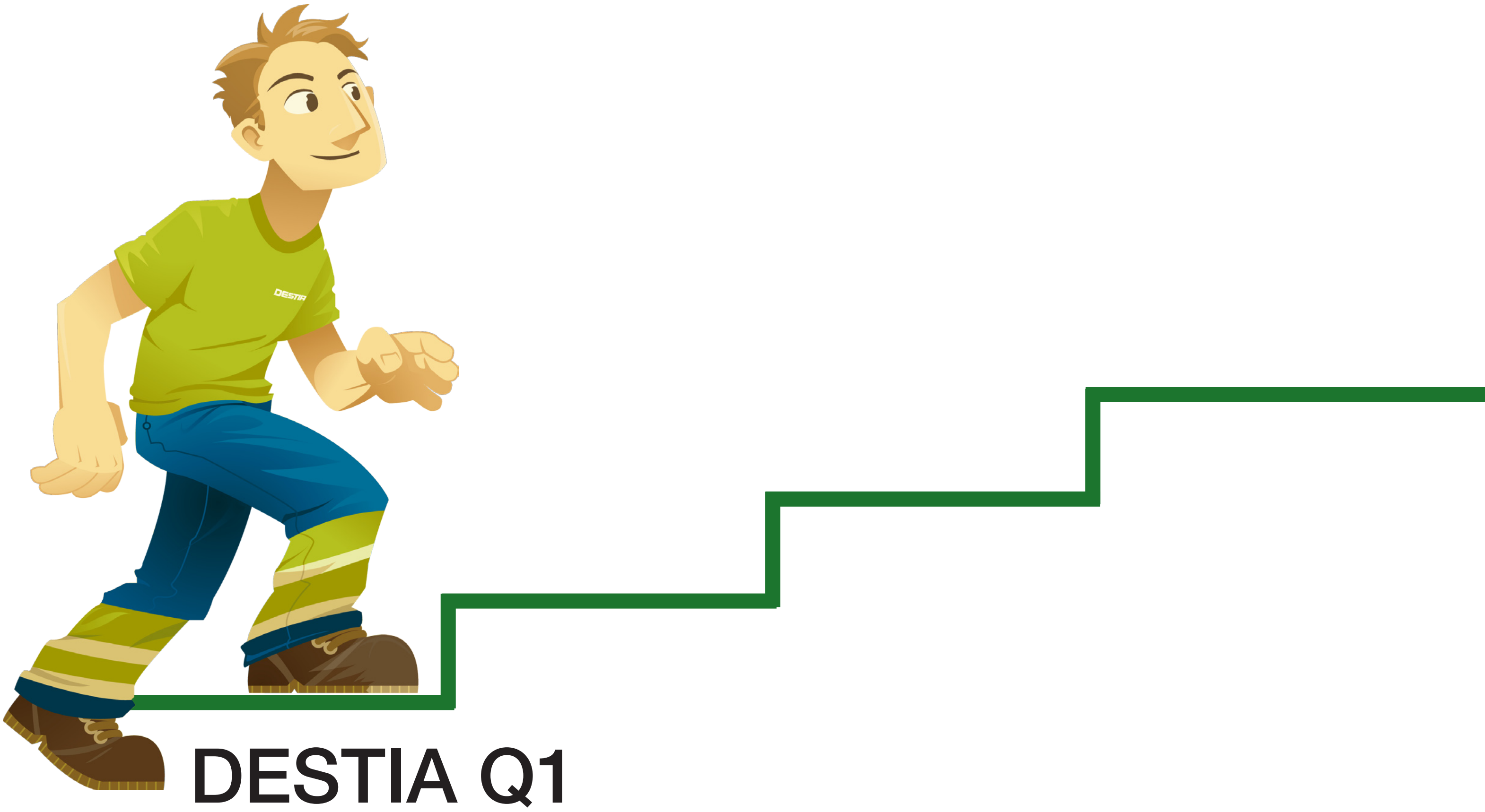
DESTIA



DESTIA Q1

INTERIM REPORT
JANUARY-MARCH 2011

BUILDING THE BIGGER PICTURE

Interim Report for January-March 2011

January-March 2011

- Turnover remained at the same level as in the previous year
- The operating result was burdened by individual project impairments
- Cash flow strengthened
- The order book decreased to MEUR 718.6
- In March, Destia signed a surfacing business transaction with NCC
- Destia estimates that turnover will decrease in 2011 and that the operating result will remain at the same level as last year

KEY FIGURES

		1-3/2011	1-3/2010	1-12/2010
Turnover	Me	89,4	89,4	539,2
Operating result	Me	-7,1	-3,1	8,3
Operating result	%	-7,9	-3,5	1,5
Profit/loss for the period	Me	-7,7	-4,6	8,3
Profit/loss for the period	%	-8,6	-5,1	1,5
Order book	Me	718,6	779,5	726,5

Operating Environment

The costs of the civil engineering industry rose 4.6% from March 2010 to March 2011. The annual change in costs varied by subindex from 2.0% in civil engineering structures to 8.6% in surfacings. The increase in the total index was affected particularly by price increases in fuel, other energy and materials. (Civil engineering cost index, Statistics Finland, 18 April 2011.)

There were fewer large infrastructure construction projects in progress during the report period than in previous years, which has affected the overall market situation of the infrastructure construction industry. There is slight growth only in the foundation engineering sector, but otherwise the market is showing a downward trend in comparison to last year. Significant track construction projects in the Helsinki metropolitan area are taking place within the sector of tunnel construction.

The most important project of the year, the second track of the Kokkola-Ylivieska line, was postponed by a year when on 23 March the Finnish Government decided that the extra track to be built between Kokkola and Ylivieska and the modernisation of the current track will be implemented with budget financing. Previously the project had been planned to be implemented using what is called a life cycle model, which means that the track constructor is responsible for an appointed time for the maintenance and financing of the track, as well as for its planning and construction. The construction work is meant to begin in 2012 and the plan is to finish the track in 2017.

Orders Received and the Order Book

In late March, the Group's order book amounted to MEUR 718.6 (31 March 2010: MEUR 779.5). The order book decreased because some large contracts ended during 2010.

In February, the METRO consortium between Destia Ltd and Metrostav a.s of the Czech Republic signed a contract agreement, worth over MEUR 15, for the excavation of the Karhusaari Island Metro Tunnels. The contract comprises the excavation of two approximately 1.3 kilometre metro tunnels, running parallel to each other, from the border of Helsinki and Espoo to Keilaniemi in Espoo. The contract also includes the construction of three vertical shafts.

In March, the City of Helsinki Negotiating Group suggested to the Real Estate Committee of Helsinki that the Kalasatama district be executed by SRV Group Plc, whose partner in infrastructure planning and construction is Destia. The centre of the Kalasatama district will consist of a commercial centre and six residential tower buildings, a hotel tower and office tower, which will be built around the Itäväylä road and metro line. The target is to complete the first parts of the centre by the end of 2015 and the rest by stages by 2021. The Helsinki City Council is expected to make their final decision about who will be selected to implement the work during the second quarter of the year.

In the first round of the public request for bids for main road regional contracts, Destia won two of five regional contracts, of which the Kangasala contract continues for five years and the Pihtipudas contract for seven years.

Destia continues, together with YIT, to prepare a bid for the project of the E18 motorway from Koskenkylä to Kotka, which will be implemented on the basis of the Public Private Partnership (PPP) model, i.e. the life cycle model. The bid shall be submitted during the second quarter of the current year. The plan is to have the construction in full swing as of the outset of 2012.

Turnover

Destia's turnover during the first quarter of the year was the same as that of the comparable period of the previous year, and it totalled MEUR 89.4 (1-3/2010: MEUR 89.4).

Result

The operating result was MEUR 7.1 (-3.1). The lower profitability than in the previous year is due to the difficulties in the track, rock and the Norway branch business operations. In addition to this, the snowy winter, especially in the South of Finland, caused additional expenses for projects. The beginning of the year was also encumbered by the bidding costs of the life cycle projects.

Due to low volumes, the operating result was negative as is typical of the winter period.

Balance Sheet and Money Flow

At the end of March, the sum total of the Group's balance sheet was MEUR 210.0 (226.1). The equity ratio was 32.0% (27.3%), the net debt-to-equity ratio was 73.4% (91.1%) and the return on investments was 4.0% (-9.1%).

The money flow for January-March 2011 comprised business cash flow of MEUR 2.4 (-12.8), investment cash flow of MEUR –0.1 (-4.4) and financing cash flow of MEUR –10.6 (-8.5). The financial assets at the end of the reporting period according to the balance sheet were MEUR 18.0 (15.5).

The Group's interest bearing liabilities declined by MEUR 10.6 during the first quarter of the year to MEUR 61.6 (66.1). Financing costs totalled MEUR 0.6 (0.6), which was 0.7% (0.7%) of turnover. Interest bearing net liabilities at the end of the report period were MEUR 43.6 (50.6).

Investments and Company Acquisitions

The gross investments of the first quarter of the year totalled MEUR 0.5 (4.7). The investments were equipment-related ones.

On 24 March 2011, Destia and NCC signed a contract concerning a surfacing business transaction. This business transaction, with which Destia relinquishes its surfacing business operations, supports Destia's strategy to concentrate on its core business operations. The transaction strengthens Destia's balance sheet and creates better conditions for developing its core operations. The business transaction includes asphalt production and surfacing operations, as well as the order book for the surfacing operations. Approximately 80 employees will be transferred to the service of the new company, as old employees with their current employment terms. The turnover for the surfacing operations was approximately MEUR 44 in 2010. The value of the order book at the end of last year was approximately MEUR 80. The business transaction still requires the approval of the Finnish Competition Authority. After receiving it, the transaction can be carried out during the second quarter of the year, by a rough estimation.

Other Important Events during the Report Period

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 (the Arctic region of the Nordic countries, West Finland, South-West Finland, South Finland and East Finland) and three operational profit centres (Railway, Aggregates and Expert 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.

On 10 January 2011, Destia Ltd and Ramirent Finland Ltd signed a letter of intent, according to which Destia's worksite premises and a part of its small construction machines and the operations connected to them will be transferred to Ramirent. The final contract was concluded on 29 March 2011. The five-year-long machine and appliance rental agreement with Ramirent began on 1 April 2011. This cooperation will allow Destia to focus on its core operations and to improve its competitiveness. Destia will receive the use of a wide range of modern equipment from Ramirent in an efficient way.

Personnel

The Group's average number of personnel during the report period was 1,845 (2,071). At the end of March, the number of personnel was 1,823 (2,065), of which permanent staff totalled 1,717 (1,961) and temporary employees totalled 106 (104). The change in comparison to the previous year is due to the staff adaptations implemented in 2009 and 2010. Due to the seasonal nature of the business, the number of personnel varies during the year and peaks in the summer.

A collective agreement concerning infrastructure industry workers was made on 9 March 2010, and an agreement concerning infrastructure industry clerical employees on 10 March 2010. The contract period for both agreements is from 1 March 2010 to 29 February 2012. On 25 February 2011, the parties will agree on the pay rises for 2011.

The personal pay and supplements in euros of Destia Ltd's workers and clerical employees were increased on 1 March 2011, beginning with a 1.3% across-the-board rise. In addition, beginning on 1 May 2011, a company-specific lot of 0.9% will be used for the pay rises of employees and salaried employees. At Destia Rail Ltd, the workers' pay was increased from the beginning of the pay period that began on 16 March 2011 by an across-the-board rise of 2.55%, and the salaried employees' pay will be increased from 1 May 2011 by an across-the-board rise of 60 euros, but no less than 1.8%. In addition, a regional lot of 0.7% will be used for the pay rises of the salaried employees of Destia Rail Ltd from 1 May 2011.

At Destia, special attention has been paid to occupational safety and continuous measures have been taken in the Group to improve safety at work. Despite these measures, an industrial accident took place on 2 January 2011 that lead to the death of an employee.

Near-Future Risks and Uncertainties

The most significant short-term risks are connected to market prospects. The authority of public customers to order has become scarcer and the readiness of private customers to invest is slight. The industry's rich capacity is reflected in the current price level: tight competition in construction and maintenance services continues.

There are risks involved also in the increase of costs. Particularly the increase in the prices of energy and oil products affects projects' profitability.

Decisions of the General Meeting

The Annual General Meeting of Destia Ltd was held on 23 March 2011. The meeting confirmed the company's financial statements for 2010 and granted exemption from liability to Board members and the CEO for the accounting period of 1 January – 31 December 2010. The Annual General Meeting decided, in accordance with the proposal of the Board, that no dividends will be paid for the accounting 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 the Vice Chairperson. Elina Engman, Ilpo Nuutinen and Solveig Törnroos-Huhtamäki were re-elected as the other members of the Board. The Annual General Meeting decided to keep the compensations of the Board members unchanged.

The Annual General Meeting selected the Chartered Accounting Company Deloitte & Touche Ltd as Destia Ltd's auditor for the accounting period of 2011.

In the organisational meeting held after the general meeting, the Board established two committees to support its activities: 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.

Events Following the Report Period

On 19 April 2011, Destia Group's subsidiary Destia Rail Ltd began negotiations in accordance with the Act on Co-operation within Undertakings with regard to personnel reductions, so that the company's cost structure and resources could be brought in line with the market situation. Initially, the requirement for reductions resulting from the decreased amount of work applies to approximately 30 persons. Simultaneously, negotiations were begun on layoffs which result from seasonal variation. The initial need for layoffs is 50 person-workyears within all the personnel of Destia Rail Ltd. The steps possibly ensuing from cooperation negotiations will be implemented from June 2011.

In the second and third rounds of the public request for bids for the regional contracts of main road maintenance, Destia won five regional contracts out of eight. Of the regional contracts Destia won, Raasepori, Orivesi, Ii and Ranua continue for five years and the contract in Suonenjoki for seven years.

Prospects for 2011

It is estimated that the overall market situation of the infrastructure industry will continue to decrease slightly in the current year. Large infrastructure projects on the part of the State are on-going to a lesser extent than in previous years, which significantly affects the overall market situation. Moreover, investments in the municipal sector remain, due to the financing situation, more meagre than in previous years. The conditions of demand for private infrastructure contracts are affected by financing availability and the related price rates, as well as the availability of long financing periods. Therefore, it is estimated that the revival in demand will not occur until 2012-2013, at which time large infrastructure projects, such as the E18 Koskenkylä-Kotka PPP project, will be in full swing.

However, Destia's existing strong order book and the measures for improving profitability initiated previously shall exert a positive impact on the prospects of the current year.

Due to the market situation, Destia Group's 2011 turnover is estimated to be lower than for the previous year. The business profit for the Group is anticipated to be on the level of the previous year.

Vantaa, 28 April 2011

Destia Ltd
Board of Directors

GROUPS'S PROFIT AND LOSS ACCOUNT

EUR MILLION	**1-3/2011**	**1-3/2010**	**1-12/2010**
TURNOVER	89,4	89,4	539,2
Other operating income	0,9	0,7	6,1
Materials and services	-60,5	-49,9	-355,4
Personnel expenses	-21,7	-27,0	-103,4
Depreciation and write-downs	-5,2	-5,5	-22,7
Other operating expenses	-10,0	-10,8	-55,5
OPERATING RESULT	-7,1	-3,1	8,3
Financial income and expenses	-0,6	-0,6	-2,5
RESULT BEFORE EXTRAORDINARY ITEMS AND TAXES	-7,7	-3,7	5,8
Taxes	0,0	-0,9	2,5
RESULT FOR THE PERIOD	-7,7	-4,6	8,3

GROUP'S BALANCE SHEET

EUR MILLION	**31.3.2011**	**31.12.2010**	**31.3.2010**
ASSETS			
NON-CURRENT ASSETS	110,4	115,4	129,9
CURRENT ASSETS			
Inventories	24,4	24,4	25,1
Deferred tax assets	6,9	6,9	3,6
Receivables	50,2	78,6	52,0
Cash and bank	18,0	26,3	15,6
CURRENT ASSETS	99,6	136,2	96,2
ASSETS	210,0	251,6	226,1
EQUITY AND LIABILITIES			
EQUITY	59,4	67,1	54,2
MINORITY INTEREST			1,3
GROUP RESERVE	0,1	0,1	0,1
PROVISIONS	18,8	17,7	21,7
LIABILITIES			
Deferred tax liability	2,8	2,8	2,8
Long-term liabilities	60,8	60,8	31,8
Short-term liabilities	68,1	103,1	114,2
LIABILITIES	131,7	166,7	148,8
EQUITY AND LIABILITIES	210,0	251,6	226,1

GROUP'S CASH FLOW STATEMENT

EUR MILLION	**1-3/2011**	**1-3/2010**	**1-12/2010**
Payments received from customers	112,1	96,2	530,3
Payments to suppliers of goods/services and to personnel	-109,7	-108,2	-533,8
Cash flow from business operations before financial items and taxes	2,4	-12,0	-3,4
Interest paid on business operations		-0,4	-2,3
Interest received from business operations	0,2	0,1	0,7
Other financial items from business operations	-0,2	-0,2	-0,8
Taxes paid on business operations		-0,3	-0,1
Cash flow from business operations	2,4	-12,8	-6,0
Cash flow from investment activities			
Investments in tangible and intangible assets	-0,5	-4,1	-10,5
Proceeds from the sale of tangible and intangible assets	0,4	1,0	7,5
Acquired and divested shares in subsidiaries and associates		-1,3	-3,3
Cash flow from investment activities	-0,1	-4,4	-6,2
Cash flow from financing activities			
Withdrawals of short-term loans			
Repayment of short-term loans	-10,6	-8,0	-31,3
Withdrawals of long-term loans			30,0
Repayment of long-term loans		-0,5	-1,4
Cash flow from financing activities	-10,6	-8,5	-2,7
Change in liquid assets	-8,3	-25,7	-14,9
Liquid assets on balance sheet in the end of financial period	18,0	15,5	26,3
Liquid assets on balance sheet in the beginning of financial period	26,3	41,2	41,2
Change in liquid assets	-8,3	-25,7	-14,9

GROUP’S KEY FIGURES

EUR MILLION	**1-3/2011**	**1-3/2010**	**1-12/2010**
Turnover	89,4	89,4	539,2
Year-on-year change, %	0,0	-7,8	-10,6
Operating result	-7,1	-3,1	8,3
% of turnover	-7,9	-3,5	1,5
Profit/loss for the period	-7,7	-4,6	8,3
% of turnover	-8,6	-5,1	1,5
Gross capital expenditure	0,5	4,7	11,7
% of turnover	0,6	5,2	2,2
Balance sheet total	210,0	226,1	251,6
Equity	59,4	54,2	67,1
Equity ratio, % 1)	32,0	27,3	30,4
Return on equity, % 2)	8,3	-22,3	12,5
Return on investment, % 3)	4,0	-9,1	6,2
Gearing, % 4)	73,4	91,1	68,4
Interest-bearing liabilities	61,6	66,1	72,2
Current ratio 5)	1,4	0,8	1,3
Quick ratio 6)	1,2	0,6	1,2
Order book	718,6	779,5	726,5
Research and development costs	0,2	0,1	0,6
% of other operating expenses	2,0	0,9	1,1
Earnings per share, EUR	-11,29	-6,77	12,16
Equity per share, EUR	87,34	79,72	98,62
Average personnel	1 845	2 071	2 096

Formulas:
1) ((Equity + minority interest/(Balance sheet total - advances received) *100
2) ((Profit before extraordinary items - taxes/Equity + minority interest))*100 (balance sheet at beginning and end of year)
3) (Profit before extraordinary items + interests and other financial expenses/Average equity invested
(balance sheet total - non-interest-bearing liabilities - provisions, balance sheet at beginning and end of year)
4) ((Interest-bearing liabilities - cash, bank balances and securities)/(Equity + minority interest))*100
5) (Inventories + financial assets)/Short-term liabilities
6) Financial assets excluding receivables from uncompleted contracts/Short-term debts excluding advances paid

Under points 2 and 3 the result has been converted into yearly result (12 months back).

GROUP'S CONTINGENT LIABILITIES

EUR MILLION	**31.3.2011**	**31.3.2010**	**31.12.2010**
Loans secured by mortgages			
Loans from financial institutions	0,1	0,2	0,1
Mortgages given as security	0,4	0,4	0,4
Pledged mortgages		0,8	0,1
Pledged deposits	0,1	0,1	0,1
Pledged shares of subsidiaries, book value in subsidiary		1,3	
Guarantees on behalf of others	78,1	78,6	86,6
Leasing commitments			
Falling due during next 12 months	0,9	2,2	1,0
Falling due later	2,4	2,4	2,6
Future payments for long-term rental agreements	6,9	4,2	7,5

GROUP'S DERIVATIVE CONTRACTS

EUR MILLION

	31.3.2011	**31.3.2010**	**31.12.2010**
Currency derivatives			
Nominal value	6,8	4,7	8,5
Fair value	-0,1	-0,1	-
Interest rate derivatives			
Nominal value	60,0	30,9	60,0
Fair value	0,8	-0,7	-0,4
Commodity derivatives			
Nominal value	1,1	2,6	1,4
Fair value	0,5	0,6	0,3

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

The information provided in the Interim Report has not been audited.