DESTIA

Destia Group

FINANCIAL STATEMENTS 2015

DESTIA GROUP'S FINANCIAL STATEMENTS 2015
CONTENTS

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE BOARD OF DIRECTORS 2015

Operating environment

The Finnish economy, which continued to weaken, affected the infrastructure sector in the operating environment of the whole construction sector during 2015. The challenging market situation was evident not only in the fierce competition for projects but also the exceptionally low level of prices quoted. There were also fewer major projects than before put out to tender.

Infrastructure demand was, however, moderate, and during the year several projects in both the public and private sectors were started or put out to tender. Despite the decline in the total market, basic demand in the infrastructure field is created by the large projects planned for the next few years in the public-sector project programme.

According to an October forecast by the Confederation of Finnish Construction Industries (RT), the volume of construction will decline by 1% in 2015. RT predicts that in the near future the situation in the infrastructure construction will remain somewhat uncertain; several large projects are ending and there are no major projects on the horizon to compensate for the decline. Furthermore, the state is transferring its infrastructure funding from investments to fundamental road maintenance and reducing the repair backlog. RT predicts moderate growth of about 2% for 2016.

According to the construction confidence indicators published by the Confederation of Finnish Industries EK, construction business confidence weakened slightly in December but were still on a reasonably good level and clearly better than at the beginning of the year. The order book can be described as being slightly weaker than normal. In November, the Finnish construction confidence indicator was somewhat better than the average for EU countries.

According to Statistics Finland, the costs of the civil engineering industry fell by 1.7% from December 2014 to December 2015. The annual change in costs varied by sub-index from -12.4% in surfacing to 1.7% in concrete structures. The decrease in the total index was particularly affected by the lowered prices of bitumen, fuels and energy in December last year. The fall in costs was mitigated by a rise in labour costs.

IFRS financial statements

The consolidated financial statements and related comparative data were prepared in accordance with the International Financial Reporting Standards (IFRS). In June 2015, Destia Group Plc listed on the main list of Nasdaq Helsinki Oy a MEUR 65 bond targeted at institutional investors. Therefore, the Group has adopted IFRS 8 Operating Segments compliant reporting.

Destia's business operations comprise services covering the entire life cycle of the road and track network and other infrastructure projects from design through implementation to maintenance. Destia's business structure is based on consistent business processes. Due to the nature and administrative structure of the company's business, the operating segment reported is the entire Group.

Destia Group Plc was established 22 April 2014, in connection with the ownership arrangement of Destia Ltd. Comparative figures for Destia Group Plc and Destia Group excluding balance sheet exist only from the second half of the year, 1 July–31 December 2014.

Order book and new orders

Destia's operations in customer and sales work developed positively during the year. Our share of private-sector customers increased both in terms of numbers and revenue. The order book at the end of last year was clearly bigger than at the end of the previous year and is spread over more years than previously.

The order book at the end of December was MEUR 717.4 (628.2). In comparison with the end of 2014, the order book increased by 14.2%.

The most significant new contracts valued at no less than three million euros and signed during the year:

- The construction of the access roads for the E18 Hamina bypass in Hamina, completed in October 2015
- Renovation project for the dam of the Imatra hydroelectric power plant, will be completed in December 2018
- Maintenance Area 12 track and safety equipment maintenance in 2015–2020
- Maintenance services for spare bridge equipment of the Finnish Transport Agency from 2015 to 2020
- Upgrading of National Road 8 at Nousianen, will be completed in December 2016
- Eskola–Ylivieska superstructure contract 2, will be completed by the end of 2017.
- Upgrading of National Road 77 at Viitasaari between Taimoniemi and Keitele, will be completed in October 2017.
- Maintenance Area 8 (Eastern Finland) track and safety equipment maintenance in 2015–2020.
- Regional main road contracts: Sodankylä, Lapua, Puolanka, Kemijärvi–Posio, Parkano and Porvoo, 2015–2018.
- Upgrading of Main Road 148 at Kerava, will be completed by the end of 2016.
- North Savo bridge repair contract, will be completed in December 2016.
- Factory area maintenance contract in Raahe, 2015–2020.
- Construction of an overtaking lane on the Hämeenkyrö section of National Road 3, completed in November 2015.
- A DB (design and build) project for the upgrading of National Road 8 at Luostarinkylä in Rauma, will be completed in November 2016.
- Construction and maintenance of municipal engineering at Varkaus, 2016–2023.
- Construction of a bioproducts factory area at Äänekoski, completed in November 2015.
- E18 Koskenkylä–Kotka motorway maintenance 2015–2020
- Apron extension at Helsinki Airport, will be completed in 2019
- Juva area-wide maintenance contract 2015–2020 (conditional on a decision by the Market Court, owing to an appeal)
- The earthworks and installation work for a natural gas pipeline in Pori, will be completed in May 2016
- Construction of a raw wood terminal at Patokangas, will be completed in October 2016
- Preparatory work at a nuclear power plant area in Pyhäjoki, will be completed in March 2016
- Bridge maintenance and repair contract in Uusimaa, 2016-2017
- Preliminary earthworks at the nuclear power plant area in Pyhäjoki, will be completed in July 2017

Destia was chosen to carry out stage 3 of the National Road 14 project in central Savonlinna, the Laitaatsalmi deep-water channel. The tender decision was appealed and the appeal procedure is ongoing.

Revenue development

Destia Group's revenue in the financial year it was MEUR 462.8 (7–12/2014: 261.8).

In the financial year other operating income amounted to MEUR 8.1 (1.7). In addition to a business transaction, this mainly includes sales income from fixed assets and sales and rental profit from property.

Result development

Destia's operating profit for the financial period was MEUR 12.9 (12.5). The Group's result for the financial period was MEUR 6.7 (5.5).

Operating profit for the financial period includes a total of MEUR 5.1 in sales profits from business and property transactions. The operating profit for the reference year was encumbered by MEUR 2.2 of costs, and the result for the reference year was encumbered by MEUR 4.7 of costs, which relate to the acquisition and financial arrangements of Destia's shares.

Destia Group's income taxes in the financial year totalled MEUR 1.9 (1.9).

Balance sheet, cash flow and financing

Total assets on Destia's balance sheet were MEUR 266.3 (264.6) at the end of the reporting period. Return on investments (ROI) was 9.4% (9.2), equity ratio was 31.2% (29.4), and gearing was 32.6% (42.4).

Group's key figures (IFRS), MEUR	Destia Group 1–12/2015	Destia Group 7–12/2014
Revenue	462.8	261.8
Operating profit	12.9	12.5
% of revenue	2.8	4.8
Result for the period	6.7	5.5
% of revenue	1.5	2.1
Return on investment, %	9.4	9.2
Earnings per share, EUR	56.14	53.77
Equity ratio, %	31.2	29.4
Net gearing, %	32.6	42.4
Average personnel	1,505	1,502
Occupational accidents resulting in absence from work *	7.6	9.3
Order book at the end of period	717.4	628.2

* Occupational accidents of Destia´s own personnel per one million working hours

As a result of seasonality and successful working capital management, operating cash flow developed well at the end of 2015. Owing to the seasonality of construction, the demand for working capital is at its greatest in the second and third quarters. In the fourth quarter, cash flow again turned positive. The cash flow of the financial year comprised operating cash flow of MEUR +10.8, investment cash flow of MEUR -2.1 and financial cash flow of MEUR -3.5. Financial cash flow includes the amortisation by MEUR 2.0 of hybrid loans in accordance with the decision made at the Annual General Meeting and interest payments of about MEUR 1.5.

The financial position of the Group remained moderate. The financial assets on the balance sheet were MEUR 42.9 at the end of the financial year (37.7). The amount of interest-bearing liabilities remained at the same level as at the end of 2014, and was MEUR 66.8. Of all loans, 0.3% was short-term and 99.7% long-term. Interest-bearing net liabilities were MEUR 23.9 (29.1).

Destia subgroup's Commercial Paper programme of MEUR 150 was not used in the financial period, nor was it used in the reference period. For the needs of financing working capital, the company also has at its disposal an unsecured short-term financing limit of MEUR 10.0, which was unused at the end of the financial year.

The MEUR 65 bond released to institutional investors by Destia Group Plc on 19 June 2014 was listed on the Helsinki Stock Exchange maintained by Nasdaq Helsinki Oy in June. On 17 June 2015, the Financial Supervisory Authority approved the bond's prospectus. This bond is unsecured and will mature in full in June 2019. The loan coupon has a variable interest rate based on the three-month Euribor rate, and the loan margin is 4.5%. It is hedged in the Group by means of an interest rate swap up to the time of its maturity.

Consolidated shareholders' equity includes equity hybrid loans from Ahlström Capital Group 27.0 million euros (29.0) and interest rate on loans is 10%. The amortisation and interest payments of hybrid loans are decided by the Annual General Meeting on a proposal by the Board of Directors. From 2015 onwards, interest costs are recorded as they are paid, adjusted by the effect of tax on the results of previous financial years.

Shares, share capital and equity

The registered share capital of Destia Group Plc is EUR 80,000 and its total number of shares is 80,000. The company is 100% owned by AC Infra Oy, which is part of the Ahlström Capital Group.

Destia Group's equity also includes an invested unrestricted equity fund of MEUR 38.0 and hybrid loans totalling MEUR 27.0 from Ahlström Capital and AC Infra Oy.

Destia Group Plc's group contribution to Ahlström Capital in the 2015 financial year was MEUR 2.3.

Investments and divestments

In the financial year, Destia Group's gross investments were MEUR 9.2 (72.5), which amounted to 2.0% (27.7%) of revenue. The investments were mainly fleet investments and the acquisition of the share capital of Destia Ltd in the reference year.

On 23 November 2015, Destia concluded the sales of its measuring, drilling and laboratory services to Mitta Oy. The sale of these businesses clarified Destia's business portfolio, strengthened the balance sheet and created better conditions for developing and growing of core operations. The transaction was concluded on 31 December 2015.

Personnel

Destia's number of personnel during the financial year was 1,505 (1,502). At the end of December, the number of personnel was 1,492 (1,429), of whom 1,403 (1,354) were permanent and 89 (75) temporary employees. Due to the seasonality of the business, the number of personnel varies during the year, peaking in the summer. As a result of the transaction concluded with Mitta Oy, 98 people working in measuring, drilling and laboratory services were transferred to the service of Mitta Oy on 1 January 2016 as old employees.

New collective agreements for infrastructure industry employees and salaried personnel were signed on 27 February 2014. Both agreements are valid from 1 April 2014, and the contractual period for both agreements consists of two contractual periods: 1 April 2014–31 January 2016 and 1 February 2016–31 January 2017.

On 30 September 2015, Destia's Board of Directors decided on the structure and principle of a bonus scheme for 2016 covering all personnel. The numerical objectives of the bonus scheme were confirmed on 16 December 2015. The bonus scheme forms part of the overall personnel reward scheme. The bonus scheme brings a supportive, in-house co-operation- and strategy-enhancing control and reward element to compensation. The scheme will support the development of the company's profitability and operating conditions. The target group for the new bonus scheme is comprised of five different personnel groups: 1) personnel working on Destia projects; 2) work supervisors; 3) support function personnel and business unit support personnel; 4) business unit managers, and 5) Executive Vice Presidents.

On 30 October 2014, Destia Group Plc's Board of Directors decided to adopt a new long-term management incentive scheme for 2014–2018. The purpose of the scheme is to commit certain key persons to the company and offer them a competitive bonus system. The Board of Directors decides on the long-term incentive scheme and the persons covered by it. The scheme covers some 75 persons. The earnings period is 2014–2018, and the earnings criterion is the value increase of the company. The criteria for the long-term incentive scheme are the same for all people belonging to the scheme. These criteria apply to the whole Group and differ from the bonus scheme criteria. Remuneration accumulated in the earnings period will be paid in cash no later than in 2019. Based on the scheme, a cost of MEUR 1.6 was entered for 2015, after which the balance sheet includes a total liability of MEUR 2.7 in relation to the incentive scheme.

In 2015 personnel costs were MEUR 88.2 (86.9), which amounted to 19.1% (20.1) of revenue. The costs include MEUR 5.3 (5.6) in performance and incentive bonuses for all personnel.

In the financial year, the annual personnel survey was carried out by an external organisation for which the response rate was 76% (78%). The results of the survey continued to show positive development and are on a good level. The overall average of the survey of 3.81 (3.79) was up from the previous year and was higher than the average for similar companies. The results were processed together with the personnel and, based on them, development measures were prepared for each unit.

Human resources development in the year gone by remained Destia's strategic area of focus. Goal-oriented customer work was promoted by means of the annual Tositoimi training. Investments in occupational safety were continued and Destia achieved a new record in occupational safety for the third consecutive time. Our accident frequency was

7.6 occupational accidents per one million working hours. In projects, the improvement of occupational safety has also been evident as an increase in the number of safety observations made and in good feedback received from customers and industrial safety authorities. Safety observations have significantly helped in the prevention of accidents.

In 2015, we initiated and advanced several internal development projects aimed at digitalising functions. One of our greatest efforts has been the Voima project, in which we are harmonising our operating practices and building tools to support our business. In 2016, the Voima development project will proceed to commissioning.

Organisational structure and management

In 2015, Destia's operations were divided into four regional business units: Southern Finland, Western Finland, Eastern Finland and Northern Finland, as well as the national Consulting Services business unit.

The business of the regional business units includes the construction and maintenance of traffic routes, industrial and traffic environments and the complete living environment, as well as the services of the winter maintenance management centre, Kelikeskus. The Rock Construction, Railway Construction and Maintenance, Aggregates and Fleet business units are part of the regional business units.

The national business unit, Consulting Services, took care of design, surveying and international consultancy.

In 2015, the following support functions supported the business units: Economics & Financing, Legal Services, Human Resources (Personnel), Large Project Sales and Development, Business Development and Operational Excellence.

In 2015, Destia's Management Team comprised President & CEO Hannu Leinonen, CFO Pirkko Salminen, Director Jouni Karjalainen, and Executive Vice Presidents Minna Heinonen, Pasi Kailasalo, Jukka Raudasoja, Marko Vasenius and Seppo Ylitapio, and personnel representative Jouko Korhonen.

In December 2015, the decision was made to reorganise the organisation from 1 January 2016. In 2016, Destia's organisation will still comprise four regional business units, Southern Finland, Western Finland, Eastern Finland and Northern Finland, as well as the national Consulting Services and support functions.

From the beginning of the year, Heidi Erha was appointed Executive Vice President of the Consulting Services business unit and a member of the Management Team. Erha will also continue to be responsible for Business Development and Operational Excellence. On 1 January 2016, Jukka Raudasoja was transferred to special management functions.

In 2016, five support functions serve as support for business: Economics & Financing, Human Resources (Personnel), Legal Services, Corporate Planning and Business Development and Operational Excellence.

At the beginning of 2016, the functions of Large Project Sales and Development were transferred to the newly-established Corporate Development unit. From the beginning of the year, Timo Vikström was appointed Executive Vice President of the Corporate Planning unit and a member of the Management Team. Jouni Karjalainen will continue in his present role, reporting to Timo Vikström.

As of 1 January 2016, Destia's Management Team comprises President & CEO Hannu Leinonen who will serve as Chairman, with the members being HR Director Laura Ahokas, Legal Affairs Manager Aki Markkola, CFO Pirkko Salminen, Director Jouni Karjalainen, and Executive Vice Presidents Timo Vikström, Heidi Erha, Minna Heinonen, Pasi Kailasalo, Marko Vasenius and Seppo Ylitapio, and personnel representative Kimmo Laaksola.

Decisions of the Annual General Meeting

Destia Group's Annual General Meeting held on 17 March 2015 confirmed the company's financial statements for 2014 and discharged the members of the Board of Directors and the President & CEO from liability for the accounting period 1 January–31 December 2014. The Annual General Meeting decided, as proposed by the Board of Directors, that no dividends or capital repayment be paid for the accounting period ending 31 December 2014, but that MEUR 2 be paid to amortise the hybrid loans, and that MEUR 1.5 of accrued interest on the hybrid loans also be paid.

The meeting decided that the number of board members would be six and elected Arto Räty as Chairman of the Board. Jacob af Forselles, Matti Mantere, Panu Routila and Solveig Törnroos-Huhtamäki were re-elected as the other members of the Board of Directors. Marcus Ahlström was elected as a new member of the board.

The Board of Directors elected Panu Routila as Vice Chairman at its organising meeting. Two permanent committees were appointed to support the work of the Board of Directors: a Human Resources Committee and an Audit Committee. Arto Räty was elected Chairman and Jacob af Forselles and Matti Mantere as the members of the Human Resources Committee. Solveig Törnroos-Huhtamäki was elected as Chairperson of the Audit Committee, and Marcus Ahlström and Jacob af Forselles and as members. The Board of Directors also established an assisting committee, which assists the Board and management in certain business projects. Of the members of the Board of Directors, Matti Mantere and Arto Räty are members of the assisting committee.

The Annual General Meeting decided to keep the compensations of the Board members unchanged, with the exception of the compensation paid to the Chairperson of the Audit Committee, which was raised to the same level as that paid to the Vice-Chairperson. However, remuneration will not be paid to the representatives of the company's shareholders serving as members of the Board of Directors.

By a unanimous decision of Destia Group Plc's shareholders, Tero Telaranta was appointed a new board member as of 30 September 2015. Telaranta serves as Investment Director at Ahlström Capital Oy. Destia's board elected Telaranta as a member of the HR Committee.

All Board members are independent of the company and in relation to the owner with the following exceptions: Jacob af Forselles and Tero Telaranta are not independent in relation to the company's shareholder, Arto Räty is not independent in relation to the company and to the company's shareholder as of 18 May 2015, and Panu Routila has been independent in relation to the company's shareholders since 1 November 2015.

KPMG Oy Ab served as Destia Group Plc's auditor in the 2015 financial year. Virpi Halonen (Authorized Public Accountant) served as the auditor with principal responsibility.

Litigation and disputes

On 20 August 2015, the Court of Appeal decided to uphold the verdict of the district court concerning the sale of surplus materials. In November 2012, Destia submitted to the authorities an investigation request regarding the sale of surplus and demolition material for personal benefit at one of its railway sites. In August 2014, Helsinki District Court sentenced three persons to imprisonment which was suspended and one person to a fine. The court ruled that the value of the property misappropriated from Destia and the Finnish Transport Agency, totalling €163,500, must be repaid as requested. Two of the convicted appealed the verdict of the district court at the Court of Appeal. None of the convicted people works for Destia anymore.

In December 2015, criminal charges were brought against three Destia employees over environmental offences. The proceedings are based on the view that the employees are guilty of environmental offences at the Harjula soil area in Mäntsälä between autumn 2010 and summer 2012. In addition, the prosecutor requests that Destia Ltd be set a corporate fine of at least 50 thousand euro and be ordered to lose the financial proceeds of crime, some 580 thousand euro. Destia denies the claims made. In summer 2012, on its own initiative the company informed the environmental authority that soil had by mistake been taken from outside the extraction area covered by the valid permit, but from property owned by the company. The environmental authority was notified immediately when the mistake had been detected. The environmental authority filed a request for investigation in January 2013.

On 16 December 2015, the Market Court gave its decision in the case concerning the unsuitable actions in business of Suomen Maastorakentajat Oy when it utilised tender documents produced by Destia in its own commercial tendering. The decision of the Market Court forbids Suomen Maastorakentajat from continuing with or repeating such actions, on pain of a €100,000 fine. The temporary injunction issued by the Market Court on 25 February 2015 concerning the same case has now been repealed. Suomen Maastorakentajat is obliged to pay to Destia slightly over €40,000 plus interest in court costs arising from the case. The decision is not yet legally binding.

In the Metro construction projects, Destia has disputes about contract payments with Länsimetro Oy. At the end of 2015, Destia initiated a lawsuit against Länsimetro at Espoo District Court and Länsimetro responded with a countersuit.

Short-term risks and uncertainties

Destia classifies risks as market and operating environment risks, operational risks, financial risks and damage risks.

Concerning the market and operating environment risks, fluctuation in the economy and uncertainty in the market situation are particularly causing a significant risk for Destia's business. Both public and private sector investments in infrastructure construction are decreasing, which is reflected in the competitive situation in the industry. The competitive situation in Destia's core business areas continues to be fierce. Success in tendering for regional main road maintenance contracts as well as large contracts is of paramount importance. New forms of tendering have emerged in the tendering for major public projects, which require a new kind of expertise.

The fluctuation in the price of oil-based commodities causes uncertainty with regard to the profitability of the company. The risk is being prevented by monitoring and assessing the commodity price development, by ensuring key procurements economically from a project perspective, and by hedging the price risks using derivative instruments.

In the management of risks caused by the operating environment, it is essential to focus on the selected business areas, and to ensure the operational cost-efficiency, solidity, as well as readiness to react in varying situations.

The most significant operational risks concern project management and profitability. Uncertainty is being created by the potential fluctuation of input prices and the ability to manage project risks. The key factors in project management are an efficient process from tender calculation to implementation, cost monitoring, ensuring resources and developing project management expertise.

Destia has invested in the reliable financial reporting, which is a requirement for the identification and assessment of financial risks. The reliability of financial reports is ensured through monitoring and by developing control methods. Risks are also associated with the updating of the Group's ERP system, on part of which the company is carrying out separate risk assessment and monitoring.

The Destia subgroup's freedom from net liabilities has significantly reduced financial risks. Financial risks related to the financing of the parent company, Destia Group Plc, are managed in accordance with the treasury policy.

In Destia's damage risk management, the key factors are proactive project management procedures, investments in occupational safety and ensuring adequate insurance cover.

Corporate responsibility

Destia's vision is to be the number one choice for its customers and the number one in infrastructure in Finland, which requires responsible operations, both from the company and from those who work with it. Destia divides its corporate responsibility into financial, social and environmental responsibility. These fields are further split into materiality aspects which, in addition to the ethical guidelines, also control the implementation of responsibility in the daily work of the Group.

In corporate responsibility reporting, Destia follows the reporting guidelines of Global Reporting Initiative (GRI) and its G4 version at the core level. As part of its corporate responsibility, Destia issues an annual report, which also contains a GRI compilation.

Environmental issues

Destia holds the international combined ISO 9001 and 14001 quality and environmental certificate concerning all contracting services, or services for infrastructure construction and maintenance consulting, aggregates, and railways. In the financial year, operational focus was placed on eco-efficiency, use of natural resources and materials, consumption of fuels and energy, operational environmental safety, and consideration for the areas near locations where Destia operates. Destia's environmental issues are reported more closely in the annual report.

Research and development

Destia divides its product development into three areas: model-based production, production mobile information collection and production-oriented method and technology development. During the financial year, Destia proceeded with the development of methods and equipment that improve productivity and safety, and it had ongoing more than 50 model-based construction projects.

R&D costs totalled MEUR 0.9 (0.5). Also ongoing were several significant development projects aimed at digitalising the company's operations. The most significant of these was an enterprise resource planning (ERP) system development project. The development costs of these activities were MEUR 1.5 (0.6).

Destia's research and development activity is reported more closely in the company's annual report.

Corporate Governance Statement

Destia Group Plc's Corporate Governance Statement will be published in the company's 2015 annual report on Destia's website at www.destia.fi.

Events following the reporting period

No events.

Growth strategy and financial objectives

The Board of Directors has ratified Destia's strategy for 2014–2022 and the financial objectives for the 2014–2016 business planning period. The key focus of the strategy is to grow profitably on the infrastructure market through good customer work, by making good use of in-house expertise and by developing it.

Based on this, the Board confirmed the following financial objectives for the 2014–2016 business planning period:

- Average growth in revenue of 5% per year
- Operating profit of 4% by the end of 2016
- Return on investment of 15% by the end of 2016
- Equity ratio of 40% by the end of 2016

In autumn 2016, the financial targets will be updated for the business planning period 2017-2019. Based on the information available currently, it seems likely that the financial objectives will not be reached in 2016.

Large road projects requiring special expertise and infrastructure maintenance constitute Destia's core business. In accordance with its strategy, in the financial year just concluded the company succeeded in increasing the volume of private sector orders in its order book, which shows that the development of customer and sales work has been fruitful. In the year just ended, Destia concluded a contract for the first project to be carried out based on the alliance model, the apron expansion contract at Helsinki Airport. In this project, which will be implemented in a particularly demanding working environment, Destia will utilise its diverse infrastructure expertise. In the railway business, Destia has achieved a significant intermediate target, now that half of the maintenance contracts on Finland's railway network are taken care of by the company.

Outlook for 2016

The operating environment for the infrastructure field and the whole construction sector remains challenging and competition for projects continues to be tough. Demand for projects, however, will remain moderate owing to several large private sector projects and to extra funding announced by the State for infrastructure projects, fundamental road maintenance and a reduction in the repair backlog.

Together with the development of customer and sales work, the order book provides a good basis for 2016. At the beginning of the year, the margin content of the order book did not contain contract-related compensation opportunities, for which reason the order book margin is lower than the previous year. The order book coupled with the measures that have been taken towards improving customer work and project management provide a solid foundation for maintaining good profitability and cash flow.

Market guidance for 2016

Destia's revenue for 2016 is expected to grow, and operating profit is expected to fall short of the previous year.

Proposal by the Board on the use of distributable assets

Destia Group Plc's FAS-compliant profit for the financial year was EUR 3,051,660.32, which is proposed to be recorded on the profits and losses account. Destia Group Plc's distributable assets total EUR 35,884,803.10, including the EUR 38,000,000 in the invested unrestricted equity fund.

Destia Group Plc's Board of Directors proposes to the Annual General Meeting that no dividend or repayment of capital be paid for the financial period that ended on 31 December 2015.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2015	1 July–31 Dec 2014
Revenue	4, 5	**462,758**	**261,780**
Other operating income	7	8,144	1,698
Materials and services	6	324,683	176,732
Employee related expenses	10	88,161	46,903
Depreciations	8	9,085	4,715
Other operating expenses	7	36,105	22,663
Operating profit		**12,868**	**12,465**
Financial income	12	130	30
Financial expense	12	4,343	5,063
Profit before taxes		**8,655**	**7,432**
Income taxes	13	1,934	1,944
Result for the period		**6,721**	**5,487**

EUR 1,000	Note	1 Jan–31 Dec 2015	1 July–31 Dec 2014
Other comprehensive income including tax effects			
Items that will not be reclassified to profit or loss			
Items resulting from remeasurement of the defined benefits-based net liability (or asset item)		1,979	-1,512
		1,979	**-1,512**
Items that may be subsequently reclassified to profit or loss			
Translation differences from foreign subsidiaries		1	-1
Cash flow hedges		-158	-907
		-157	**-908**
Other comprehensive income net of tax		1,823	-2,420
Comprehensive income for the financial year		**8,543**	**3,068**

Result for the period and comprehensive income for the period belong to the parent company shareholders

CONSOLIDATED BALANCE SHEET, IFRS

EUR 1,000	Note	31/12/15	31/12/14
ASSETS			
Non-current assets			
Property, plan and equipment	15	54,583	56,829
Goodwill	16	82,829	83,154
Other intangible assets	18	2,203	1,723
Financial assets available-for-sale	20	2,116	2,083
Deferred tax assets	24	2,778	3,739
Non-current assets, total		**144,509**	**147,529**
Current assets			
Inventory	21	17,544	19,876
Accounts and other receivables	22	61,335	59,555
Cash and cash equivalents	23	42,867	37,650
Current assets, total		**121,746**	**117,081**
Assets, total		**266,256**	**264,610**

EUR 1,000	Note	31/12/15	31/12/14
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company	25		
Share capital		80	80
Invested unrestricted free equity fund		38,000	38,000
Hybrid loans		27,000	29,000
Other items		-1,064	-908
Retained earnings		9,281	2,493
Equity, total		**73,297**	**68,666**
Non-current liabilities			
Deferred tax liabilities	24	1,549	956
Pension liabilities	30	186	2,750
Provisions	31	13,157	13,801
Financial liabilities	26	64,916	64,399
Other liabilities	27, 29	2,708	1,100
Non-current liabilities, total		**82,517**	**83,006**
Current liabilities			
Accounts and other payables	28	73,264	75,303
Provisions	31	5,461	5,941
Financial liabilities	26	392	471
Advances received		31,326	31,224
Current liabilities, total		**110,442**	**112,938**
Equity and liabilities, total		**266,256**	**264,610**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1 Jan–31 Dec 2015	1 July–31 Dec 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	465,760	262,555
Expenses paid to suppliers and personnel	-450,216	-239,667
Interest paid	-3,429	-1,678
Dividends received	3	
Interest received	63	38
Other financial items	-362	-993
Tax paid	-1,069	-2,275
Net operating cash flow	**10,751**	**17,980**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in intangible and tangible assets	-8,827	-4,874
Sale of intangible and tangible assets	6,808	2,212
Subsidiary shares acquired		-87,532
Investments in other assets	-440	
Proceeds from the sale of other investments	406	
Net investment cash flow	**-2,053**	**-90,194**

EUR 1,000	1 Jan–31 Dec 2015	1 July–31 Dec 2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Rights issue		80
Investment in Invested unrestriced free equity fund		38,000
Increase in non-current debt (+)		65,000
Increase in non-current financial instrument classified as equity instruments (+)		17,000
Decrease in non-current financial instrument classified as equity instruments (-)	-2,000	
Increase in short-term financing (+)		9,000
Decrease in short-term financing (-)		-15,781
Interests and other financial items paid	-1,482	-3,426
Net financial cash flow	**-3,482**	**109,873**
Change in cash and cash equivalents	**5,216**	**37,659**
Cash and cash equivalents at the beginning of the financial year	**37,650**	
Effect of exhange rate changes	1	-9
Cash and cash equivalents at the end of the financial year	**42,867**	**37,650**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

EUR 1,000	Equity attributable to equity holders of the parent company						
	Share capital	Hedge instrument fund	Invested non-restricted equity fund	Hybrid loans	Translation differences	Retained earnings	Total
Equity 1 July 2014							
Other comprehensive income							
Result for the period						5,487	5,487
Other comprehensive income							
Translation differences					-1		-1
Cash flow hedges		-907					-907
Items resulting from redefinition of the benefits-based net liability (or asset item)						-1,512	-1,512
Comprehensive profit and loss for the financial year, total		**-907**			**-1**	**3,976**	**3,068**
Transactions with owner after 1 July 2014							
Rights issue	80						80
Investment in invested unrestricted free equity fund			38,000				38,000
Hybrid loans				29,000			29,000
Interest on hybrid loans						-1,482	-1,482
Equity total 31 Dec 2014	**80**	**-907**	**38,000**	**29,000**	**-1**	**2,493**	**68,666**

EUR 1,000	Equity attributable to equity holders of the parent company						
	Share capital	Hedge instrument fund	Invested non-restricted equity fund	Hybrid loans	Translation differences	Retained earnings	Total
Equity 1 Jan 2015	80	-907	38,000	29,000	-1	2,493	68,666
Other comprehensive income							
Result for the period						6,721	6,721
Other comprehensive income							
Translation differences					1		1
Cash flow hedges		-158					-158
Items resulting from redefinition of the benefits-based net liability (or asset item)						1,979	1,979
Comprehensive profit and loss for the financial year, total		**-158**			**1**	**8,700**	**8,543**
Transactions with owner							
Amortisation of hybrid loan				-2,000			-2,000
Group contribution to Ahlström Capital Oy						-2,300	-2,300
Other changes						388	388
Equity total 31 Dec 2015	**80**	**-1,064**	**38,000**	**27,000**		**9,281**	**73,297**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIC INFORMATION ABOUT THE GROUP

Destia Group Plc was established on 22 April 2014 in connection with the ownership arrangement of Destia Ltd and owns 100% of Destia Ltd's shares. The Destia Group has continued the business operations of Destia subgroup (Destia). Destia is a Finnish infrastructure and construction service company, which plans, builds and maintains traffic routes and industrial and traffic environments as well as complete living environments. Our services cover the whole spectrum, from overground operations to subterranean construction. The Group mainly operates in Finland.

The Group's parent company is Destia Group Plc. The parent company is located in Vantaa, c/o Destia Oy, PO BOX 206, 01301 Vantaa. Destia Group Plc is owned by AC Infra Oy, which is part of the Ahlström Capital Group.

A copy of the Consolidated Financial Statements is available at www.destia.fi or from Destia Ltd's head office at Neilikkatie 17, 01300 Vantaa.

On 11 February 2016, Destia Group Plc's Board of Directors authorised these financial statements for issue in their entirety. Under the Finnish Limited Liability Companies Act, shareholders may approve or reject the financial statements at the General Meeting held following their publication. The General Meeting may also take the decision to amend the financial statements.

1. ACCOUNTING PRINCIPLES

Basis of accounting

The Destia Group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the preparation abided by the International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS) as well as the interpretations by the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) in force as at 31 December 2014. The International Financial Reporting Standards refer to the standards approved in the Finnish Accounting Act and provisions issued by virtue of it to be adopted in the EU in accordance with the procedure regulated by the EU regulation (EC) no 1606/2002 and the subsequent interpretations. The notes to the consolidated financial statements are also in line with the requirements of the Finnish accounting and Community legislation supplementing the IFRS regulations. As the Destia Group Plc was established in connection with the ownership arrangement of Destia, comparative figures do not exist for the Destia Group except for the latter half of the year.

The consolidated financial statements and its notes report on the financial development of the Destia Group from 1 Jan to 31 Dec 2015 and, with regard to the prior period, from 1 Jul to 31 Dec 2014.

The Consolidated Financial Statements were prepared under the historical cost convention, with the exception of assets held for sale, financial assets and liabilities recognised at fair value through profit or loss, and fair value hedges, which are measured at fair value. The Consolidated Financial Statements are presented in thousands of euros.

Preparing the Consolidated Financial Statements in accordance with IFRS requires management to make certain estimates and have information relating to the decisions the management has taken. Information relating to these decisions, used in the application of the Group's accounting policies, and which significantly affect the amounts recognised in the financial statements, is given in the section entitled 'Accounting policies requiring management judgement and the main factors of uncertainty connected with the estimates made'.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intra-Group shareholdings are eliminated using the acquisition method. The consideration transferred, the acquired company's identifiable assets and liabilities are measured at fair values. Expenses relating to the acquisition are recognised as costs. The consideration transferred does not include transactions treated separately from the acquisition. Their effect is accounted for through profit or loss at the time of the acquisition. Any contingent consideration is measured at its fair value at the acquisition date, and is classed either as a liability or equity. Contingent consideration classed as a liability is measured at fair value at each reporting date, and the resulting profit or loss is recognised through profit and loss or as other comprehensive income. Contingent consideration, which has been classified as equity is not remeasured. Acquired subsidiaries are consolidated from the date the Group has acquired control, and transferred subsidiaries until that control ceases. All of the Group's internal commercial transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated on consolidation. Unrealised losses are not eliminated if the loss is due to impairment. Changes to the parent company's share of ownership in the subsidiaries that do not lead to a loss of control are treated as equity accounted transactions.

Joint arrangements

Joint arrangements are arrangements in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements are either a joint operation or a joint venture.

A joint venture is an arrangement in which the group has rights to the net assets of the arrangement, whereas in a joint function, the group has rights concerning the assets and obligations concerning the liabilities related to the arrangement. The group's consortia are joint operations from which the group has consolidated its own assets, liabilities, earnings and costs, as well as its own share of joint assets, liabilities, earnings and costs.

Changes to items denominated in foreign exchange

The results and financial position of the units in the Group are denominated in the currency at the unit's main operating environment ('functional currency'). The numbers in the Consolidated Financial Statements are presented in euros, which is both the functional and presentation currency of the Group's parent company.

Commercial transactions denominated in foreign exchange

Commercial transactions denominated in a foreign currency are converted to in the functional currency at the rate on the date of the transaction. For practical reasons, a rate that approximates the actual rate at the date of the transaction is often used. Monetary items denominated in a foreign currency are converted to the functional currency using the closing rate at the end of the reporting period. Non-monetary items denominated in a foreign currency, and which are measured at fair value, are converted to the functional currency using the exchange rates at the date on which fair value is measured. Otherwise, non-monetary items are measured at the exchange rate on the date of the transaction.

Gains and losses from commercial transactions denominated in a foreign currency and changes to monetary items are recorded through profit or loss. Exchange rate gains and losses from the business operation are included in equivalent items above operating profit. Exchange rate gains and losses from loans denominated in foreign currencies are included as financial income and expenses, to the extent that these loans are effective in protecting net investment in foreign units. These exchange rate differences are recognised in other comprehensive income, and accumulated exchange rate differences are disclosed in separate component of equity, until the foreign unit is partially or wholly disposed of.

Conversion of the financial statements of foreign companies in the Group

Items in the statements of comprehensive income including the income statements of foreign group companies are converted to euros at the exchange rates on the dates on which the commercial transactions take place, while the numbers in the balance sheets are converted using the exchange rates on the date on which the reporting period ends. The translation of the profit and loss items, causes a translation difference in equity on the balance sheet due to the different foreign exchange rates used. This difference is recorded in 'Other comprehensive profit and loss items'. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the conversion of equity items accumulating after an acquisition are recognised in other comprehensive income. If a subsidiary is sold wholly or partially, the accumulated translation differences are reclassified to profit or loss as part of the profit or loss from sales.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

A cost comprises the expenditure incurred directly from acquiring an item of property, plant and equipment, including the costs of dismantling or moving the asset based on the initial estimate, and of restoring the location to its original state, if the organisation has such an obligation. The costs of an asset that have been produced by the company itself includes the costs of materials, direct costs relating to employee benefits and other direct costs of preparing the asset for its intended use. When preparation of an asset for its intended purpose or sale requires a good deal of time, the direct borrowing costs of its acquisition, construction or production are capitalised as part of its acquisition costs.

If an asset consists of more than one part, and the lifespan of these parts vary in length, each part is accounted for as a separate commodity. In such cases, expenditure for the replacement of the part is capitalised and any book value remaining when that replacement takes place is derecognised. Expenditure incurred at a later date is only included in the book value of a property, plant and equipment only if it is probable that the future economic benefits associated with the expenditure will flow to the group and the acquisition cost of the commodity can be reliably determined. Other repair and maintenance costs are recognised as incurred. Assets are depreciated during their estimated useful life on a straight-line basis. The exception to this is areas of soil, depreciation on which is calculated according to expected use. No depreciation is calculated for land.

Estimated useful lives are as follows:

- Buildings: 10–40 years
- Machinery and equipment: 3–20 years
- Other items of property, plant and equipment: according to use

An asset's residual value and its useful life are reviewed at the end of each financial year, at the very least, and, where necessary, are adjusted to reflect the changes that have taken place with regard to the expectations of its future economic benefit. When a tangible fixed asset is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, asset is no longer subject to depreciation. The gains and losses from the sale of decommissioned property, plant and equipment or their disposal are recognised in profit and loss.

Government grants

Government/public subsidies are recorded through profit and loss when there is a reasonable assurance that they will be received. Subsidies that have been received as payments against already realised costs are recognised through profit or loss in the period in which the subsidy is received. Subsidies are presented in other operating income.

Intangible assets

Goodwill

Goodwill is recognised at the amount by which the consideration transferred exceeds the Group's share of identifiable fair value net assets for an acquired company on the date it is acquired. No deprecation is recognised on goodwill (or any other intangible assets with indefinite useful lives), it is tested annually for potential impairment. For this purpose, goodwill is allocated to the relevant group of cash-generating units. Goodwill is measured at cost less accumulated impairment losses.

Research and development expenditure

Research expenditure is recognised through profit or loss. Development expenditure incurred from the planning of new or more advanced procedures and concepts is capitalised as intangible assets in the balance sheet from the time when they are technically feasible, can be commercially exploited and can be expected to generate probable future economic benefits. Capitalised development costs include the material, labour and testing costs which are directly incurred when preparing the commodity for its intended purpose. Previously amortised development costs are no longer recognised at a later date. Amortisation begins when the asset is available for use. Assets under development are tested annually for impairment. After initial recognition, capitalised development costs are measured at the cost less accumulated amortisation and impairment.

Other intangible assets

An intangible asset is entered on the balance sheet at its original acquisition cost, when the cost can be reliably determined and where the Group expects it is likely that future significant benefit from the asset will flow to the group.

Intangible assets with a finite useful lives are amortised on a straight-line basis through profit or loss over their known or estimated useful life.

The estimated useful lives for other intangible assets are:

- Computer software: 5 years
- Other intangible rights: 5 years

Inventory

Inventory is measured at the lower of acquisition cost or net realisable value. The acquisition cost is determined using the weighted average cost formula. The acquisition cost of finished goods and work in process inventories consists of the raw materials, expenses incurred from direct work, other direct expenses, an appropriate share of the variable general costs of manufacture and fixed general costs at a normal level of activity. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary for completion and the to realise a yield.

Lease agreements

The Group as lessee

Lease agreements relating to property, plant and equipment, under which the Group has substantially all the risks and rewards of ownership, are classified as finance lease agreements.

An asset acquired through a finance lease agreement is entered on the balance sheet at inception of the lease at the lower of fair value of the leased asset and the present value of the minimum lease payments.

An asset acquired through a finance lease agreement is depreciated over the shorter of its useful life or within the lease term. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so that the finance charge is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability. Rental obligations are included in financial liabilities.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

The Group as lessor

Assets let by the Group are included as property, plant and equipment on the balance sheet. They are depreciated during their useful life in the same way as equivalent items of property, plant and equipment which are used by the Group. Revenue from lease agreements is charged to the income statement on a straight-line basis over the period of the lease.

Impairment of tangible and intangible assets

At the end of each reporting period ends, the Group assesses whether there are indications that an asset is impaired. If there is evidence of impairment, an estimate is made of the assets recoverable amount. In addition, an estimate is made each year for the following: goodwill, intangible assets with an indefinite useful life and intangible assets in progress.

Evidence of impairment is examied for each cash generating unit, i.e. at the lowest unit level, which is mainly independent of the other units and whose cash flows can be distinguished from the cash flows of equivalent units. The recoverable amount is the greater of the fair value of the asset less costs of sale or its value in use. The value in use is the present value of future net cash flows expected to be derived from an asset or cash-generating unit. Discounting has been performed in accordance with IAS 36.

An impairment loss is recognised when the carrying amount of an asset is greater than its recoverable amount. An impairment loss is recognised directly through profit or loss. If the impairment loss is allocated to a group of cash-generating units, it is first applied to reduce the goodwill of the group of the cash-generating units. When an impairment loss is being entered, the useful life of the asset being depreciated is re-assessed. An impairment loss for an asset, other than goodwill, is reversed if there has been a change in the values used to determine the recoverable amount on the asset. Impairment losses, however, cannot be reversed to the extent that the asset's carrying amount would be greater than of no impairment loss had been recognised. Under no circumstances can impairment losses recognised for goodwill be reversed.

Employee benefits

Pension obligations

Pension schemes are classified as defined benefit plans or defined contribution plans. Under the defined contribution plan the Group pays fixed contributions into a separate unit. The Group has no legal or constructive obligation to increase contributions if the organisation in receipt of the contributions is unable to pay the relevant pension benefits. All schemes that do not fulfil these conditions are defined benefit plans. Contributions made into defined contribution plans are recognised through profit or loss in the financial year in which the obligation arises.

The Group's obligations regarding defined benefit plans are calculated separately for each plan by using the projected unit credit method.

Pension expenses are recognised as costs on the basis of authorised actuarial calculations for the length of service of personnel. When the present value of a pension obligation is being calculated, the discount rate used is the return on high-quality bonds issued by companies, and if that is not available, the interest on state debentures. The maturity of bonds and debentures corresponds to the maturity of the pension obligation being calculated. From the present value of a pension obligation on a balance sheet is subtracted the assets included in the pension plan measured at fair value at the end of reporting period and the non-vested past service costs.

Past service costs are recognised on the straight-line basis through profit or loss for the period in which they are vested. If the benefits are vested directly, they are recognised as direct costs.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are stated at the present value of the liability. Provisions are determined by discounting the expected future cash flows that reflects current market assessment of the time value of the money and risks specific to the liability. If the Group expects a provision to be reimbursed, by a third party the reimbursement is recognised as a separate asset if it is virtually certain that reimbursement will be received.

A warranty provision is recognised when a project covered under a guarantee clause is delivered. The amount of the warranty provision is based on an experience-based estimate of the guarantee costs likely to be incurred.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting obligations under it.

A reorganisation provision is recognised when the Group has drawn up a detailed reorganisation plan, started to implement the plan and reported the matter.

A provision associated with environmental obligations is recognised when the Group has an obligation based either on environmental legislation or the Group's principles of environmental responsibility and which relates to the decommissioning of a production plant, landscaping responsibilities, repairing environmental damage or moving equipment from one location to another.

A contingent liability is a possible obligation arising as a result of past events and whose existence will be confirmed only when an uncertain event takes place not wholly within the control of the entity. Contingent liabilities may also be regarded as present obligations that are unlikely to require fulfilment of a payment obligation, or a reliable estimate of the amount of the obligation cannot be made. A contingent liability is presented in the Notes to the Financial Statements.

Income tax for the current period and deferred taxes

Tax expenses comprise tax based on taxable income for the period and deferred tax. Income tax is recognised through profit or loss, except for taxes related to items recognised directly in equity or the comprehensive income, tax is recognised in the relevant items. Tax for the current period is calculated using the income tax rate effective in each country. Deferred taxes are calculated on all temporary differences between the carrying amount and tax base. However, no deferred tax liability is recognised if it arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or taxable profit.

Deferred tax liability is recognised for investments in subsidiaries, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will not resolve in the foreseeable future.

The most significant temporary differences arise from the depreciation of property, plant and equipment, the measurement of derivative contracts at fair value, defined benefit pension plans and unused tax losses.

Deferred taxes are calculated using the statutory tax rates or the tax rates which have been approved in practice by the end of reporting period. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

Revenue recognition

Sales (Turnover) are presented in such a way that the revenue from the sales of goods and services at fair value are recognised and adjusted to allow for indirect taxes, discounts and exchange rate differences for sales in foreign currencies.

Construction contracts

The revenue and costs associated with the construction contract are recognised as such with reference to the stage of completion, when the outcome of the project can be estimated reliably. The stage of completion is determined for each project as the percentage of costs incurred the review date compared with the total estimated costs for the project.

Expenditure that relates to a project which has not been entered as income, is recognised as long-term projects in progress under inventory. If the expenditure incurred and recognised gains exceed the amount invoiced for the project, the difference is shown under accounts and other receivables on the balance sheet. If the expenditure incurred and recognised gains are less than what is invoiced for the project, the difference is shown under accounts payable and other liabilities. When the outcome of a construction contract cannot be estimated reliably, the contract costs are recognised as expense in the period in which they are incurred, and revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. If it is probable that the total expenditure incurred in completing the project will exceed total revenue from it, the expected loss is recognised as an expense immediately.

Sold goods and services

Revenue from the sale of goods is recognised when the significant risks, rewards and effective control associated with the ownership of the goods have been transferred to the buyer. As a general rule, this takes place at the time of the delivery in accordance with the terms of the contract. Revenue from services is recognised as revenue in the financial year in which the service is delivered.

Interest and dividends

Interest received is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

Non-current assets held for sale and discontinued operations

Non-current assets (or a disposal group) and assets and liabilities relating to discontinued operations are classified as held for sale, if their carrying amount will be recovered principally through the sale of the assets rather than through continuing use. For this to be the case, the sale must be highly probable, the asset (or disposal group) must be available for immediate sale in its present condition, subject only to terms that are usual and customary, the management must be committed to selling and the sale should be expected to qualify for recognitionas a completed sale within one year from the date of classification.

Immediately prior to classification, the assets held as for sale or assets and liabilities of a disposable group are measured in accordance with the IFRS standards to be applied. From the time of the classification, assets held for sale (or a disposable group) are measured at the lower of their carrying amount or fair value less the expenditure incurred from their sale. Depreciation of these assets ceases at the time of classification as held for sale.

Assets included in a disposable group - and not under in the scope of the IFRS 5 valuation rules - and liabilities (in a disposable group) continue to be measured in accordance with the IFRS standards after the classification date.

A discontinued operation is a component of the Group which has been disposed of or which has been classified as held for sale, and which meets the following conditions: it is a significant separate business unit or unit representing a geographical area of operations, part of a coordinated plan relating to the disposal of a separate major line of business or geographical area of operations, or a subsidiary acquired exclusively with a view to resale. The financial result for discontinued operations is recognised as its single amount in the Group's statement of comprehensive income. Assets held for sale, disposable groups, items recognised in other comprehensive income relating to assets held for sale, and liabilities included in a disposable group are presented in the balance sheet separately from other items.

Financial assets and liabilities

Financial assets

The Group classifies financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose of the acquisition of the financial assets, and they are classified upon initial recognition.

Transaction costs are included in the carrying amount of financial assets, in case of an item that is not measured at fair value through profit or loss. All purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits itself to purchase or sell an asset. The derecognition of financial assets when following conditions are met: the Group has lost the contractual rights to the cash flows, or when it has transferred substantially risks and rewards of ownership outside the Group.

Financial assets at fair value through profit or loss category include financial assets acquired to be held for trading, or financial assets, which are upon initial recognition designated as at fair value through profit or loss (use of fair value option). The latter includes financial assets which are part of a group of financial assets, financial liabilities or both that are managed based on fair values. It may also include financial assets containing one or more embedded derivatives that modify the contractual cash flows significantly. In this case the entire hybrid contract may be designated as at fair value through profit or loss. Financial assets designated upon initial recognition as at fair value through profit or loss shall not be reclassified after initial recognition. Financial assets held for trading are mainly acquired to control changes in short-term market prices. Derivatives that are not financial guarantee contracts or do not qualify for hedge accounting are classified as held for trading. Derivatives that are held for trading and financial assets maturing within 12 months are included in current assets.

Group items are measured at fair value, based on the quoted market prices at the end of the reporting period. The fair values of interest rate swaps are determined as the present value of future cash flows and foreign exchange forward contracts are measured at the exchange rates at the end of the reporting period. When measuring derivatives and other financial instruments that are not held for trading, the Group usually uses approved valuation methods and discounted values for future cash flows. Both unrealised and realised gains and losses from changes in fair value are recognised through profit or loss when they occur.

Loans and other receivables are non-derivative assets with fixed or determinable payments. They are not quoted in active markets and the Group does not hold them for trading or classify them as available-for-sale at initial recognition. Loans and other receivables are stated at amortised cost using the effective interest rate method. Loans and other receivables are presented as current or non-current financial assets depending on their nature, the latter with a maturity greater than 12 months.

Available-for-sale financial assets are non-derivative financial assets specifically that are designated as available for sale or not designated in any other. They are included in non-current assets, except if they are to be held for under 12 months from the last day of the reporting period, in which case they are included in current assets.

Available-for-sale financial assets may consist of shares and interest-bearing investments. They are measured at fair value or, when fair value cannot be reliably measured, at cost. The fair value of an investment is determined with reference to its buying rate. If there are no quoted rates for available-for-sale financial assets, the Group applies various valuation methods which include, for example, references to recent trades between independent bodies, discounted cash flows or valuations for other similar instruments. Information obtained from the markets is generally used for valuations as opposed to using pricing factors determined by the Group itself, which are used as little as possible.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, and are presented in the fair value fund, with consideration being given to tax consequences. The cumulative gain or loss is reclassified from other comprehensive income to profit or loss when an investment is sold or its value is impaired so that an impairment loss on the investment should be recognised. Interest on available-for-sale debt instruments is recognised in finance income using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The items classified as cash and cash equivalents have a maturity of no more than twelve months from the time of acquisition.

Impairment of financial assets

The Group reviews at each reporting date whether there is any objective indication that a financial asset or group of financial assets is impaired. If the fair value of investments is significantly lower than the acquisition cost and period determined by the Group, this is an indication of an impairment of financial assets available-for-sale. If any such indication exists, the previously recognised impairment loss in fair value reserve is recognised in the income statement. An impairment loss on an available-for-sale equity instrument shall not be reversed through profit or loss. An impairment loss on an interest rate instrument is, however, reversed through profit or loss.

The Group recognises an impairment loss on accounts receivables, when there is objective evidence that a receivable is not fully collectible. The borrower's significant financial difficulties, probability of a bankruptcy, default of payment or delay in payment exceeding 90 days are considered as indications of impairment loss on a accounts receivable.

Financial liabilities

Financial liabilities are recognised at fair value upon initial recognition. Transaction costs are included in the initial carrying amount of financial liabilities measured at amortised cost. Subsequently, financial liabilities, except for derivative financial liabilities, are measured at amortised cost using the effective interest rate method. Financial liabilities are classified in non-current and current liabilities. Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability within at least 12 months from the reporting date.

Borrowing costs are recognised as costs in the period in which they are incurred. Commissions associated with loan commitments are recognised as transaction costs to the extent that it is probable that the entire loan commitment or part of it will be drawn. In such a case, the commission is entered in the balance sheet until the loan is drawn. The commission associated with loan commitments is recognised as part of the transaction costs. If the loan commitment is unlikely to be drawn, the commission is recognised as an advance payment for a liquidity service and is amortised over the period of the loan commitment.

Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. Gains and losses resulting from measurement at fair value are treated in the accounts in the way specified by the purpose of the derivative instrument. If the derivatives are used for hedging purposes, hedge accounting is applied and the derivatives are effective hedging instruments, the profit and loss effects of the fair value changes of the derivative instruments are presented uniformly with the hedged item. When entered into, derivative financial instruments are treated as fair value hedges of receivables, liabilities or fixed commitments, or, in the case of currency exchange risk, as cash flow hedges, cash flow hedges for an anticipated and highly likely commercial transaction, or as hedges of net investments in a foreign unit. Derivative financial instruments may also be treated as instruments that do not meet the hedge accounting criteria.

When a hedging relationship is entered into, the relationship between the item being hedged and the hedging instrument, as well as the objectives of the Group's risk management and the hedging strategy are documented. The effectiveness is assessed prospectively as well as retrospectively, and at least every time the financial accounts are being prepared. The Group documents the effectiveness of qualifying derivatives by examining their ability to offset changes to the fair value of the hedged item or cash flows.

Cash flow hedging

The change in the fair value of the effective portion of derivative instruments qualifying for cash flow hedge is recognised in other comprehensive income and presented in the hedge fund under equity (in Other funds). The gains and losses accumulated in equity from hedging instruments are reclassified to profit or loss when the hedged item impacts the profit or loss. Gains and losses from derivatives hedging an anticipated sale in a foreign currency are recognised as sales adjustments when the sale takes place. The ineffective portion of a derivative instrument is recognised in other operating income and expenses. If a hedged, anticipated commercial transaction leads to the recognition of an asset not included in financial assets, such as a tangible fixed asset, the gains and losses accumulated in equity are reclassified as an adjustment to the acquisition cost of that asset. When a derivative financial instrument acquired for cash flow hedging matures or is sold, or when the conditions of hedge accounting are no longer met, the gain or loss from the derivative instrument remains under equity until such time as the anticipated commercial transaction takes place. However, if that is no longer expected to happen, the gain or loss under equity is directly reclassified to profit or loss.

Other hedging instruments where hedge accounting does not apply

Even if certain hedging relationships meet the requirements of effective hedging set for the Group's risk management, hedge accounting may not apply to them. Such instruments include derivatives hedging a commodity risk in connection with operations and some derivatives hedging currency risks. Changes on their fair values are recognised in other business revenue and costs in accordance with the Group's established practice. In the balance sheet, these commodity risk and foreign currency accounts receivable / accounts payable derivatives are presented in current receivables or liabilities. The fair values for hedging instruments are presented in Notes to the Financial Statements under Fair values for financial assets and liabilities. Changes in the hedge fund are presented in Notes to the Financial Statements under Equity, in the section Other funds.

Share capital

Ordinary shares are presented as share capital. Expenditure relating to the issue or acquisition of own equity instruments are presented as an allowance account under equity.

Operating profit

IAS 1 Presentation of Financial Statements does not define operating profit. The Group has defined it as follows: operating profit is the net sum obtained after adding other operating income to revenues and then deducting purchasing costs adjusted by the change in stocks of finished products and work in progress, the costs incurred for own-use manufacture, costs from employee benefits, depreciation, amortisation and any impairment losses, and other operating expenses. All other income statement items are presented under operating profit. Exchange rate differences and changes in the fair value of derivatives are included in operating profit if they arise from items connected with business operations; otherwise they are entered in financing items. In its tables and texts, the Group uses both the term 'operating result' and 'operating profit'.

Key estimates and assuptions and accounting policies requiring judgement

The preparation of the consolidated financial statements in conformity with IFRS requires estimates and assumptions regarding future from management even though actual outcomes may differ from the estimates. In addition, the application of the accounting principles requires judgement.

Accounting policies requiring judgement by management

Group management makes decisions regarding the selection and application of accounting policies. This applies in particular to those cases in which the IFRS standards in effect provide the opportunity to choose between alternative accounting, valuation or presentation methods.

Sources of estimation uncertainty

The estimates made in connection with preparing the financial statements reflect the best judgement of the management at the end of reporting period. These estimates are based on prior experience and assumptions regarding future developments, which are regarded as most likely at the reporting date, for example, to expected trends in the Group's economic operating environment in terms of revenue and costs. The Group regularly monitors the realisation of these estimates and assumptions and any changes to underlying factors with the business units through internal and external information sources. Any changes in estimates and assumptions are recognised in the financial statements of the period during which such adjustments are made.

The key assumptions regarding the future and the main sources of estimation uncertainty at the end of reporting period, which pose a significant risk of resulting in a a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year, are given below. Group management regards these particular areas of the financial statements as crucial. Application of these accounting policies requires the utilisation of significant estimates and assumptions.

Impairment testing

The Group performs annual impairment testing of goodwill, intangible assets in progress and intangible assets having an indefinite useful life. Indications of impairment are evaluated in the way described above in the accounting policies. The recoverable amounts of cash-generating units have been defined on the basis of value in use calculations. Preparation of these calculations, involve the use of estimates.

Revenue recognition

As described in the revenue recognition policies, the contract revenue and contract costs associated with construction contract are recognised as revenue and expenses by reference to the stage of completion, when the outcome of the project can be reliably estimated. Recognition associated with the stage of completion is based on estimates of expected revenue and expenses of the project and reliable measurement of project progress. If estimates of the project's outcome change, the recognised revenue and profit/loss are amended in the period in which the change can be estimated for the first time. Any loss expected from a construction contract is directly recognised as an expense.

Tax

When tax is recognised, management's most essential estimate relates to the criteria for recording deferred tax assets. When a tax-deductible temporary difference dissolves, it results in less taxable income in subsequent financial period. The most common temporary difference relates to between taxation and accounts is a loss in taxation. Management has to estimate whether future taxable profits will be available against which such losses can be used. A deferred tax asset is only recognised on losses to the extent that there is an estimated income to be generated in subsequent financial periods, against which the company can use its tax losses.

Employee benefits

The factors used to calculate employee benefit obligations that require the management's assessment are connected, for example, to an estimate of the expected return on plan assets in defined benefit pension plans, determining the discount rate used to calculate the pension cost and obligation for the financial year, forecasting future trends in pay, the expected rise in pension costs, expected lengths of service of personnel, and inflation trends.

Provisions

When recognising provisions, the management has to assess whether there is a legal or constructual obligation for which the payment is probable. In addition, they have to assess the amount of the obligation and estimate the time when it is realised. The obligation is recognised as a provision in the financial statements in case it can be measured reliably.

As of 1 January 2015, the Group has applied the following new and amended standards and interpretations:

IAS 19 Amendment to Employee Benefits - Defined Benefit Plans: Employee Contributions. The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments to this standard have not affected the consolidated financial statements.

The annual improvements made to IFRS standards 2010-2012 and 2011-2013. The impacts of the changes vary by standard, but are not significant.

Application of the new and amended IFRS standards

IASB has published the following new or revised standards, which the Group has not yet applied. The Group will adopt them from the effective date of each standard and interpretation or, if the effective date is not the first day of a financial period, from the start of the financial period following the effective date. In the opinion of the Group, other standards or interpretations published by IASB but not listed here will have no impact on the future consolidated financial statements. The standards have not been approved by the EU.

IAS 1 Amendment to Disclosure Initiative, concerning the presentation of accounting principles and notes in financial statements (in force from 1 January 2016 and financial periods beginning thereafter).

IFRS 15 Revenue from Contracts with Customers (in force from 1 January 2018 or from financial periods beginning thereafter). This new standard includes a five-stage set of guidelines on the recognition of revenue received based on customer contracts, and replaces the present IAS 18 and IAS 11 standards and related interpretations. The recognition of revenue may take place within a period of time or at a certain point in time, and the key criterion is the transfer of control. The standard also increases the number of notes to the financial statements. The Group will assess the impact of this standard.The standard has not been approved for application in the EU.

IFRS 9 Financial Instruments and amendments thereto (in force from 1 January 2018 or from financial periods beginning thereafter). This new standard replaces the present IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 amends the classification and measurement of financial assets and includes, for the assessment of the impairment of financial assets, a new model based on expected credit losses. For the most part, the classification and measurement of financial liabilities meets the requirements of the present IAS 39. In terms of hedge accounting, there are still three types. More risk positions than previously can be included under hedge accounting and the principles of hedge accounting have been combined with risk management. The Group will assess the possible impact of this standard.

2. OPERATING SEGMENTS

In June 2015, Destia Group Plc listed on the stock exchenge of of Nasdaq Helsinki Oy through a MEUR 65 bond targeted at institutional investors. As a result, the Group has adopted IFRS 8 Operating Segments reporting.

The chief operating decision-maker, Destia's Board of Director (the Board), makes all major operative decisions. The HR Committee, the Audit Committee and the Board's Advisory Committee, as well as the Chairperson of the Board together with the CEO, prepare and present proposals to the Board, on which the Board decides.

Destia's business operations comprise of services covering the entire life cycle of the road and track network and other infrastructure projects from design through to implementation and upon maintenance. Destia's business structure is based on consistent business processes. Due to the nature and administrative structure of the company's business, the operating segment reported is the entire Group.

The largest customer groups whose income is at least 10 per cent of the Group's total revenue are:

- the Finnish Transport Agency MEUR 109.8,
- the Centre for Economic Development, Transport and the Environment (ELY Centres) MEUR 154.5.

3. DIVESTED BUSINESS OPERATIONS

The sales of Destia's measuring, drilling and laboratory services to Mitta Oy was concluded on 31 December 2015. As a result of the sale, 98 people working in the measuring, drilling and laboratory services were transferred to the service of Mitta Oy on 1 January 2016 as old employees.

The profit on this sale has been recorded as other operating income and a MEUR 0.3 decreases related to the sale of the laboratory services has been made in Destia's goodwill.

No businesses were divested in 2014.

4. REVENUE

EUR 1,000	2015	1 July–31 Dec 2014
Revenue, materials	15,805	11,498
Revenue, services	27,965	17,245
Revenue, construction contracts	418,988	233,036
Revenue, total	**462,758**	**261,780**

5. CONSTRUCTION CONTRACTS

EUR 1,000	2015	1 July–31 Dec 2014
Aggregate amount of costs incurred and recognised profits (less recognised losses)	744,439	233,036
Advance payments received for ongoing projects	29,893	30,462

6. MATERIALS AND SERVICES

EUR 1,000	2015	1 July–31 Dec 2014
Purchases during the financial year	74,949	45,058
Change in inventory	2,332	2,311
External services	247,402	129,363
Materials and services, total	**324,683**	**176,732**

7. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	2015	1 July–31 Dec 2014
Profits from the sale of tangible assets, intangible assets and operations	5,167	891
Rental and other income	2,977	807
Other operating income, total	**8,144**	**1,698**
Losses from the sale of tangible and intangible assets	3	313
Rental expenses	5,057	2,007
Voluntary personnel expenses	3,406	2,214
Other fixed costs	27,639	18,129
Other operating expenses, total	**36,105**	**22,663**
Auditing expenses		
Audit fees	80	61
Other services	46	2
Auditing expenses, total	**126**	**62**

8. DEPRECIATION

EUR 1,000	2015	1 July–31 Dec 2014
Despreciation by asset type		
Depreciation of property, plant and equipment		
Buildings and structures	643	345
Buildings and structures, financial lease	219	114
Machinery and equipment	6,533	3,562
Other tangible assets	981	350
Amortisation of intangible assets		
Intangible rights	708	345
Depreciation and amortisation charges, total	**9,085**	**4,715**

9. IMPAIRMENTS

In 2015 and 2014 no impairments were made.
Goodwill impairments are covered in Notes 16 and 17.

10. EMPLOYEE BENEFITS

EUR 1,000	2015	1 July–31 Dec 2014
Wages and salaries	71,453	37,935
Pension expenses, defined contribution arrangements	12,486	6,688
Pension expenses, defined benefit arrangements	-89	30
Other personnel-related expenses	4,312	2,249
Employee related expenses, total	**88,161**	**46,903**

Information about employee benefits to the management is provided in Note 35, Related parties.
Information about defined benefit pension arragements is provided in Note 30.

	2015	1 July–31 Dec 2014
Average personnel		
Waged employees	538	560
Clerical employees	966	942
Average personnel, total	**1,505**	**1,502**
Personnel at the end of the financial year	**1,492**	**1,429**

11. DEVELOPMENT EXPENSES

The total expenses relating to the Group´s development activities in 2015 came to MEUR 0.9 (2014: 0.5 MEUR). The Group has not capitalised its development expenses on the balance sheet.

12. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2015	1 July–31 Dec 2014
Financial income		
Dividends from financial assets held as available-for-sale	3	
Changes in value of financial assets and liabilities recognised at fair value through profit and loss	64	
Interest income from loans and other receivables	63	30
Total	**130**	**30**
Financial expenses		
Interest expense from financial liabilities recognised at amortised cost	3,413	3,415
Changes in value of financial assets and liabilities recognised at fair value through profit and loss		253
Interest expense on financial leasing contracts	19	12
Other financial expenses	911	1,383
Total	**4,343**	**5,063**
Financial income and expenses, total	**-4,213**	**-5,033**

Information about financing is provided in Note 32.

13. INCOME TAXES

EUR 1,000	2015	1 July–31 Dec 2014
Tax based on taxable income for the period	282	2,862
Taxes from previous periods	257	
Deferred taxes	1,395	-917
Total	**1,934**	**1,944**

Comprehensive income items include EUR 39 thousand (2014: EUR 227 thousand) of deferred tax income which is arising on the cash flow hedging and deferred tax expenses of EUR 495 (2014: EUR 378 thousand deferred tax income) on defined benefit pension arrangements.

Reconciliation of the tax expense and taxes calculated using the Group`s domestic tax rate (20%)

EUR 1,000	2015	1 July–31 Dec 2014
Result before taxes	8,655	7,432
Taxes calculated using domestic tax rate	1,731	1,486
Different tax rates for foreign subsidiaries	-15	7
Tax effect of tax-free items	119	-19
Tax effect of non-deductible items	-158	469
Taxes from previous periods	257	
Income taxes, total	**1,934**	**1,944**

14. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to the owners of the parent company, which is deducted by the interest on the hybrid loan adjusted for tax, with the weighted average of the shares.

EUR 1,000	2015	1 July–31 Dec 2014
Result for the financial year attributable to the parent company´s shareholders (EUR 1,000)	6,721	5,487
Accumulated interest of hybrid loans	-2,787	-1,482
Tax effect	557	296
Net effect	**4,491**	**4,302**
Weighted average number of shares during the financial year (1,000)	80	80
Earnings per share (EUR/share)	**56.14**	**53.77**

The Group has no diluting instruments that would convert to ordinary shares.

15. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	Land and water areas	Buildings and structures	Buildings and structures, financial leasing	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2015	2,440	6,734	690	29,593	21,279	457	61,193
Increases	27	67	54	5,138	929	2,596	8,812
Decreases	-49	-168		-2,317	-9		-2,542
Transfers between items						-1,061	-1,061
Acquisition cost on 31 Dec 2015	**2,419**	**6,634**	**744**	**32,414**	**22,199**	**1,993**	**66,402**
Accumulated depreciation on 1 Jan 2015		-345	-107	-3,562	-350		-4,364
Accrued depreciation for decreases and transfers		27		895			922
Depreciation		-643	-219	-6,533	-981		-8,377
Accumulated depreciation on 31 Dec 2015		**-961**	**-326**	**-9,200**	**-1,331**		**-11,819**
Carrying amount 31 Dec 2015	**2,419**	**5,673**	**417**	**23,214**	**20,868**	**1,993**	**54,583**

EUR 1,000	Land and water areas	Buildings and structures	Buildings and structures, financial leasing	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jul 2014							
Subsidiary acquisition	2,403	6,457	644	25,358	18,638	645	54,146
Increases	38	300	52	4,343	2,641	1,357	8,730
Decreases		-26	-7	-1,603			-1,636
Transfers between items		3		1,495		-1,545	-47
Acquisition cost on 31 Dec 2014	**2,440**	**6,734**	**690**	**29,593**	**21,279**	**457**	**61,193**
Accumulated depreciation on 1 Jul 2014							
Accrued depreciation for decreases and transfers			7				7
Depreciation		-345	-114	-3,562	-350		-4,371
Accumulated depreciation on 31 Dec 2014		**-345**	**-107**	**-3,562**	**-350**		**-4,364**
Carrying amount 31 Dec 2014	**2,440**	**6,390**	**583**	**26,031**	**20,929**	**457**	**56,829**

16. GOODWILL

EUR 1,000	Goodwill
Acquisition cost 1 Jan 2015	83,154
Decreases	-326
Acquisition cost 31 Dec 2015	**82,829**
Carrying amount 31 Dec 2015	**82,829**

EUR 1,000	Goodwill
Acquisition cost 1 Jul 2014	
Subsidiary acquisition	83,154
Acquisition cost 31 Dec 2014	**83,154**
Carrying amount 31 Dec 2014	**83,154**

17. IMPAIRMENT TESTS

Impairment tests are performed annually on goodwill, by comparing the carrying amount of goodwill with the estimated value of its group of cash-flow-producing units. In addition, impairment testing is performed whenever there are any indications of impairment. An impairment loss is recorded if the carrying amount of the net assets allocated to the group of cash-flow-producing units (including goodwill) is greater than the estimated value of the group of cash-flow-producing units.

In 2014 and 2015, Destia Groups' business units' goodwill was included in Destia subgroup's business entity:

MEUR	31 Dec 2015	31 Dec 2014
Destia subgroup	82.8	83.2

At the end of 2014 and 2015, impairment tests were performed on the Destia subgroup. Based on these tests, no impairment was recorded.

The estimated value of the group of cash-flow-producing units that have goodwill are based on calculations using assumptions.

The estimated value is determined by discounting the future cash flows generated by the units to the present value based on the assuption that the assets are continuously in use.

The calculation of working values is based on the following key assumptions:
The cash flows used in the calculations are based on the 2016 budget which is approved by the Board in December and on the business plan for 2017-2018, drawn up in the autumn. These include the existing order book. The cash flows for future financial years were extrapolated using a terminal growth rate of 1.9% (1.8% in 2014), which reflects both the expected average growth rate and the effect of inflation. In the 2015 testing, the operating margin of the terminal year was normalised to correspond to the average of the above-mentioned years. Cash flows were discounted using the discounted interest rate specified after taxes. The discounted interest rates are based on the weighted average cost of capital (WACC).

Discounted interest rates (after taxes) used in 2015: 7.13% (2014: 7.53%)

The WACC has been determined using following assumptions:
- Risk-free interest rate: The Finnish government 30-year risk-free interest rate on 31 December 2015 (10-year Finnish government bond, 31 December 2014
- The liability profit requirement (before taxes) and the country-specific market risk premium, which is the marginal for the company's bond issued.
- The control group's market-based beta (the beta coefficient reflects the sensitivity of the value in relation to value changes in the industry)

Sensitivity analyses for impairment testing:
The estimated valuation of the Destia subgroup's group of cash-flow-producing units exceeds the book value by MEUR 189.0 (2014: 88.4). The key assumptions used in the sensitivity analysis are related to the earnings before interest, taxes, depreciation and amortisation (EBITDA), the discounting interest rate and the working capital. When the other assumptions remain unchanged, an unfavourable change of more than three percentage points in Destia subgroup's assumed EBITDA would require goodwill to be impaired. Similarly, when other assumptions remain unchanged, an unfavourable change of more than eight percentage points in the discounting interest rate would require goodwill to be impaired.

18. OTHER INTANGIBLE ASSETS

EUR 1,000	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan 2015	2,063	4	**2,068**
Increases	141	10	**151**
Decreases	-24		**-24**
Transfers between items	1,061		**1,061**
Acquisition cost on 31 Dec 2015	3,241	14	**3,256**
Accumulated depreciation on 1 Jan 2015	-345		**-345**
Depreciation	-708		**-708**
Accumulated depreciation on 31 Dec 2015	-1,053		**-1,053**
Carrying amount 31 Dec 2015	**2,188**	**14**	**2,203**

EUR 1,000	Intangible rights	Advance payments	Total
Acquisition cost 1 July 2014			
Acquisition of subsidiary	2,014	10	**2,024**
Decreases	-4		**-4**
Transfers between items	54	-6	**47**
Acquisition cost on 31 Dec 2014	2,063	4	**2,068**
Accumulated depreciation on 1 July 2014			
Depreciation	-345		**-345**
Accumulated depreciation on 31 Dec 2014	-345		**-345**
Carrying amount 31 Dec 2014	**1,718**	**4**	**1,723**

19. ACQUISITIONS

In 2015, no businesses were acquired.

Acquisitions 2014

Subsidiary acquisition
On 1 July 2014, the Group acquired the entire share capital of Destia Ltd through a share transaction. Destia is a Finnish infrastructure and construction service company, which builds, maintains and designs traffic routes, traffic and industrial environments and complete living environments. Our services cover the whole spectrum, from comprehensive overground operations to subterranean construction. Destia Ltd and its subsidiaries operate mainly in Finland.

The transaction was financed by the Ahlström Capital Group's MEUR 38 invested unrestricted free equity fund and MEUR 29 of equity hybrid loans. In addition, a MEUR 65 bond was issued on 19 June 2014.

The operating profit for the financial year includes by the MEUR 2.2 of costs, which relate to the acquisition and financial arrangements of Destia's shares, while the result for the financial year includes MEUR 4.7 of these costs.

The calculation of the purchase cost is final, and the entire amount of the acquisition cost that exceeds the sum total of net assets has been recognised as goodwill. Goodwill stands at MEUR 83.

Fair values at the acquisition date	2014
Assets	
Property, plant and equipment	54
Other intangible assets	4
Inventory	22
Accounts and other receivables	59
Deferred tax assets	2
Cash and cash equivalents	50
Assets total	**192**
Liabilities	
Financial liabilities	8
Accounts and other payables	100
Provisions	17
Deferred tax liability	1
Repayment of capital to the state on 1 July	42
Liabilities, total	167
Net assets	**25**
Goodwill	83
Net assets	25
Total acquisition cost	**108**

20. FINANCIAL ASSETS HELD AS AVAILABLE FOR SALE

EUR 1,000	Shares and equity holdings, unlisted
Acquisition cost 1 Jan 2015	2,083
Increases	440
Decreases	-406
Acquisition cost on 31 Dec 2015	**2,116**
Carrying amount 31 Dec 2015	**2,116**

EUR 1,000	Shares and equity holdings, unlisted
Acquisition cost 1 Jul 2014	
Subsidiary acqusition	2,083
Acquisition cost on 31 Dec 2014	**2,083**
Carrying amount 31 Dec 2014	**2,083**

21. INVENTORY

EUR 1,000	2015	2014
Materials and supplies	17,544	19,876
Inventory, total	**17,544**	**19,876**

22. ACCOUNTS AND OTHER RECEIVABLES

EUR 1,000	2015	2014
Accounts receivables	47,489	40,695
Other receivables	1,091	1,397
Accrued income	12,755	17,462
Accounts and other receivables, total	**61,335**	**59,555**

Age distribution of accounts receivables and bad debts

EUR 1,000	2015	Bad debts	Net 2015
Not past due	42,613		42,613
Due			
Less than 30 days	4,033		4,033
30–60 days	180		180
61–90 days	20		20
More than 90 days	28	-615	643
Accounts receivables, total	**46,874**	**-615**	**47,489**

Age distribution of accounts receivable and items recorded as impairment losses

EUR 1,000	2014	Bad debts	Net 2014
Not past due	36,826		36,826
Due			
Less than 30 days	2,268		2,268
30–60 days	1,254		1,254
61–90 days	336		336
More than 90 days	552	540	12
Accounts receivables, total	**41,235**	**540**	**40,695**

The Group has recorded bad debts of EUR -615 thousand (2014: losses 540 thousand) on accounts receivable. There are no significant credit risk concentrations related to accounts receivables.

The balance sheet values of accounts receivables best reflect to the maximum amount of credit risk related to them.

Other risks related to accounts receivables are described in Note 32. The fair values of receivables correspond to their carrying amounts.

The most significant accrued income items consist of percentage-of-completion receivables and sales allocations of EUR 8,680 thousand (2014: EUR 14,761 thousand) and other items of EUR 4,074 thousand (2014: EUR 2,701 thousand).

23. CASH AND CASH EQUIVALENTS

EUR 1,000	2015	2014
Cash in hand and at banks	42,867	37,650
Cash and cash equivalents, total	**42,867**	**37,650**

Cash and cash equivalents in the cash flow statement correspond to those presented in the balance sheet.
The balance sheet value of cash and cash equivalents best corresponds to the maximum amount of credit risk related to them.

24. DEFERRED TAX ASSETS AND LIABILITIES

Movement in deferred tax assets 2015

EUR 1,000	1 Jan 2015	In income statement	In other comprehensive income	31 Dec 2015
Tax losses carried forward	1,292	-1,292		
Pension benefits	550	-18	-495	37
Other allocation differences	1,671	804		2,475
Hedge instrument fund	227		39	266
Total	**3,739**	**-506**	**-455**	**2,778**

Tax losses carried forward for which deferred tax assets have not been recorded	1,484

No deferred tax assets have been recorded for Destia Sverige AB. Destia Sverige AB´s losses will not expire.

Movement in deferred tax assets 2014

EUR 1,000	1 July 2014	In income statement	In other comprehensive income	31 Dec 2014
Tax losses carried forward		1,292		1,292
Pension benefits	166	6	378	550
Other allocation differences	1,648	23		1,671
Hedge instrument fund			227	227
Total	**1,814**	**1,320**	**605**	**3,739**

Tax losses carried forward for which deferred tax assets have not been recorded	1,452

No deferred tax assets have been recorded for Destia Sverige AB. Destia Sverige AB´s losses will not expire.

Movement in deferred tax liabilities 2015

EUR 1,000	1 Jan 2015	In income statement	In other comprehensive income	In equity	31 Dec 2015
Depreciation differences and voluntary provisions	493	-201			291
Other allocation differences	463	1,091		-296	1,258
Total	**956**	**890**		**-296**	**1,549**

Movement in deferred tax liabilities 2014

EUR 1,000	1 July 2014	In income statement	In other comprehensive income	31 Dec 2014
Depreciation differences and voluntary provisions	267	226		493
Other allocation differences	286	177		463
Total	**553**	**403**		**956**

25. EQUITY

EUR 1,000	Number of shares	Share capital	Invested non-restricted equity fund	Hybrid loans	Other items: Translation differences	Other items: Hedge instrument fund
1 Jan 2015	**80,000**	**80**	**38,000**	**29,000**	**-1**	**-907**
Translation differences					1	
Cash flow hedging						-158
Amortisation of equity hybrid loan				-2,000		
31 Dec 2015	**80,000**	**80**	**38,000**	**27,000**		**-1,064**

EUR 1,000	Number of shares	Share capital	Invested non-restricted equity fund	Hybrid loans	Other items: Translation differences	Other items: Hedge instrument fund
1 Jul 2014						
Increases	80,000	80	38,000	29,000	-1	-907
31 Dec 2014	**80,000**	**80**	**38,000**	**29,000**	**-1**	**-907**

Information on shares and share capital
The Destia Group Plc has one share type. The maximum number of shares is 80 thousand. The share capital of the Destia Group Plc is MEUR 0,08. The shares have no nominal value.

In connection with the trade of Destia Ltd's shares on 1 July 2014, the transaction was financed by Ahlström Capital Group's MEUR 38 investment in the invested unrestricted free equity fund and MEUR 29 of equity hybrid loans. Furthermore, on 19 June 2014 a MEUR 65 bond was issued which, in June 2015, was listed on the Nasdaq Helsinki main list on the Helsinki Oy Stock Exchange. The bond is presented in Note 26.

Invested non-restricted equity fund
The invested non-restricted equity fund includes equity-like investments and the share subscription price to the extent to which it is not recorded in the share capital by explicit decision.

Hybrid loans
Equity hybrid loans are loans issued by the owner, which are items comparable to equity.

The amortisation and interest payments of equity hybrid loans are decided at the Annual General Meeting based on a proposal by the Board of Directors. From 2015 onwards, interest expenses are recorded as they are paid, adjusted for the effect of taxation on the results of previous financial years.

In order of priority, the loans are last after all other loans.

Equity includes equity hybrid loans from Ahlström Capital which are valued at MEUR 27 (2014: MEUR 29). Interest on the loans is 10%.

Other items
Translation differences
Translation differences includes the differences resulting from the translation of foreign subsidiaries.

Hedge instrument fund
Hedge instrument fund include the effective portion of the changes in fair value of derivative instruments used in cash flow hedging.

26. FINANCIAL LIABILITIES

EUR 1,000	2015	2014
Bonds loans	63,335	62,854
Financial lease liabilities	251	412
Financial liabilities recognised at fair value through profit or loss	1,331	1,133
Non-current financial liabilities, total	**64,916**	**64,399**
Financial lease liabilities	194	209
Financial liabilities recognised at fair value through profit or loss	198	262
Current financial liabilities, total	**392**	**471**
Financial lease liabilities - total amount of minimun lease payments		
Maturing within one year	220	245
Maturing within more than one year and less than five years	246	415
Total	**466**	**660**
Financial leasing liabilities - present value of minimum lease payments		
Maturing within one year	194	209
Maturing within more than one year and less than five years	251	412
Total	**445**	**620**
Future financial expenses	-21	-40
Total amount of financial lease liabilities	**445**	**620**

The MEUR 65 bond released to institutional investors by the Destia Group Plc on 19 June 2014 was listed on the Helsinki Stock Exchange, which is maintained by Nasdaq Helsinki Oy in June 2015.

On 17 June 2015, the Financial Supervisory Authority approved the bond's prospectus. This bond is unsecured and will mature in full in June 2019. The bond coupon has a variable interest rate based on the three-month Euribor rate and the bond margin is 4.5%. It is hedged in the Group by means of an interest rate swap up to the time of its maturity.

Group's carrying amount of financial assets and liabilities

EUR 1,000	2015	2014
Financial assets		
Financial assets available-for-sale		
Financial assets available-for-sale (level 3)	**2,116**	2,083
Financial assets at fair value through profit or loss		
Current		
Accounts and other receivables (level 2)	**48,580**	42,093
Cash and cash equivalents (level 2)	**42,867**	37,650
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Interest rate swaps, in hedge accounting (level 2)	**1,331**	1,133
Other derivatives, not in hedge accounting (level 2)	**198**	262
Financial liabilities valued at amortized cost		
Non-current		
Bonds, interest-bearing (level 2)	**63,335**	62,854
Financial lease liability, interest-bearing (level 2)	**251**	412
Current		
Financial lease liability, interest-bearing (level 2)	**194**	209
Accounts payables and other liabilities (level 2)	**75,176**	77,444

The carrying value equals the fair value. The levels adopted in fair value accounting are:
Level 1: Exchange traded securities with quoted prices in active markets
Level 2: Fair value determined by observable parameters.
Level 3: Fair value determined by non-observable parameters.

27. OTHER LIABILITIES

EUR 1,000	2015	2014
Non-current other liabilities	2,708	1,100

28. ACCOUNTS PAYABLE AND OTHER NON-INTEREST-BEARING LIABILITIES

EUR 1,000	2015	2014
Accounts payable	32,207	36,085
Other non-interest bearing liabilities	11,643	10,135
Accrued expenses	29,413	29,083
Accounts payable and other non-interest-bearing liabilities, total	**73,264**	**75,303**

The most significant items in accrued expenses are personnel expenses of EUR 18,972 thousand (2014: 19,769 thousand), accounts payables allocations EUR 5,232 thousand (2014: EUR 5,446 thousand), group contribution of 2,300 thousand (2014: null EUR) and other allocations of 2,909 thousand (2014: EUR 3,868 thousand).

29. LONG-TERM INCENTIVE SCHEMES

On 30 October 2014, Destia Group Plc's Board of Directors decided on a new personnel long-term incentive scheme for 2014–2018. The purpose of the scheme is to commit certain key persons to the company and offer them a competitive reward scheme. The Board of Directors decides on the long-term incentive scheme and the persons covered by it. The scheme covers some 75 persons. The earnings period is 2014–2018, and the earnings benchmark is the value increase of the company. The benchmark for the long-term incentive scheme are the same for all people belonging to the scheme. These benchmark apply to the whole Group and differ from the bonus scheme benchmark. Remuneration accumulated in the earnings period will be paid in cash in 2019, latest.

The Group has noted the synthetic option arrangement granted to the Chairman of the Board by AC Infra Oy in 2015.

In 2015, the effect on personnel costs of the long-term incentive scheme, including the synthetic option arrangement of AC Infra Oy, was MEUR 1.7. (MEUR 1.1) and the scheme-related liability on the balance sheet was MEUR 2.7 (MEUR 1.1).

30. PENSION OBLIGATIONS

In addition to the statutory pension insurance (TyEL), Destia Ltd has a defined benefit pension arrangement in place for those employees, whose employment began before 1993. The additional pension safeguards the level of pension earned before 1995 and the individual age of retirement, as in other cases of the incorporation of public utilities.

The retirement age of the defined benefit pension plan varies between 60 and 65.

In the defined benefit pension plan , the amount of funds reflects the share of the obligations for which the insurance company is liable and this is calculated at the same discounted interest rate as the obligation. The assets included in the arrangement include 100% acceptable insurance policies. The company's liability is mainly the effect of the employee pension index on the obligation.

In 2014, calculation of the pension obligation and corresponding assets was done on the so-called net principle basis. In 2015, the gross principle was used whereby the pension obligation and corrsponding assets of the pension recipients and paid-up policies are presented in full.

EUR 1,000	2015	1 July–31 Dec 2014
Expenses based on work performance during the period	4	3
Net interest	50	12
Costs in the income statement	**53**	**15**
Items resulting from redefinition	-2,474	1,890
Costs in the comprehensive income statement before taxes	**-2,421**	**1,905**
Present value of obligation	29,287	11,128
Fair value of assets included in the arrangement	-29,101	-8,378
Net liability/asset on the balance sheet (-) 31 Dec	**186**	**2,750**
Present value of obligation at start of period	11,128	8,795
Expenses based on work performance during the period	4	3
Interest expenses	706	159
Actuarial profit (-)/loss (+)		
from changes in financial assumptions	-3,678	2,287
from changes in demographic assumptions	-713	-381
from experience-based changes	24,120	1,391
Fulfilling an obligation		-925
Benefits paid	-1,442	-202
Company arrangements	-836	
Present value of obligation 31 Dec	**29,287**	**11,128**

EUR 1,000	2015	1 July–31 Dec 2014
Fair value of assets included in the arrangement at the beginning of the period	8,378	7,950
Interest yield	656	146
Yield of assets included in the arrangement excluding items belonging to interest expense/yield	22,203	1,408
Fulfilling obligations	-925	
Benefits paid	-1,442	-202
Payments made in to the arrangement		
Company arrangements	-693	
Fair value of assets included in the arrangement 31 Dec	**29,101**	**8,378**
Liabilities on the balance sheet at the beginning of the period	2,750	845
Costs in the income statement	53	15
Payments made in to the arrangement		
Reclassification of items into OCI	-2,474	1,890
Company arrangements	-143	
Liabilities on the balance sheet 31 Dec	**186**	**2,750**
Actuarial assumptions		
Discounting interest rate, %	2,50%	2,00%
Pay rises, %	1,70%	0,00%
Pension rises, %	1,44%	2,00%
Sensitivity analysis		
The table below shows the effects on the net liability from changes in the assumptions		
Discounting interest rate change +0.25%	-6	-105
Discounting interest rate change -0.25%	6	111
Pay rises +0.25%	28	0
Pay rises -0.25%	-28	0
Change in pension rises +0.25%	978	1,326
Change in pension rises -0.25%	-946	-1,189

When calculating the sensitivity, it is assumed that the other assumptions remain unchanged.
The duration based on the weighted average life of the obligation is 13.5 years.
Destia Ltd's estimate of the defined benefit pension arrangements it will pay in 2016 is EUR nil euros.

31. PROVISIONS

EUR 1,000	Guarantee provisions	Environmental provisions	Other provisions	Total
1 Jan 2015	3,959	10,398	5,385	19,742
Increase in provisions	956	70	3,989	5,015
Expensed provisions	-674	-39	-3,640	-4,352
Reversals of unused provisions	-1,366	-2	-658	-2,026
Effect of discounting	20	219		239
31 Dec 2015	**2,894**	**10,648**	**5,076**	**18,618**

EUR 1,000	Guarantee provisions	Environmental provisions	Other provisions	Total
1 July 2014	4,114	8,021	5,356	17,492
Increase in provisions	1,108		1,369	2,477
Expensed provisions	-328	-14	-1,242	-1,585
Reversals of unused provisions	-1,174	-116	-98	-1,388
Effect of discounting	238	2,506		2,745
31 Dec 2014	**3,959**	**10,398**	**5,385**	**19,742**

EUR 1,000	2015	2014
Non-current provisions	13,157	13,801
Current provisions	5,461	5,941
Total	**18,618**	**19,742**

Guarantee provisions

Guarantee provisions have been made to cover any obligations during the warranty period of contractual agreements. They are based on experiences from previous years.

Environmental provisions

The Group has land areas that it is obliged to restore to their original condition.
The present value of estimated landscaping costs has been capitalised as part of the cost of the areas and presented as a provision. The discounting factor used in determining the present value is 0,77 %. In addition, the Group has a provision for cleaning contaminated land area, in connection with cleaning a former asphalt plant in the capital region.

Other provisions

Other provisions include dispute and litigation provisions of MEUR 0.8 (2014: MEUR 0.7), project loss provisions of MEUR 3.1 (2014: MEUR 3.7) and other provisions of MEUR 1.2 (2014: MEUR 1.0) of which 0.4 (2014: MEUR 0.5) is related to personnel.

32. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Group is exposed to a number of financial risks. The objective of the Group's risk management is to minimise the adverse effects of changes in the financial markets on the Group's earnings. The primary types of financial risks are foreign exchange currency risk, interest rate risk and commodity risk. The Group's financial policy determines the guidelines and practices for the Group's financial activities. The Group's general principles of risk management and financial policy are approved by the Board of Directors, and their practical implementation is the responsibility of the Group Chief Financial Officer and the centralised Finance and Treasury unit together with the business units. The Group's Finance and Treasury unit identifies and assesses the risks and acquires the instruments required for protection against them in close co-operation with the operational units. Hedging transactions are carried out in accordance with the financing policy approved by the Board of Directors. The Group performs risk management through the use of forward exchange contracts, foreign currency loans, interest rate swaps and commodity derivatives. Financial risks are reported quarterly to Audit Committee and to the Board of Directors. Internal and external audits monitor Group compliance with financial policy.

Credit risk

The Destia Group's credit risk consists of the credit risk of accounts receivables related to the business operations and of the counterparty credit risk related to other financial instruments. The management of the credit risk relating to accounts receivables aims to increase the amount of advances received and to assess the customer's creditworthiness in good time during the tendering process, enabling assessment of the collateral amount, the instrument and the eligibility of the collateral offered that may be needed. The Group's credit risk is managed by the business unit controllers in accordance with instructions prepared by the Finance and Treasury unit. The Group has no significant credit risk concentrations related to accounts receivables.

The counterparty credit risk related to other financial instruments is generated when Destia invests assets in money market instruments offered by other companies, public organisations or financial institutions. The risk is related to the counterparty of the contract not being able to fulfil its contractual obligations. Counterparty credit risk is managed via counterparty limits. Counterparty limits are only determined for counterparties deemed to be solvent and have a good credit rating. Select counterparties are set maximum limits in euros and maximum maturity limits. The counterparty and counterparty limits are approved by the Group's Board of Directors.

The maximum amount of the Group´s credit risk corresponds to the carrying amount of financial assets at the end of the financial year.

The age distribution of accounts receivables is presented in Note 22.

Liquidity risk

Liquidity risk management aims at ensuring that the Group is able to fulfil its financial obligations at all times. Annual cash flow forecasts are prepared for the next three years during strategy planning, and monthly forecasts are made for the next year during budgeting process. In addition, liquidity planning is carried out daily. In the long term, the aim is to secure liquidity by means of persistent, proactive financing arrangements and the establishment of short-term financing limits. According to the Group's operational instructions, cash assets must be invested in liquid money market instruments to ensure flexibility.

The following table shows the maturity distribution of the Group's financial liabilities. The amounts have not been discounted, and they include both interest payments and capital repayments.

31 Dec 2015	Balance sheet value	Contractual based cash flows	Less than 1 year	1–2 year	2–3 year	3–4 year	More than 4 years
Maturity distribution of financial liabilities							
Loans from financial institutions	65,000	-75,694	-2,953	-2,958	-3,126	-66,657	
Accounts payable and other liabilities	43,850	-43,850	-43,850				
Total	**108,850**	**-119,544**	**-46,803**	**-2,958**	**-3,126**	**-66,657**	
Maturity distribution of derivative liabilities							
Interest rate swaps	1,331	-1,032	-420	-384	-217	-10	
Commodity derivatives	198	-198	-198				
Total	**1,529**	**-1,230**	**-618**	**-384**	**-217**	**-10**	

31 Dec 2014	Balance sheet value	Contractual based cash flows	Less than 1 year	1–2 year	2–3 year	3–4 year	More than 4 years
Maturity distribution of financial liabilities							
Loans from financial institutions	65,000	-79,246	-3,071	-3,095	-3,145	-3,260	-66,674
Accounts payable and other liabilities	46,221	-46,221	-46,221				
Total	**111,221**	**-125,467**	**-49,292**	**-3,095**	**-3,145**	**-3,260**	**-66,674**
Maturity distribution of derivative liabilities							
Interest rate swaps	1,133	-800	-272	-256	-197	-82	8
Commodity derivatives	262	-262	-262				
Total	**1,395**	**-1,062**	**-534**	**-256**	**-197**	**-82**	**8**

The tables do not include financial leasing liabilities, for which additional information is provided in Note 26.

Foreign exchange rate risk

Foreign exchange rate risk refers to the uncertainty of changes in foreign exchange rate as the result, balance sheet and cash flows. The international operations of Destia Group are minor at this stage and so the amounts affected by foreign exchange rate risk, or foreign exchange positions, are small and the foreign exchange rate risk is low. The Group's foreign exchange rate risk is managed in a centralised manner by the Finance and Treasury unit. The aim is to direct the foreign exchange rate risk at the Parent Company by invoicing foreign subsidiaries in their domestic currency. The Group's internal loans are also in the debtor's domestic currency. The foreign exchange rate risk grows as international operations increase, making it necessary to assess the risk via foreign exchange position calculations. Position calculations are separately prepared for currency cash flows and balance sheet items determined in foreign currencies.

According to the Group´s financial policy, the foreign exhange risk must be covered to at least 50 and at most 100 per cent, using forward exchange and option contracts or foreign currency loans as hedging instruments. Hedging operations are directed at cash flows and balance sheet items separately. Currency derivatives may only be used for hedging purposes.The efficiency of hedging must be measured monthly. The Group does not apply IAS 39 hedge accounting to currency hedging.

The Group does not have any significant outstanding foreign exchange positions. At the end of the financial year there were no open foreign exchange position in provisions (2014: in NOK worth MNOK 3.6) which have not been hedged.

The Group's assets and liabilities in foreign currencies on the last day of the year under review were as follows:

	2015		2014		
EUR 1,000	USD	SEK	NOK	USD	SEK
Current assets					
Accounts and other receivables	42			140	15
Cash and cash equivalents	128	5		151	101
Current liabilities					
Accounts payable and other liabilities	7			5	8
Other provisions			393		
Total	**163**	**5**	**-393**	**286**	**108**
Forward exchange contracts					
Position, total	**163**	**5**	**-393**	**286**	**108**

The table below shows how the Group's equity is affected if the euro strengthens or weakens against the Norwegian krone, the United States dollar or the Swedish krona while the other factors remain unchanged. The sensitivity analysis is based on assets and liabilities in foreign currencies on the last day of the year under review.

	2015		2014		
EUR 1,000	USD	SEK	NOK	USD	SEK
Percentage change	10%	10%	10%	10%	10%
Effect on profit after taxes	13	0	-31	23	9
Effect on equity					

Interest rate risk

Interest rate risk is the risk of market interest rates affecting the Group's interest expenses and profits. The Group's interest rate risk primarily consists of the interest rate risk of the external loan portfolio. The interest rate risk is managed by spreading the Group's loans and investments across various maturities on the one hand and variable and fixed-rate instruments on the other. The risk of the loan and investment portfolio is determined by interest position calculations. According to the Group's financial policy, interest rate risk must be covered 100 per cent, using short- or long-term forward rate or future contracts, interest rate option contracts or interest rate swaps. Interest rate derivatives may only be used for hedging purposes. The Group's interest rate risk is cordinated with Ahlström Capital and managed in a centralised manner by the Finance and Treasury unit.

At the year end, the Group has hedged its variable interest rate loan portfolio through interest rate swaps. The Group applies the cash flow hedging accounting principles under IAS 39 to these interest rate swaps.

Hybrid loans are not part of interest rate risk management.

The table below shows the Group's interest position on the last day of the year under review:

EUR 1,000	2015	2014
Variable-rate		
Financial liabilities	65,000	65,000
Net	65,000	65,000
Interest rate swaps	65,000	65,000
Variable-rate position, total	**0**	**0**

The Group has no fixed-rate financial assets or liabilities.

Effect of interest rate changes on the Group's result and equity

The table below shows how the Group's equity is affected if the interest rates increase or decrease and the other factors remain unchanged. The sensitivity analysis is based on the interest position on the last day of the year under review, which includes MEUR 65 interest rate swap.

EUR 1,000	2015	2014
Change	+/-0,5%	+/-0,5%
Effect on profit after taxes		
Effect on equity	**1,711**	**1,194**

Commodity risk

In its operations, Destia Group is exposed to commodity risk related to commodity price fluctuations. Destia's significant commodity risks are determined in connection with tendering. The necessary hedging procedures are planned on a project-specific basis through co-operation between the business units and Finance and Treasury unit.

Monthly rolling hedging of diesel is being done for a period of 12 months. The hedging rate is 27% from average yearly purchases.

Management of capital

The purpose of enhancing Destia's use of capital is to speed up the incoming cash flow and slow down the outgoing cash flow. The efficient use of capital is ensured by efficient, safe and profitable investments or use of existing assets. Efficiency is also safeguarded by improving the terms of payment in contractual negotiations, by efficiently managing payment transactions with the help of cash flow forecasts, and by utilising an efficient bank account network and programme as well as up-to-date accounts payable and receivable activities.

EUR 1,000	2015	2014
Equity	73,297	68,666
Balance sheet total	266,256	264,610
Advances received	31,326	31,224
Equity ratio	**31,2%**	**29,4%**

33. OTHER LEASE AGREEMENTS

Group as lessee

Other lease agreements include, for example, leases for premisies and fleet.
The average term of the lease agreements are between 1–7 years.
Minimun leases paid on the basis of non-cancellable lease agreements:

EUR 1,000	2015	2014
Within one year	3,046	3,314
Within more than one year and less than five years	5,439	2,589
After more than five years	904	13
Total	**9,389**	**5,916**

During the financial year, lease expenses of EUR 3,479 thousand (2014: EUR 1,819 thousand) for other lease agreements were recorded through profit and loss.

34. CONTINGENT LIABILITIES AND ASSETS

EUR 1,000	2015	2014
Guarantees and contingent liabilities		
Business mortgage		39,000
Bank guarantees	94,796	79,301
Interest liabilities accured from equity hybrid loans	2,787	

Disputes and litigation

The Group has on-going disputes related to projects, which have been provided for to the extent that the Group deems the disputes substantial and the claims justified.

35. RELATED PARTY TRANSACTIONS

The Group's related parties include its subsidiaries, Ahlström Capital Oy and its subsidiaries, joint ventures and associated companies (including AC Infra Oy).

In addition, the related parties includes the members of the Board and of the Management Team, including the President & CEO and their family members.

EUR 2,300 was paid for consultancy to one company owned by a Member of the Board.

In 2015, companies belonging to the Ahlström Capital Group also had EUR 343.4 thousand of billing and EUR 12.3 thousand of purchases.

MEUR 2.0 of amortisation and MEUR 0.9 in interest were paid on interest liabilities to AC Infra Oy accrued from equity hybrid loans, and interest of MEUR 0.6 was paid to Ahlström Capital Oy.

The amount of hybrid loans on 31 December 2015 was MEUR 15.0 (2014: MEUR 17.0) to AC Infra Oy and MEUR 12.0 (2014: MEUR 12.0) to Ahlström Capital Oy.

In 2015, MEUR 2.3 in Group contributions was granted to Ahlström Capital Oy, which was recorded both in equity and as a liability.

The President & CEO and members of the Management Team belong to the long-term management incentive scheme, described in Note 29.

The Group´s parent company and subsidiary relations in the year 2015 were as follows:

Company	City	Country	Group´s share of ownership and votes%	Parent company´s share of ownership and votes%
31 Dec 2015				
Destia Group Plc, parent company	Vantaa	Finland		
Destia Ltd, parent company of the subgroup	Vantaa	Finland	100	100
Destia Ltd, subsidiaries				
Destia Eesti AS		Estonia	100	100
Turgel Grupp AS		Estonia	100	100
Destia Rail Oy	Kouvola	Finland	100	100
Destia Sverige AB		Sweden	100	100
Destia International Oy	Vantaa	Finland	100	100
Finnroad Oy	Vantaa	Finland	100	100

Consortia have also been established for large and long-term projects, which also involves external parties.

Management´s employee benefits

EUR 1,000	2015	1 July–31 Dec 2014
Salaries and other short-term employee benefits	1,944	1,326
Total	**1,944**	**1,326**
Salaries and remuneration:		
President & CEO	596	298
Members of the Board of Directors	138	46

It has been agreed that the retirement age of the President & CEO is 63.

36. EVENTS AFTER THE REPORTING PERIOD

Nothing to report.

GROUP'S KEY FIGURES, IFRS

MEUR	Destia Group 2015	Destia Group 1 July–31 Dec 2014
Revenue	462.8	261.8
Change from previous year, % *	7.2	
Operating profit for the period	12.9	12.5
% of revenue	2.8	4.8
Result for the period	6.7	5.5
% of revenue	1.5	2.1
EBITDA 1)	22.0	19.1
% of revenue	4.7	7.3
Gross investments	9.2	72.5
% of revenue	2.0	27.7
Balance sheet total	266.3	264.6
Equity	73.3	68.7
Equity ratio, % 2)	31.2	29.4
Net gearing, % 3)	32.6	42.4
Interest-bearing liabilities	66.8	66.8
Current Ratio 4)	1.1	1.0
Quick Ratio 5)	1.2	1.0
Return on equity, % 6)	9.5	8.0
Return on investment, % 7)	9.4	9.2
Earnings per share, EUR **	56.14	53.77
Equity per share, EUR**	916.21	858.32
Average personnel	1,505	1,502
Occupational accidents resulting in absence from work ***	7.6	9.3
Order book	717.4	628.2
Research and development expenses	0.9	0.5
% of other operating expenses	2.6	2.1

* The comparative figure is the revenue figure from the Destia subgroup MEUR 431.5 in 2014.
** The profit for the financial period belonging to he shareholders of the parent company of Destia Group Plc, deducted by the interest on the hybrid loan adjusted for tax, divided vased on the weighted average of the shares. Destia Group Plc has 80,000 shares.
*** Occupational accidents per one milloin working hours.

Formulas:
1) Operating profit + depreciation, amortisation and impairment losses.
In 2014, EBITDA adjusted by non-recurring items related to acquisition
2) (Equity/(balance sheet total - advances received))*100
3) (Interest-bearing liabilities - cash and cash equivalents and held-to-maturity investments/ equity)*100
4) (Inventories + liquid assets) / current liabilities
5) Financial assets without receivables from uncompleted contracts / current liabilities without advance payments
6) (Result for the period/average equity)*100 (opening and closing balance)
7) (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 items 6 and 7 the value of equity and the balance sheet values of 31 December 2014 have been used as the balance sheet values on Destia Group

DESTIA GROUP PLC, INCOME STATEMENT, FAS

EUR 1,000	1 Jan–31 Dec 2015	22 Apr–31 Dec 2014
Revenue	1,659	600
Personnel expenses		
Salaries and wages	1,189	230
Pension expenses	373	41
Other personnel expenses	38	7
Personnel expenses	**1,601**	**278**
Other operating expenses	723	1,611
Operating result	**-665**	**-1,289**
Financial income and expenses		
Interest income from Group companies	432	1 482
Interest income	0	
Interest expenses to Group companies	2,787	1,482
Interest expenses	3,354	3,353
Other financial expenses	510	334
Financial income and expenses	**-6,219**	**-5,169**
Profit/loss before extraordinary items	-6,884	-6,459
Extraordinary items		
Group contributions received	13,000	
Group contributions granted	2,300	
Extraordinary items	**10,700**	
Profit/loss before taxes	3,816	-6,459
Income and deferred taxes	-764	1,292
Profit/loss for the financial year	**3,052**	**-5,167**

DESTIA GROUP PLC, BALANCE SHEET, FAS

EUR 1,000	31 Dec 2015	31 Dec 2014
ASSETS		
NON-CURRENT ASSETS		
INVESTMENTS		
Holdings in Group companies	109,352	109,352
Investments, total	**109,352**	**109,352**
NON-CURRENT ASSETS TOTAL	**109,352**	**109,352**
CURRENT ASSETS		
RECEIVABLES		
Receivables from Group companies	21,944	
Other receivables	1,686	2,621
Deferred tax assets	768	1,292
Prepaid expenses and accrued income	8	
Receivables, total	**24,405**	**3,913**
Cash and cash equivalents	185	15,975
CURRENT ASSETS TOTAL	**24,590**	**19,888**
ASSETS TOTAL	**133,942**	**129,240**

EUR 1,000	31 Dec 2015	31 Dec 2014
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80	80
Reserve for invested non-restricted equity	38,000	38,000
Retained earnings	-5,167	
Profit/loss for the period	3,052	-5,167
Equity total	**35,965**	**32,913**
LIABILITIES		
Non-current liabilities		
Loans classified as equity	27,000	29,000
Bonds	65,000	65,000
Non-current liabilities, total	**92,000**	**94,000**
Current liabilities		
Accounts receivables	4	496
Liabilities to Group companies	5,158	1,482
Other liabilities	46	44
Accrued expenses and deferred income	770	305
Current liabilities, total	**5,977**	**2,327**
LIABILITIES TOTAL	**97,977**	**96,327**
EQUITY AND LIABILITIES TOTAL	**133,942**	**129,240**

DESTIA GROUP PLC, CASH FLOW STATEMENT, FAS

EUR 1,000	1 Jan–31 Dec 2015	22 Apr–31 Dec 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,353	600
Cash paid to suppliers of goods/services and to personnel	-2,398	-2,233
Net cash flow before financial items and taxes	-1,045	-1,633
Interest paid on operating activities	-4,852	-3,243
Interest income on operating activities	105	
Other financial items from operating activities	-30	-1,877
Net cash flows from operating activities	**-5,822**	**-6,753**
CASH FLOWS FROM INVESTING ACTIVITIES		
Subsidiary shares acquired		-97,352
Loans granted	-11,500	
Proceeds from repayment of loans	3,531	
Net cash flows from investing activities	**-7,969**	**-97,352**
CASH FLOWS FROM FINANCING ACTIVITIES		
Rights issue		80
Investment in invested non-restricted equity fund (+)		38,000
Increase in non-current loans (+)		65,000
Increase in equity instruments (+)		17,000
Decrease in equity instrument (-)	-2,000	
Net cash flows from financing activities	**-2,000**	**120,080**
Net financial cash flow from financial activities	-15,790	15,975
Cash and cash equivalents at the end of the financial period	185	15,975
Cash and cash equivalents at the beginning of the financial period	15,975	
	-15,790	**15,975**

NOTES TO FINANCIAL STATEMENTS, DESTIA GROUP PLC, FAS

Accounting principles
Destia Ltd's parent company is Destia Group Plc, which was established in connection with the ownership arrangement of Destia and which owns 100% of Destia Ltd's shares. Destia Group Plc's financial statements for the financial year 2015 and comparative figures 2014 (22 April–31 December 2014) have been prepared in accordance with the Finnish Accounting Act. Destia Group prepared its consolidated financial statements in accordance with the accounting principles of the International Financial Reporting Standards (IFRS).

Measurement of investments
Investments have been valued at acquisition cost.

Financial assets
Financial assets have been valued at acquisition price, or at the expected market value if this is lower than the acquisition cost.

Financial liabilities
Interest from equity-instruments has been recognised by using the accrual basis.

Derivative instruments
The fair value of derivative contracts used to hedge cash flows to be generated in future financials years has been recognised as an off-balance-sheet-liability.

Group contributions
Group contributions have been recovered as extraordinary items in the income statement.

Pensions
Personnel pensions have been ensured by means of insurance with an external pension insurance company. Pension expenses have been recorded as expenses in the year they were incurred.

Related parties
The Group´s related parties include its parent company, subsidiaries and Ahlström Capital Oy and its subsidiaries, joint ventures and associates. In addition, Related parties include the members of the Board and of the Management Team, including the President & CEO and their family members.

NOTES TO INCOME STATEMENT, DESTIA GROUP PLC, FAS

EUR 1,000	2015	2014
Revenue		
Revenue from Group companies	1,659	600
Revenue, total	**1,659**	**600**
Average number of personnel	4	
Personnel at the end of the financial year	4	3
Management salaries and wages		
President and CEO	596	36
Members of the Board of Directors	138	8
Management salaries and wages, total	**734**	**44**
Auditor's fees		
Audit expense	2	2
Auditor's fees, total	**2**	**2**
Other operating expenses		
Travel expenses	11	
Administrative expenses	553	1,581
Insurances	47	29
Other operating expenses	112	
Other operating expenses, total	**723**	**1,611**

EUR 1,000	2015	2014
Financial income		
Interest income from Group companies	432	
Financial income, total	**432**	
Financial expenses		
Interest expenses		
To Group companies	2,787	1,482
To others	3,354	3,353
Financial expenses, total	**6,141**	**4,835**
Other financial expenses		
Collateral fees		52
Other borrowings costs	481	279
Other financial expenses	30	3
Other financial expenses, total	**510**	**334**
Income tax and deferred tax		
Income taxes	-240	
Change in deferred tax asset	-524	1,292
Income tax and deferred tax, total	**-764**	**1,292**

NOTES CONCERNING ASSETS IN THE BALANCE SHEET, DESTIA GROUP PLC, FAS

EUR 1,000	2015	2014
Non-current assets		
Investments		
Holdings in Group companies 1.1.2015 (1.7.2014)	109,352	109,352
Holdings in Group companies 31.12.	109,352	109,352
Current assets		
Receivables from Group companies		
Accounts receivables	7	
Loans receivables	8,610	
Accrued income	327	
Group contributions receivable	13,000	
Receivables from Group companies, total	**21,944**	
Receivables		
Other receivables	1,686	2,621
Accrued income	8	
Receivables, total	**1,694**	**2,621**
Deferred tax assets		
Deferred tax assets	768	1,292

EUR 1,000	2015	2014
Equity and liabilities		
Equity		
Restricted equity		
Share capital 1 Jan (22 Apr 2014)	80	80
Share capital 31 Dec	80	80
Restricted equity, total	**80**	**80**
Invested non-restricted equity		
Fund for invested non-restricted equity 1 Jan (1 July 2014)	38,000	38,000
Fund for invested non-restricted equity 31 Dec	38,000	38,000
Retained earnings		
Retained earnings 1 Jan	-5,167	
Retained earnings 31 Dec	-5,167	
Profit/loss for the period	**3,052**	**-5,167**
Non-restricted equity, total	**35,885**	**32,833**
Equity, total	**35,965**	**32,913**
Calculation regarding distributable equity		
Invested non-restricted equity fund	38,000	38,000
Retained earnings	-5,167	
Profit/loss for the period	3,052	-5,167
Distributable non-restricted equity, total	**35,885**	**32,833**

NOTES CONCERNING ASSETS IN THE BALANCE SHEET, DESTIA GROUP PLC, FAS

Shares and shareholders

Registered	Shareholder	%	Share capital, EUR
22 Apr 2014	AC Infra Oy (Ahlström Capital)	100	80,000

EUR 1,000	2015	2014
Non-current liabilities		
Non-current liabilites		
Bonds	65,000	65,000
Loans classified as equity	27,000	29,000
Non-current liabilites, total	**92,000**	**94,000**
Current liabilities		
Liabilities to Group companies		
Accounts payable	71	
Accrued interests	2,787	1,482
Group contribution liabilities	2,300	
Liabilities to Group companies, total	**5,158**	**1,482**
Accounts payable	**4**	496
Other liabilities	**46**	44
Material items relating to accrued expenses and deferred income		
Accrued interest	94	110
Personnel related accruals	436	195
Other accruals and deferred income	240	
Accruals and deferred income, total	**770**	**305**

EUR 1,000	2015	2014
Guarantees and contingent liabilities		
Lease contracts		
Payable during the following financial year	29	
Payable in later years	20	
Derivative contracts		
Interest derivatives		
Nominal value	65,000	65,000
Fair value	-1,331	-1,133

Nominal values and fair values are presented as net amounts. The fair value is an estimate of the gains and losses that would have been realised, if the derivative contracts had been terminated at the balance sheet date.

PROPOSAL BY THE BOARD ON THE USE OF DISTRIBUTABLE ASSETS

Destia Group Plc`s FAS compliant profit for the financial year was EUR 3,051,660.32, which is proposed to be recorded on the profits and losses account. Destia Group Plc`s distributable assets total EUR 35,884,803.10 including the EUR 38,000,000 in the invested unrestricted equity fund.

The Destia Group Plc`s Board of Directors proposes to the General Meeting that no dividend be paid for the financial year that ended on 31 December 2015.

Signatures to the financial statements

Vantaa, 11 February 2016

Marcus Ahlström	Tero Telaranta
Panu Routila	Jacob af Forselles
Arto Räty	Solveig Törnroos-Huhtamäki
Matti Mantere	Hannu Leinonen President and CEO

Auditor´s Note

An auditor´s report based on the audit performed has been issued today.

Helsinki, 11 February 2016

KPMG Oy Ab

Virpi Halonen
Authorized Public Accountant

AUDITOR’S REPORT

To the Annual General Meeting of Destia Group Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Destia Group Plc for the year ended 31 December, 2015. The financial statements comprise the consolidated income statement and consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements, as well as the parent company’s balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company’s accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company’s financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 11 February 2016
KPMG Oy Ab

Virpi Halonen
Authorized Public Accountant

This document is an English translation of the Finnish auditor’s report. Only the Finnish version of the report is legally binding.

DESTIA

BUILDING THE BIGGER PICTURE

DESTIA

Neilikkatie 17, P.O.Box 206
FI-01301 Vantaa, Finland

Tel. +358 20 444 11
firstname.surname@destia.fi

www.destia.fi/en