/2012 | Q3/2012 | Q2/2012 | Q1/2012 | Q4/2011 | Q3/2011 | Q2/2011 | Q1/2011 |
|---|---|---|---|---|---|---|---|---|
| **Equity attributable to equity holders of the parent company** | | | | | | | | |
| Share capital | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 |
| Invested unrestricted equity fund | 56.4 | 56.4 | 56.4 | 56.4 | 56.4 | 56.4 | 56.4 | 56.4 |
| Other items | -1.3 | -0.9 | -0.6 | -1.4 | -1.2 | -0.9 | 0.4 | 0.9 |
| Retained earnings | -2.8 | 0.4 | -10.9 | -13.7 | -12.8 | -8.2 | -13.5 | -7.5 |
| **Equity, total** | **69.4** | **72.9** | **61.9** | **58.3** | **59.4** | **64.3** | **60.3** | **66.8** |
| | | | | | | | | |
| **Non-current liabilities** | | | | | | | | |
| Deferred tax liabilities | 1.4 | 2.4 | 2.4 | 2.4 | 2.4 | 3.4 | 4.2 | 3.8 |
| Provisions | | | | | | 0.2 | 0.2 | 0.2 |
| Financial liabilities | 15.3 | 7.2 | 7.4 | 7.4 | 7.6 | 8.3 | 8.7 | 8.9 |
| **Non-current liabilities, total** | 32.6 | 31.1 | 31.1 | 61.1 | 63.3 | 63.7 | 64.3 | 64.6 |
| | **49.3** | **40.7** | **40.9** | **70.9** | **73.3** | **75.6** | **77.4** | **77.5** |
| | | | | | | | | |
| **Current liabilities** | | | | | | | | |
| Accounts payable and other liabilities | 65.2 | 70.3 | 62.7 | 55.2 | 76.5 | 69.6 | 54.0 | 42.8 |
| Provisions | 13.2 | 13.1 | 15.0 | 15.8 | 18.5 | 10.3 | 10.0 | 9.1 |
| Financial liabilities | 0.3 | 2.0 | 0.4 | 3.2 | 3.0 | 7.6 | 2.5 | 1.1 |
| Advances received | 26.1 | 32.6 | 37.9 | 38.6 | 31.3 | 28.6 | 33.7 | 24.5 |
| **Current liabilities, total** | **104.7** | **118.0** | **116.0** | **112.8** | **129.3** | **116.1** | **100.2** | **77.5** |
| | | | | | | | | |
| **Equity and liabilities, total** | **223.5** | **231.6** | **218.8** | **242.0** | **262.0** | **256.0** | **237.9** | **221.8** |

## CONSOLIDATED CASH FLOW STATEMENT; QUARTERLY FIGURES

| IFRS<br>MEUR | **Q4/2012** | **Q3/2012** | **Q2/2012** | **Q1/2012** | **Q4/2011** | **Q3/2011** | **Q2/2011** | **Q1/2011** |
|---|---|---|---|---|---|---|---|---|
| **OPERATING CASH FLOWS** | | | | | | | | |
| Cash receipts from customers | 170.3 | 143.0 | 105.7 | 118.4 | 157.3 | 138.0 | 89.6 | 112.1 |
| Expenses paid to suppliers and personnel | -139.3 | -137.8 | -107.9 | -108.3 | -124.0 | -130.3 | -101.5 | -109.5 |
| Interests paid | -0.3 | -0.2 | -1.2 | 0.0 | -1.4 | 0.0 | -1.2 | 0.0 |
| Interests received | 0.1 | 0.1 | 0.1 | 0.0 | 0.3 | 0.0 | 0.1 | 0.2 |
| Other financial items | -0.4 | -0.1 | -1.5 | -0.1 | -0.1 | -0.1 | -0.2 | -0.2 |
| Tax paid | -0.3 | -0.2 | -0.1 | -0.2 | 0.0 | -0.1 | 0.0 | 0.0 |
| **Net operating cash flow** | **29.4** | **4.8** | **-4.9** | **9.8** | **32.1** | **7.5** | **-13.2** | **2.6** |
| | | | | | | | | |
| **INVESTMENT CASH FLOW** | | | | | | | | |
| Investments in intangible and tangible assets | -2.8 | -2.0 | -2.1 | -0.3 | -1.4 | -1.6 | -1.2 | -0.5 |
| Sale of intangible and tangible assets | 1.9 | 2.4 | 0.5 | 1.0 | 10.3 | 1.1 | 3.4 | 0.4 |
| Investments in other assets | 0.0 | 0.0 | 0.0 | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 |
| Proceeds from the sale of other investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 |
| Net investment cash flow | **-0.9** | **0.4** | **-1.6** | **0.7** | **8.8** | **-0.2** | **2.2** | **-0.1** |
| | | | | | | | | |
| **FINANCIAL CASH FLOWS** | | | | | | | | |
| Decrease in non-current debt (-) | 0.0 | 0.0 | -30.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Increase in short-term financing (+) | 0.0 | 0.0 | -0.2 | 0.2 | -0.2 | 3.6 | 1.9 | 0.0 |
| Decrease in short-term financing (-) | -0.1 | -0.2 | -0.1 | -0.1 | -5.3 | -0.5 | -0.2 | -10.6 |
| Repayments of financial leasing liability | 0.0 | 0.0 | 0.1 | -0.1 | -0.1 | -0.5 | -0.2 | -0.2 |
| **Net financial cash flow** | **-0.1** | **-0.2** | **-30.2** | **0.0** | **-5.6** | **2.6** | **1.5** | **-10.8** |
| | | | | | | | | |
| **Change in cash and cash equivalents** | **28.5** | **5.0** | **-36.7** | **10.5** | **35.3** | **9.9** | **-9.5** | **-8.3** |
| | | | | | | | | |
| Cash and cash equivalents at beginning of reporting period | 32.5 | 27.5 | 64.2 | 53.7 | 18.4 | 8.2 | 18.0 | 8.2 |
| Cash and cash equivalents at end of reporting period | 61.1 | 32.5 | 27.5 | 64.2 | 53.7 | 18.4 | 8.2 | 18.0 |

## GROUP´S QUARANTEES AND CONTINGENT LIABILITIES

| MEUR | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Liabilities with mortgages as collateral | | |
| Loans from financial institutions | | 0.1 |
| Mortgages given | | 0.4 |
| Bank quarantees | 84.4 | 97.8 |
| Leasing liabilities | | |
| Within one year | 2.9 | 4.0 |
| Within more than one year and less than five years | 4.5 | 5.6 |
| Within more than five years | 0.1 | 0.2 |
| Total | 7.5 | 9.8 |

## GROUP´S DERIVATIVE CONTRACTS

| MEUR | | 31.12.2012 | 31.12.2011 |
|---|---|---|---|
| Currency derivatives | | | |
| | Nominal value | 1.4 | 3.0 |
| | Fair value | -0.1 | 0.0 |
| Interest rate derivatives | | | |
| | Nominal value | 30.0 | 60.0 |
| | Fair value | -1.7 | -2.1 |
| Commodity derivatives | | | |
| | Nominal value | 1.3 | 0.9 |
| | Fair value | -0.1 | 0.0 |

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.

## 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 |