

4.11.2010

## LEMMINKÄINEN'S INTERIM FINANCIAL REVIEW 1 JANUARY TO 30 SEPTEMBER, 2010:

### Growth in net sales and order book

- The order book at the end of September was EUR 1,230.0 million (1,096.1), a year-on-year increase of 12 per cent.
- Q3 net sales were 7 per cent higher on the corresponding period last year at EUR 610.4 million (568.6). January-September net sales were EUR 1,373.6 million (1,440.4).
- Q3 operating profit was EUR 32.9 million (-9.8). January-September operating profit was EUR 24.3 million (11.2).

Key figures, EUR million <sup>1)</sup>	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net sales	610.4	568.6	1,373.6	1,440.4	1,965.5
of which operations outside Finland	198.4	174.4	416.5	392.5	527.6
Operating profit	32.9	-9.8	24.3	11.2	23.2
Operating margin, %	5.4	-1.7	1.8	0.8	1.2
Profit before taxes	26.4	-16.1	7.4	-14.2	-10.2
Profit for accounting period	19.7	-24.2	3.1	-24.5	-23.8
Earnings per share	1.08	-1.41	0.15	-1.49	-1.54
Cash flow from operating activities	14.7	67.1	-82.2	-3.5	64.2

Key figures, EUR million <sup>1)</sup>	30.9.2010	30.9.2009	31.12.2009
Order book	1,230.0	1,096.1	1,064.5
- of which unsold	102.2	130.1	103.2
- of which operations outside Finland	252.3	296.6	224.4
Equity ratio, %	30.8	24.4	31.0
Gearing, %	119.7	132.1	110.2
Liquid funds	52.1	121.1	74.4
Interest-bearing liabilities	453.1	508.6	399.1

<sup>1)</sup> From 1 January 2010 Lemminkäinen observes the interpretation IFRIC 15 - Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with the interpretation.

Lemminkäinen's President & CEO Timo Kohtamäki is satisfied with the company's net sales and order book development: "Since the recession in the construction industry, the past quarter was the first time we saw a year-on-year improvement in our net sales. Furthermore, our order book has been increasing steadily. At the same time, the effects of the financial crisis have really impacted many areas of construction only this year. The recovery has been slow, which is reflected in our profitability."

Lemminkäinen's housing starts have already risen close to the target level. The company's infrastructure construction operations in Finland have proven to be competitive, even though the market has contracted and competition has been tough. "Unprofitable business in the Baltic states somewhat negated the moderate result of infrastructure construction operations in Finland. There is also a lot of capacity in the markets of our other business sectors, which is intensifying the competitive situation. Increased costs also weighed on profitability."

Kohtamäki characterises 2010 as a year of strategic change for Lemminkäinen: "Almost exactly a year ago we announced our new strategy, which we have now purposefully implemented. In our strategy we decided to focus on such growth areas as housing construction in Russia and infrastructure construction in the Nordic countries. The results in both of these areas have been good."

"We have also streamlined and harmonised our structure and business practices. We will go into 2011 with a leaner and more efficient operating model."

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**Outlook for 2010**

In Finland low interest rates and improved consumer confidence will sustain good demand for housing. Other building construction will remain at a low level. Demand for renovation construction is expected to grow steadily.

In Russia the housing construction volumes continue to grow stably in 2010.

In the Nordic countries and Baltic states, total paving volumes will decline from the 2009 levels. Major transport projects and the pick-up in mining activity will support demand for infrastructure construction.

Demand for technical building services and building materials follows the building construction cycle, and demand for these products and services is expected to pick up gradually with the recovery of residential construction.

Lemminkäinen reiterates its guidance released on 15 October 2010, according to which full-year 2010 pre-tax profit is estimated to be positive but below the 2009 profitability level. The comparative figures do not include the infringement fine imposed by SAC. Full-year 2010 net sales are estimated to be at the 2009 level.

Lemminkäinen estimates that in 2011 its net sales will increase and pre-tax profit will clearly improve on 2010.

**Briefing**

A Finnish-language briefing for analysts and the media will be held at 10:00 a.m. on Thursday, 4 November at Lemminkäinen's head office. The street address is Salmisaarenaukio 2, Helsinki, Finland. The interim financial review will be presented by President & CEO Timo Kohtamäki. Presentation material in English will be available on the Company's website at [www.lemminkainen.com](http://www.lemminkainen.com) after the briefing.

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**APPENDICES**

Interim Financial Review 1 January to 30 September 2010

Tabulated Section of the Interim Financial Review

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## INTERIM FINANCIAL REVIEW 1 January to 30 September 2010

### OPERATING ENVIRONMENT

#### Markets in Finland

Housing construction continued to be brisk, but non-residential building construction remained at a low level. Demand for housing was increased by low interest rates and continuing urban migration. The number of new commercial and office building starts remained low. In particular, there is plenty of vacant office space available. Industrial investments in Finland remained at a low level.

The infrastructure construction season started exceptionally late due to the long winter. The start of the season was busy in Finland and the other Nordic countries. A reasonable number of infrastructure construction projects were in progress, but total volumes were down on the previous year. The reasons for this were reduced government appropriations for basic highway maintenance and the weak state of municipal finances, which reduced investments and the volume of street maintenance work. On-going traffic tunnel projects in the Helsinki Metropolitan Area as well as increased mining activity provided work for rock engineering contractors.

The slowdown in construction and last year's low level of new building construction starts continued to be reflected in demand for technical building services, as they take place in the final phase of construction projects. The competitive situation in technical building services continued to be tough.

In building products, demand for prefabricated concrete elements in particular increased with the pick-up in residential construction. Demand for urban environment products was good, too. The competitive situation in roofing and urban environment contracting was tough.

#### Markets outside Finland

In Norway and Denmark demand for paving work was reasonable but weaker than last year, and competition among paving contractors intensified. In Sweden, especially the significant tunnel contracts in the Stockholm area provided work for infrastructure builders.

In the Baltic states the construction market continued to be hard and competition was tough.

In Russia, housing sales continued to be brisker than in 2009. The Russian economy is expected to recover in step with the rest of the world.

### NET SALES

Net sales by business sector, EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Building Construction <sup>1)</sup>	214.5	180.1	552.4	602.4	868.7
Infrastructure Construction <sup>2)</sup>	314.6	304.3	591.9	594.4	768.0
Technical Building Services	55.1	52.6	165.1	168.6	233.8
Building Products <sup>2)</sup>	50.5	48.8	115.5	115.3	154.2
Other operations and Group eliminations	-20.3	-5.9	-42.6	-25.0	-42.2
Business sectors, total	614.5	579.9	1,382.3	1,455.6	1,982.6
Unallocated Items	-4.1	-11.3	-8.7	-15.2	-17.1
Group total (IFRS)	610.4	568.6	1,373.6	1,440.4	1,965.5
of which operations outside Finland	198.4	174.4	416.5	392.5	527.6

<sup>1)</sup> From 1 January 2010 Lemminkäinen observes the interpretation IFRIC 15 - Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with the interpretation.

<sup>2)</sup> Forssan Betoni Oy, which formerly belonged to Lemminkäinen's Infrastructure Construction business sector, was transferred on 1 January 2010 to the Building Products business sector. The comparative figures for 2009 have also been prepared in accordance with the new organisation.

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At EUR 610.4 million (568.6), Lemminkäinen's third quarter net sales were 7% higher on the corresponding period in 2009. January-September net sales were down slightly at EUR 1,373.6 million (1,440.4). The net sales of the Building Construction business sector grew in the third quarter, but net sales for the review period as a whole were about 8% lower than in the corresponding period last year. The net sales of the Infrastructure Construction business sector for the first-half of the year fell short of the level achieved a year earlier. The shortfall was made good in the third quarter.

Lemminkäinen generated 70% (73) of its net sales in Finland, 19% (17) in other Nordic countries, 5% (3) in Russia and 6% (7) in other countries.

## OPERATING PROFIT

Operating profit by business sector, EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Building Construction <sup>1)</sup>	2.7	1.2	10.6	21.7	36.4
Infrastructure Construction <sup>2)</sup>	28.0	33.3	17.2	27.8	22.0
Technical Building Services	1.7	3.8	3.2	9.0	12.2
Building Products <sup>2)</sup>	3.2	6.1	2.9	8.6	10.4
Other operations	-3.9	-56.0	-11.0	-58.3	-61.7
Business sectors, total	31.8	-11.5	23.0	8.9	19.4
Unallocated Items	1.1	1.8	1.3	2.3	3.8
Group total (IFRS)	32.9	-9.8	24.3	11.2	23.2

  

Operating margin by business sector, %	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Building Construction <sup>1)</sup>	0.4	0.7	1.9	3.6	4.2
Infrastructure Construction <sup>2)</sup>	6.8	10.9	2.9	4.7	2.9
Technical Building Services	0.5	7.3	1.9	5.3	5.2
Building Products <sup>2)</sup>	3.0	12.5	2.5	7.5	6.8
Group total (IFRS)	5.4	-1.7	1.8	0.8	1.2

<sup>1)</sup> From 1 January 2010 Lemminkäinen observes the interpretation IFRIC 15 - Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with the interpretation.

<sup>2)</sup> Forssan Betoni Oy, which formerly belonged to Lemminkäinen's Infrastructure Construction business sector, was transferred on 1 January 2010 to the Building Products business sector. The comparative figures for 2009 have also been prepared in accordance with the new organisation.

Lemminkäinen's third quarter operating profit increased on the comparison period a year ago and was EUR 32.9 million (-9.8). The January-September operating profit rose to EUR 24.3 million (11.2). The January-September operating margin was 1.8% (0.8). The operating profit for the comparative period in 2009 included EUR 54 million of the infringement fine imposed by the SAC.

The housing market was brisk during the review period, but increased cost levels and poorer-than-expected end-user demand for commercial and office buildings weakened the profitability of the Building Construction business sector. Even though the long winter increased costs especially in the Infrastructure Construction business sector, the infrastructure operations in Finland achieved reasonable profitability. The total volumes of infrastructure construction in the Baltic states fell in the review period, and tough competition weakened the profitability of operations in those countries. Intensified competition weakened margins in the Technical Building Services and Building Construction business sectors. Moreover, the profitability of the Building Construction and Technical Building Services business sectors was impaired by the recognition of non-recurring items stemming from restructuring and business adjustment measures.

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## ORDER BOOK

Order book by business sector, EUR million	30.9.2010	30.9.2009	31.12.2009
Building Construction <sup>1)</sup>	677.4	582.8	601.7
- of which unsold	102.2	130.1	103.2
Infrastructure Construction <sup>2)</sup>	395.9	382.1	319.2
Technical Building Services	118.1	90.3	106.8
Building Products <sup>2)</sup>	38.7	40.9	36.8
Group, total	1,230.0	1,096.1	1,064.5
- of which international orders	252.3	296.6	224.4

<sup>1)</sup> From 1 January 2010 Lemminkäinen observes the interpretation IFRIC 15 - Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with the interpretation.

<sup>2)</sup> Forssan Betoni Oy, which formerly belonged to Lemminkäinen's Infrastructure Construction business sector, was transferred on 1 January 2010 to the Building Products business sector. The comparative figures for 2009 have also been prepared in accordance with the new organisation.

Lemminkäinen's order book grew 12% year on year, and at the end of September was 1,230.0 million (1,096.1). The year-on-year growth rates were highest in Technical Building Services (31%) and Building Construction (16%). International business accounted for 21% (27) of the order book.

The order book also includes the unrecognised part of the completed housing stock.

The most notable new orders received during the review period included earthworks and concrete construction contracts at the Kevitsa nickel-copper mine in Sodankylä, Northern Finland. The client is Kevitsa Mining Ab, a subsidiary of the Canadian mining company First Quantum Minerals Ltd. The total value of the construction works is approx. EUR 25 million, and the contracts are expected to be completed in autumn 2011.

In July 2010 Lemminkäinen signed a contract to continue co-operation in the full renovation of the Kluuvi shopping centre in downtown Helsinki. The project management contract is worth approx. EUR 17 million and the works will be completed by autumn 2011.

In Sweden, Lemminkäinen is building a cable tunnel in Mörbj, a northern suburb of Stockholm. The contract is worth approx. EUR 10 million and it will be completed in summer 2013. Lemminkäinen also won the foundation reinforcement contract for Stockholm's central railway station. The contract is worth approx. EUR 10 million. Lemminkäinen's share of the total project entity will be completed in summer 2012.

During the review period Lemminkäinen and Naumanen Oy signed an agreement concerning a share transaction relating to phase I of a retail trade property called Kauppapaikka Herman in Kuopio. The agreement covers approximately half of the property owned by real estate company Kiinteistö Oy Kuopion Leväsentie 2. The property is worth approx. EUR 60 million. The shopping centre built by Lemminkäinen will be completed in spring 2012.

## BALANCE SHEET, CASH FLOW AND FINANCING

One of Lemminkäinen's financial goals is strengthening of the balance sheet. Under an authorisation granted by the Extraordinary General Meeting of Lemminkäinen Corporation held on 12 November 2009, the Board of Directors decided on 17 March 2010 on two separate share issues. The Company offered 1,700,000 new shares in the Company for subscription by institutional investors approved by the Board of Directors. The consideration received from the issuance of shares to institutional investors totalled EUR 39.5 million, which was booked to the Company's invested unrestricted equity reserve. The funds raised from the issue were used for the amortisation of short-term loans.

The Board of Directors also decided on a share issue in which the Company offered 923,514 new shares in the Company for subscription against receipt of consideration in the form of shares by the minority shareholders of Lemminkäinen Corporation's subsidiaries Lemminkäinen Talotekniikka Oy and Lemminkäinen Talo Oy. The subscription price of the shares was EUR 23.25 per share, totalling EUR 21.5 million.

The consolidated balance sheet total at 30 September 2010 was EUR 1,205.7 million (1,331.5). The return on investment was 5.1% (3.1) and the equity ratio 30.8% (24.4). Gearing was 119.7% (132.1).

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According to the cash flow statement, the cash flow from operating activities in January-September was EUR -82,2 million (-3.5), the cash flow from investing activities EUR -19.4 million (-15.2) and the cash flow from financing activities EUR 81.2 million (-108.4). The cash flow for the review period includes the payment of dividends totalling EUR 2.1 million (18.0). The dividends paid in 2010 include only dividends paid to the minority interests of subsidiaries. In the July-September period the cash flow from operating activities was EUR -14.7 million (67.1), the cash flow from investing activities EUR -4.8 million (1.1) and the cash flow from financing activities EUR 3.9 million (-58.1).

Working capital declined 8% to EUR 836.0 million (909.1) and net working capital grew some 10% to EUR 444.1 million (404.0).

Liquid funds at the end of the review period were EUR 52.1 million (121.1).

The amount of interest-bearing debt at the end of the review period was EUR 453.1 million (508.6), of which EUR 230.9 million (450.2) was short-term debt and EUR 222.2 million (58.4) long-term debt. Interest-bearing net debt was EUR 401.0 million (387.5). Net financing expenses were EUR 16.9 million (25.4), representing 1.2% (1.8) of net sales.

During the review period Lemminkäinen issued a EUR 60 million four-year domestic bond with an annual coupon of 4.50%. The bond was listed on NASDAQ OMX Helsinki Ltd after the end of the review period. The bond issue refinanced a EUR 60 million syndicated loan maturing in January 2011. At the same time Lemminkäinen broadened its financing base and extended the maturity distribution of its debt portfolio.

Lemminkäinen's interest-bearing debt comprised loans from financial institutions 16% (42), commercial paper 27% (10), project loans related to own housing production and non-residential construction 7% (16), TyEL (employee pensions premium) loans 21% (18), finance leasing liabilities 12% (11), bonds 13% (0) and other liabilities 4% (3). At the end of the review period Lemminkäinen had an unused EUR 150 million line of credit.

## BUSINESS SECTORS

### BUILDING CONSTRUCTION

Key figures, EUR million <sup>1)</sup>	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net sales	214.5	180.1	552.4	602.4	868.7
Operating profit <sup>2)</sup>	2.7	1.2	10.6	21.7	36.4
Operating margin, %	0.4	0.7	1.9	3.6	4.2
Order book at end of period			677.4	582.8	601.7
- of which unsold			102.2	130.1	103.2

<sup>1)</sup> From 1 January 2010 Lemminkäinen observes the interpretation IFRIC 15 - Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with the interpretation.

<sup>2)</sup> From 1 January 2010 financial items are no longer reported sector-specifically in segment reports delivered to management. For this reason sector-specific comparative figures are presented only up until the operating profit line.

The third quarter net sales of the Building Construction business sector rose 19% year on year to EUR 214.5 million (180.1). January-September net sales were EUR 552.4 million (602.4), which was 8% down on the same period last year. The business sector generated 75% (82) of its net sales in Finland, 11% (6) in other Nordic countries, 7% (4) in Russia and 7% (8) in other countries. The business sector's January-September operating profit was EUR 10.6 million (21.7).

The housing market was brisk in the review period, and income from housing starts made in the second half of 2009 began to be recognised during the third quarter. Increased costs and lower-than-expected end-user demand for commercial and office buildings weakened the profitability of building construction in the review period. The business sector has initiated measures to improve its profitability by enhancing the efficiency of its process management in its own real estate and housing production and by streamlining the company structure.

The business sector's order book developed favourably during the review period and at the end of September was EUR 677.4 million (582.8), i.e. 16% higher than a year earlier. The share of international business in the order book remained at the previous year's level at EUR 111.9 million (119.5).



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## Operations in Finland

<b>Lemminkäinen's private-sector housing production, Finland</b>	<b>1-9/2010</b>	<b>1-9/2009</b>	<b>1-12/2009</b>
Housing starts	675	195	351
Housing units sold	601	546	771
Completed	152	519	533
Under construction at end of period	928	263	405
- of which unsold	382	148	193
Unsold completed units at end of period	148	377	263

Lemminkäinen made in total 1,315 (880) new housing starts in Finland during the review period. In addition to its own housing developments, Lemminkäinen made 640 (685) contracted housing starts during the review period.

At the end of the review period Lemminkäinen owned a total of 866,000 m<sup>2</sup> (890,000) of unused building rights in Finland, of which approx. 384,000 m<sup>2</sup> (395,000) were residential building rights. The Company also had binding or conditional co-operation and zoning agreements for about 782,000 m<sup>2</sup> (765,000), of which about 281,000 m<sup>2</sup> (358,000) were residential building rights. The balance sheet value of the building plots was EUR 94.2 million (92.0).

Even though demand for real estate investment picked up in the review period, end-user demand for commercial and office premises was slow, and their construction volumes continued to be subdued in the review period. Demand for commercial and logistics construction was reasonable in the review period.

The municipalities' interest in life-cycle projects increased markedly in the review period, but no decisions on new projects were made. The renovation construction market remained stable during the review period. Renovation construction accounted for about 19% (17) of Lemminkäinen's building construction business in the review period.

## Operations outside Finland

<b>Lemminkäinen's private-sector housing production, Russia</b>	<b>1-9/2010</b>	<b>1-9/2009</b>	<b>1-12/2009</b>
Housing starts	184	0	0
Housing units sold	202	81	133
Completed	498	0	104
Under construction at end of period	184	323	479
- of which unsold	184	181	367
Unsold completed units at end of period	196	0	22

In St. Petersburg, Russia, Lemminkäinen completed a housing development of 498 units in the third quarter of the year. Some 300 of these units had been sold by the end of September, and sales are expected to continue at a brisk pace.

Lemminkäinen is building some 180 apartments and 600 m<sup>2</sup> of commercial premises in a northern district of St. Petersburg. The development is expected to be completed in autumn 2011. The company also acquired a building plot on St. Petersburg's Vasil Island near the city centre. Construction work on a 540-unit apartment building is expected to start during 2011 and to be completed in autumn 2013.

The value of the inventories that Lemminkäinen had tied up in Russia at the end of the review period was EUR 47.9 million (33.0).

The most important foreign markets for the Building Construction business sector are Sweden, China, India and Poland.

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## INFRASTRUCTURE CONSTRUCTION

Key figures, EUR million <sup>1)</sup>	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net sales	314.6	304.3	591.9	594.4	768.0
Operating profit <sup>2)</sup>	28.0	33.3	17.2	27.8	22.0
Operating margin, %	6.8	10.9	2.9	4.7	2.9
Order book at end of period			395.9	382.1	319.2

<sup>1)</sup> Forssan Betoni Oy, which formerly belonged to Lemminkäinen's Infrastructure Construction business sector, was transferred on 1 January 2010 to the Building Products business sector. The comparative figures for 2009 have also been prepared in accordance with the new organisation.

<sup>2)</sup> From 1 January 2010 financial items are no longer reported sector-specifically in segment reports delivered to management. For this reason sector-specific comparative figures are presented only up until the operating profit line.

The third quarter net sales of the Infrastructure Construction business sector rose slightly year on year to EUR 314.6 million (304.3). January-September net sales remained at previous year's level at EUR 591.9 million (594.4). The business sector generated 54% (53) of its net sales in Finland, 33% (34) in the other Nordic countries, 9% (10) in the Baltic states, and 4% (3) in other countries. The operating profit for the review period was EUR 17.2 million (27.8). The long winter delayed the start of the infrastructure construction season in all markets. Operations were affected especially in Norway, Denmark and the Baltic states. In Finland, Lemminkäinen had a good season. Total market volume in the Baltic states was lower than a year ago, and intensified competition weakened the profitability of infrastructure construction. The business sector is improving its operating efficiency and decreasing its cost structure, especially in the Baltic states.

The business sector's order book remained at the year-ago level and at the end of the review period was EUR 395.9 million (382.1).

### Operations in Finland

In spite of constrained municipal finances and cuts in government funding for basic highway maintenance, Lemminkäinen's paving season in Finland was satisfactory.

In rock engineering the review period was brisk due to major tunnel-building projects and the pick-up in mining activity. Good demand for geotechnical engineering works continued during the review period due to the recovery of housing construction, among other factors. Demand for transport infrastructure construction continued to be reasonable during the review period, but competition was tough.

In mineral aggregates and crushing contracting the winter was quiet. Towards the end of the review period the recovery of building construction boosted demand for mineral aggregates to a higher level than a year earlier.

### Operations outside Finland

Harsh winter conditions brought paving works in Norway and Denmark to a standstill. The start of the season was delayed by the long winter, but towards the end of the review period the paving season was good, especially in Denmark. Tough competition continued in both countries.

In Norway Lemminkäinen acquired a 75% majority stake in Asfalt Remix AS, a Norwegian company specialising in the cold milling of asphalt pavement, which generated net sales of EUR 8 million in 2009. Also during the review period Lemminkäinen also acquired a 90.1% stake in Risa Rock AS, a Norwegian tunnel excavation company, which generated net sales of EUR 16 million in 2009.

In Sweden Lemminkäinen's operations mainly concentrated in with tunnel and geotechnical engineering works as well as the excavation of the Kiruna iron ore mine.

In the Baltic states the harsh winter halted paving works and delayed the start of the season. Total volumes of infrastructure construction in the review period fell from the year-ago level across the area. Furthermore, tough competition weakened profitability, and Lemminkäinen's operations in the Baltic states were unprofitable.



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## TECHNICAL BUILDING SERVICES

Key figures, EUR million <sup>1)</sup>	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net sales	55.1	52.6	165.1	168.6	233.8
Operating profit <sup>1)</sup>	1.7	3.8	3.2	9.0	12.2
Operating margin, %	0.5	7.3	1.9	5.3	5.2
Order book at end of period			118.1	90.3	106.8

<sup>1)</sup> From 1 January 2010 financial items are no longer reported sector-specifically in segment reports delivered to management. For this reason sector-specific comparative figures are presented only up until the operating profit line.

The third quarter net sales of the Technical Building Services business sector rose 5% year on year and were EUR 55.1 million (52.6). The January-September net sales remained at the year-ago level at EUR 165.1 million (168.6). The operating profit was EUR 3.2 million (9.0). In spite of tougher competition in the sector, Lemminkäinen maintained its market share during the review period. January-September profitability was impaired by intensified competition as well as non-recurring items stemming from restructuring and business adjustment measures.

In new construction the technical building services take place in the final phase of construction projects, and increased building construction activity shows up in the sector's work load with a lag. Lemminkäinen's Technical Building Services business sector is increasingly shifting its focus towards renovation construction and servicing and maintenance work, which nowadays already account for a half of the sector's net sales. Demand for the business sector's industrial services remained minimal during the review period.

The order book at the end of the review period was up 31% on the year-ago level at EUR 118.1 million (90.3).

## BUILDING PRODUCTS

Key figures, EUR million <sup>1)</sup>	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net sales	50.5	48.8	115.5	115.3	154.2
Operating profit <sup>2)</sup>	3.2	6.1	2.9	8.6	10.4
Operating margin, %	3.0	12.5	2.5	7.5	6.8
Order book at end of period			38.7	40.9	36.8

<sup>1)</sup> Forssan Betoni Oy, which formerly belonged to Lemminkäinen's Infrastructure Construction business sector, was transferred on 1 January 2010 to the Building Products business sector. The comparative figures for 2009 have also been prepared in accordance with the new organisation.

<sup>2)</sup> From 1 January 2010 financial items are no longer reported sector-specifically in segment reports delivered to management. For this reason sector-specific comparative figures are presented only up until the operating profit line.

The third quarter net sales of the Building Products business sector rose slightly from the year-ago level to EUR 50.5 million (48.8). The January-September net sales were EUR 115.5 million (115.3) and the operating profit EUR 2.9 million (8.6).

The long winter delayed the start of the business sector's contracting and products sales season. Sales of yard paving stones and roofing products picked up towards the end of the review period and slightly exceeded the level of the previous year. Demand for pre-cast concrete staircase and façade elements was brisk during the review period thanks to the recovery of housing construction. The business sector's profitability was weakened by higher raw material prices and intensified competition among roofing and urban environment construction contractors.

The order book at the end of the review period was EUR 38.7 million (40.9).

## SHARES AND SHARE CAPITAL

The listed price of Lemminkäinen Corporation's share was EUR 24.20 (13.05) at the beginning of the review period and EUR 24.70 (26.50) at the end of the review period. The market capitalisation at the end of the review period was EUR 485.2 million (451.1). Altogether 3,166,561 shares (1,237,703) were traded during the review period. The total value of the turnover was EUR 78.4 million (24.1). At the end of the review period the Company had 5,069 (4,824) shareholders.

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The Extraordinary General Meeting of Lemminkäinen Corporation, held on 12 November 2009, decided in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to resolve on a share issue and/or an issue of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, in one or several instalments, either against payment or without payment. The General Meeting also authorised the Board of Directors to resolve on the acquisition of the Company's own shares.

On 17 March 2010 the Board of Directors decided on two separate share issues. The Company offered 1,700,000 new shares in the Company for subscription by private and institutional investors approved by the Board of Directors. The Board of Directors also decided on a share issue in which the Company offered 923,514 new shares in the Company for subscription against receipt of consideration in the form of shares by the minority shareholders of Lemminkäinen Corporation's subsidiaries Lemminkäinen Talotekniikka Oy and Lemminkäinen Talo Oy. The subscription price of the shares was EUR 23.25. The new shares were recorded in the Trade Registry and listed on NASDAQ OMX Helsinki Ltd on 23 March 2010.

After the share issues the Board of Directors was still authorised to issue 1,576,486 shares and/or special rights entitling to shares. The authorisation will remain in force for five (5) years from the date on which it was granted. Moreover, the authority granted to the Board of Directors by the Extraordinary General Meeting on 12 November 2009 to acquire the Company's own shares has not been used, and it will remain in force for 18 months from the date of the General Meeting's decision.

Lemminkäinen's share capital is EUR 34,042,500. The Company has one share series and after the share issue the total number of issued shares is 19,644,764.

## INVESTMENTS

Gross investments made during the review period amounted to EUR 44.5 million (32.4). The investments were mainly replacement investments for infrastructure construction, but also included two business acquisitions made in Norway during the review period.

## PERSONNEL

<b>Personnel, average</b>	<b>1-9/2010</b>	<b>1-9/2009</b>	<b>1-12/2009</b>
Hourly paid employees	5,423	5,645	5,559
Salaried staff	2,916	3,116	3,067
Personnel, total	8,339	8,761	8,626
of whom working outside Finland	2,398	2,685	2,607
Personnel at the end of the review period	8,920	9,010	7,759
<b>Personnel by business sector, average</b>	<b>1-9/2010</b>	<b>1-9/2009</b>	<b>1-12/2009</b>
Building Construction	2,246	2,414	2,356
Infrastructure Construction <sup>1)</sup>	3,212	3,453	3,395
Technical Building Services	1,893	1,958	1,941
Building Products <sup>1)</sup>	842	822	820
Parent company	146	114	114
Total	8,339	8,761	8,626

<sup>1)</sup> Forssan Betoni Oy, which formerly belonged to Lemminkäinen's Infrastructure Construction business sector, was transferred on 1 January 2010 to the Building Products business sector. The comparative figures for 2009 have also been prepared in accordance with the new organisation.

The average number of employees in the Group during the review period was 8,339 (8,761), down 5% on the comparison period. 71% (69) of the personnel worked in Finland, 12% (13) in other Nordic countries, 10% (11) in the Baltic states and 7% (7) in other countries.

The number of personnel has been adjusted to the prevailing market situation.

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## ORGANISATIONAL CHANGES

One of Lemminkäinen's strategic goals is a move towards one united Lemminkäinen. This involves, among other things, streamlining the organisation structure, and consequently, some 20 of the Group's companies in Finland will be merged during 2010. The changes will be most notable in the Building Construction and Technical Building Services business sectors. In the beginning of 2011, the structure of the Building Products business sector will be further streamlined by merging the domestic subsidiaries into the business sector's parent company, Lemminkäinen Talo Oy.

Lemminkäinen's internal support services – HR, financial administration, ICT, legal affairs and communications & marketing – are also being developed and consolidated. The new shared services aim to offer optimal support for Lemminkäinen's business goals and growth, and enhance the Group's competitiveness through cost-effective, high-quality and professionally delivered services.

## ANNUAL GENERAL MEETING DECISIONS AND GOVERNANCE

On 16 April 2010 Lemminkäinen Corporation's Annual General Meeting approved the Company's final accounts and consolidated financial statements for 2009 and granted the members of the Board of Directors and the President & CEO discharge from liability. The Annual General Meeting decided in accordance with the Board of Directors' proposal that no dividend would be paid for the 2009 accounting period.

The following persons were re-elected to serve on the Board of Directors: Berndt Brunow, Juhani Mäkinen, Mikael Mäkinen, Kristina Pentti-von Walzel, Heikki Räty and Teppo Taberman. PricewaterhouseCoopers Oy, a firm of authorised public accountants, was re-elected to serve as the Company's auditors, with Jan Holmberg, APA, acting as chief auditor.

Lemminkäinen Corporation's Board of Directors held an organising meeting on 16 April 2010. Berndt Brunow continues as the Chairman of the Board of Directors, and Juhani Mäkinen as the Vice Chairman.

## LEGAL PROCEEDINGS

In 2009 the Supreme Administrative Court (SAC) fined a number of Finnish asphalt industry companies for violations of the Act on Competition Restrictions.

At present, 25 municipalities and the Finnish State (Finnish Transport Agency) have brought actions for the recovery of damages from Lemminkäinen and other asphalt companies in the District Court of Helsinki. The claimants contend that restrictions of competition have caused them damages. The capital amount of the claims presented against Lemminkäinen is at present about EUR 73 million. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

The decision rendered by the SAC in 2009 as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused the parties ordering asphalt works any damages. The SAC's decision does not concern the individual contracts that the claimants are citing in support of their claims. Neither does the decision concern the pricing of individual contracts, nor has the SAC considered the claim that pricing deviating from the market price had been used in the contracts.

Lemminkäinen's initial position is that the claims are without foundation

The claims will be brought separately before the District Court of Helsinki and heard in the order determined by the court. It is likely that district court proceedings will continue into 2011.

No provision for future expense has been made in respect of the statements of claims submitted so far to the district court by the municipalities and the Finnish Road Administration.

Lemminkäinen will provide further updates on the matter in connection with interim financial reviews or, if necessary, as separate releases.

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## RISKS AND UNCERTAINTIES

Lemminkäinen's business risks are divided into six categories: market risks, project risks, financing risks, credit loss risks, environmental risks, and accidents and damage. The measures necessary to manage the most significant identified risks have been specified.

In the near future, market risk poses the most significant threat to Lemminkäinen. The international economic downturn is creating uncertainty in key sectors of Lemminkäinen's operating environment and making it more difficult to foresee future changes. As a consequence of this, Lemminkäinen adjusted its business operations to the new market demand at the end of 2008 and in 2009.

Although housing sales have developed favourably, the general economic situation is still unstable. For this reason new housing starts are being made only if a sufficiently high percentage of the units are reserved by buyers in advance.

Another risk are the aforementioned statements of claim submitted to the District Court of Helsinki by certain municipalities and the Finnish Road Administration.

Operating in a number of business sectors with differing cyclical behaviours is a cornerstone of Lemminkäinen's strategy. Fluctuating demand for new construction in Finland is counterbalanced by infrastructure construction. The building repair and maintenance businesses account for a third of the Group's business.

The Company's Annual Report and website provide more information on Lemminkäinen's risk management.

## OUTLOOK FOR 2010

In Finland low interest rates and improved consumer confidence will sustain good demand for housing. Other building construction will remain at a low level. Demand for renovation construction is expected to grow steadily.

In Russia the housing construction volumes continue to grow stably in 2010.

In the Nordic countries and Baltic states, total paving volumes will decline from the 2009 levels. Major transport projects and the pick-up in mining activity will support demand for infrastructure construction.

Demand for technical building services and building materials follows the building construction cycle, and demand for these products and services is expected to pick up gradually with the recovery of residential construction.

Lemminkäinen reiterates its guidance released on 15 October 2010, according to which full-year 2010 pre-tax profit is estimated to be positive but below the 2009 profitability level. The comparative figures do not include the infringement fine imposed by SAC. Full-year 2010 net sales are estimated to be at the 2009 level.

Lemminkäinen estimates that in 2011 its net sales will increase and pre-tax profit will clearly improve on 2010.

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## **EVENTS AFTER THE REVIEW PERIOD**

After the review period Lemminkäinen acquired full ownership of Suonenjoen Sementtiteollisuus Oy in Central Finland. The acquisition will strengthen Lemminkäinen's pre-cast concrete element production resources. The net sales of the acquired company are estimated to be approx. EUR 1.5 million in 2010. According to preliminary plans, the company will merge with Lemminkäinen Rakennustuotteet Oy in the first quarter of 2011.

In accordance with its strategy, Lemminkäinen is transitioning to a more centralised operating model in its internal support services. As part of this change in the operating model, Lemminkäinen initiated in early October, i.e. after the review period, co-determination negotiations concerning a personnel reduction of about 100 employees. Any personnel reductions arising from the negotiations will be made during 2011.

Helsinki, 4 November 2010

LEMMINKÄINEN CORPORATION  
Board of Directors

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**TABULATED SECTION OF THE INTERIM FINANCIAL REVIEW****ACCOUNTING PRINCIPLES**

This interim financial review has been prepared in accordance with the same IFRS recognition and measurement principles as those applied in the annual financial statements for 2009 with the below-mentioned changes. As the tabulated section is presented in abridged format, not all of the requirements of the IAS 34 Interim Financial Reporting Standard have been observed in the preparation of the review.

The information contained in the interim financial review has not been audited.

The interpretation IFRIC 15 - Agreements for the Construction of Real Estate was adopted from the beginning of 2010. The comparative figures starting from 1.1.2009 have also been calculated in accordance with the provisions of the new interpretation. IFRIC 15 affected not only the figures of Lemminkäinen Group but also those of the Building Construction business sector. Furthermore, Forssan Betoni Oy, which formerly belonged to the Infrastructure Construction business sector, was transferred at the beginning of January 2010 to the Building Products business sector. The Group and business sector-specific figures given in this bulletin are pro forma figures.

**Standards and interpretations adopted from the beginning of 2010**

- IFRIC 15. Agreements for the Construction of Real Estate. The interpretation clarifies whether an agreement for the construction of real estate falls within the scope of IAS 11 Construction Contracts or IAS 18 Revenue, and when income from such construction projects can be recognised on the basis of percentage of completion. In Lemminkäinen Group the new interpretation affects especially the income recognition practice for own housing production, the basis of which changed on 1 January 2010 from percentage-of-completion to full completion and delivery.
- IFRIC 12 Service Concession Arrangements. The interpretation applies to contractual arrangements whereby a private-sector operator participates in the development, financing, operation of public services or the maintenance of infrastructure.
- IFRS 3 (Revised), Business combinations. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all costs directly associated with the transaction are to be expensed as incurred. Contingent consideration is to be recorded at fair value even if its realisation may be presumed unlikely at the transaction date. Subsequent changes in contingent liabilities are recorded at fair value through income, and not as an adjustment to goodwill, as was the practice before the adoption of the interpretation. In a step acquisition, previously acquired equity interests are recorded at fair value at the acquisition date. Goodwill may be calculated based on the parent company's share of net assets or it may include goodwill related to the non-controlling interest.
- IAS 27 (Revised), Consolidated and separate financial statements. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. Thus, transactions with non-controlling interests will no longer result in goodwill or the recognition of gains or losses through profit or loss. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised through profit or loss.
- IAS 17 (Revised), Leases. The revised standard requires the classification of land areas as finance leasing or some other leasing agreements in accordance with the general classification criteria of IAS 17. The revision does not have any essential bearing on the figures presented in the Interim Financial Review.

An assessment indicates that the following interpretations and standards have no essential bearing on Lemminkäinen Group's Interim Financial Review: IAS 1 (Revised), IAS 18 (Revised), IAS 38 (Revised), IAS 39 (Revised), IFRS 2 (Revised), IFRS 5 (Revised), IFRS 8 (Revised), IFRIC 9, IFRIC 16, IFRIC 17 and IFRIC 18.

**Effects of new interpretations of IFRS standards in the future**

The standards and interpretations published by IASB and listed below will come into force in 2011 or thereafter. The Group has decided against their early adoption and will apply them in future accounting periods.



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An assessment indicates that the following interpretations and standards have no essential bearing on Lemminkäinen Group's financial statements: IAS 24 (Revised), IFRIC 14, IFRIC 19.

## FINANCIAL STATEMENTS AND OTHER TABULATED INFORMATION

- 1) Consolidated income statement
- 2) Consolidated statement of comprehensive income
- 3) Consolidated statement of financial position
- 4) Consolidated cash flow statement
- 5) Consolidated statement of changes in equity
- 6) Consolidated income statement, quarterly
- 7) Segment information
- 8) Economic trends and financial indicators
- 9) Share-specific indicators
- 10) Guarantees and contingent liabilities
- 11) Legal proceedings

### 1) CONSOLIDATED INCOME STATEMENT

EUR mill.	7-9/ 2010	7-9/ 2009	1-9/ 2010	1-9/ 2009	1-12/ 2009
Net sales	610.4	568.6	1,373.6	1,440.4	1,965.5
Operating income and expenses	-565.7	-567.0	-1,322.6	1,403.7	-1,909.6
Depreciation	13.6	12.5	27.9	26.7	34.3
Share of the results of associates	1.7	1.1	1.2	1.1	1.5
Operating profit/loss	32.9	-9.8	24.3	11.2	23.2
Financial expenses	8.6	10.5	30.7	41.0	54.1
Financial income	2.1	4.1	13.8	15.6	20.7
Profit/loss before taxes	26.4	-16.1	7.4	-14.2	-10.2
Income taxes	-6.7	-8.1	-4.3	-10.3	-13.6
Profit/loss for the accounting period	19.7	-24.2	3.1	-24.5	-23.8
Distribution of the profit/loss for the accounting period					
To shareholders of the parent company	20.1	-24.0	2.9	-25.5	-26.2
To non-controlling interest	-0.4	-0.3	0.2	1.0	2.4
EPS calculated from profit/loss attributable to parent company shareholders					
Earnings per share, diluted and undiluted, EUR	1.08	-1.41	0.15	-1.49	-1.54

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## 2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	7-9/ 2010	7-9/ 2009	1-9/ 2010	1-9/ 2009	1-12/ 2009
Profit/loss for the accounting period	19.7	-24.2	3.1	-24.5	-23.8
Translation difference	-1.5	1.6	2.3	2.1	3.4
Hedging of net investment in foreign subsidiary		0.1		-0.4	-0.4
Cash flow hedge	0.3	-0.1	0.2	-0.5	-0.2
Change in fair value	-0.1		0.0		
Other comprehensive income, total	-1.3	1.7	2.6	1.2	2.8
Comprehensive income for the accounting period	18.3	-22.5	5.6	-23.3	-21.0
Distribution of comprehensive income for the accounting period					
To shareholders of the parent company	18.7	-22.2	5.5	-24.3	-23.4
To non-controlling interest	-0.4	-0.3	0.2	1.0	2.4

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### 3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	9/2010	9/2009	12/2009
Non-current assets			
Tangible assets	182.3	185.4	184.6
Goodwill	83.9	77.7	78.3
Other intangible assets	10.0	2.4	2.7
Investments	14.2	12.7	12.8
Deferred tax asset	20.1	16.5	14.3
Other non-current receivables	7.2	6.8	7.5
Total	317.6	301.4	300.1
Current assets			
Inventories	386.3	429.1	374.7
Trade and other receivables	449.7	479.9	305.1
Cash funds	52.1	121.1	74.4
Total	888.0	1,030.2	754.3
Assets, total	1,205.7	1,331.5	1,054.4
Shareholders' equity and liabilities			
Share capital	34.0	34.0	34.0
Share premium account	5.8	5.8	5.8
Hedging reserve	-1.8	-2.2	-2.0
Fair value reserve	0.0		
Invested unrestricted equity reserve	63.1		
Translation differences	0.6	-3.0	-1.7
Retained earnings	225.6	261.6	261.6
Profit/loss for the period	2.9	-25.5	-26.2
Equity attributable to shareholders of the parent company	330.3	270.7	271.5
Non-controlling interest	4.6	22.7	23.2
Shareholders' equity, total	334.9	293.4	294.8
Non-current liabilities			
Deferred tax liabilities	19.6	19.4	19.0
Pension liabilities	0.5	0.3	0.7
Provisions	1.7	2.4	1.8
Financial liabilities	222.2	58.4	290.7
Other liabilities	3.9	2.4	2.4
Total	248.0	82.9	314.6
Current liabilities			
Accounts payable and other liabilities	384.5	497.9	328.4
Provisions	7.3	7.2	8.3
Financial liabilities	230.9	450.2	108.4
Total	622.7	955.1	445.0
Shareholders' equity and liabilities, total	1,205.7	1,331.5	1,054.4

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#### 4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1-9/ 2010	1-9/ 2009	1-12/ 2009
Profit/loss before taxes	7.4	-14.2	-10.2
Depreciation	27.9	26.7	34.3
Other adjustments	9.1	24.3	33.9
Cash flow before change in working capital	44.4	36.8	58.0
Change in working capital	-92.0	2.2	52.4
Financial items	-21.9	-23.3	-30.2
Direct taxes paid	-12.7	-19.2	-16.0
Cash flow from operating activities	-82.2	-3.5	64.2
Cash flow provided by investing activities	11.8	8.1	11.9
Cash flow used in investing activities	-31.2	-23.3	-30.5
Share issue for cash consideration	39.5		
Change in non-current receivables	0.3	-0.5	0.0
Drawings of loans	244.6	458.7	562.3
Repayments of loans	-201.1	-548.6	-764.6
Dividends paid	-2.1	-18.0	-18.0
Cash flow from financing activities	81.2	-108.4	-220.2
Change in cash funds	-20.4	-127.0	-174.6
Cash funds at beginning of period	74.4	250.1	250.1
Translation difference of cash funds	-1.9	-1.9	-1.1
Cash funds at end of period	52.1	121.1	74.4

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## 5) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital  
B = Share premium account  
C = Hedging reserve  
D = Fair value reserve  
E = Invested unrestricted equity reserve  
F = Translation difference  
G = Retained earnings  
H = Non-controlling interest  
I = Shareholders' equity total

EUR mill.	A	B	C	D	E	F	G	H	I
Shareholders' equity									
1.1.2009	34.0	5.8	-1.7			-4.7	276.9	27.3	337.6
Profit/loss for the accounting period							-25.5	1.0	-24.5
Translation difference						2.1			2.1
Hedging of net investment in foreign subsidiary						-0.4			-0.4
Cash flow hedge			-0.5						-0.5
Comprehensive income, total			-0.5			1.7	-25.5	1.0	-23.3
Dividend distribution							-15.3	-2.0	-17.3
Change in non-controlling interest								-3.6	-3.6
Transactions with owners, total							-15.3	-5.6	-20.9
Shareholders' equity									
30.9.2009	34.0	5.8	-2.2			-3.0	236.1	22.7	293.4

4.11.2010

EUR mill.	A	B	C	D	E	F	G	H	I
Shareholders' equity 1.1.2009	34.0	5.8	-1.7			-4.7	276.9	27.3	337.6
Profit/loss for the accounting period							-26.2	2.4	-23.8
Translation difference						3.4			3.4
Hedging of net investment in foreign subsidiary						-0.4			-0.4
Cash flow hedge			-0.2						-0.2
Comprehensive income, total			-0.2			3.0	-26.2	2.4	-21.0
Dividend distribution							-15.3	-2.0	-17.3
Change in non-controlling interest								-4.5	-4.5
Transactions with owners, total							-15.3	-6.5	-21.8
Shareholders' equity 31.12.2009	34.0	5.8	-2.0			-1.7	235.4	23.2	294.8



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EUR mill.	A	B	C	D	E	F	G	H	I
Shareholders' equity 1.1.2010	34.0	5.8	-2.0			-1.7	235.4	23.2	294.8
Profit/loss for the accounting period							2.9	0.2	3.1
Translation difference						2.3			2.3
Cash flow hedge			0.2						0.2
Change in fair value				0.0					0.0
Comprehensive income, total			0.2	0.0		2.3	2.9	0.2	5.6
Share issue to investors for cash consideration					39.5				39.5
Share issue to non-controlling interest for cash consideration					24.3				24.3
Transaction expenses of share issues					-0.7				-0.7
Gains on share-based payments							0.1		0.1
Direct entries, non-controlling interest acquisition							-10.0		-10.0
Dividend distribution							0.1		0.1
Change in non-controlling interest								-1.9	-1.9
Change in non-controlling interest								-16.9	-16.9
Transactions with owners, total					63.1		-9.8	-18.8	34.5
Shareholders' equity 30.9.2010	34.0	5.8	-1.8	0.0	63.1	0.6	228.5	4.6	334.9

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## 6) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR mill.	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009	7-9/ 2009
Net sales	610.4	478.8	284.4	525.1	568.6
Operating income and expenses	-565.7	-449.0	-308.0	-505.9	-567.0
Depreciation	13.6	9.6	4.7	7.6	12.5
Share of the results of associates	1.7	-0.2	-0.2	0.4	1.1
Operating profit/loss	32.9	20.0	-28.5	12.0	-9.8
Financial expenses	8.6	10.0	12.1	13.1	10.5
Financial income	2.1	5.0	6.7	5.2	4.1
Profit/loss before taxes	26.4	15.0	-33.9	4.0	-16.1
Income taxes	-6.7	-5.2	7.6	-3.3	-8.1
Profit/loss for the accounting period	19.7	9.8	-26.4	0.7	-24.2
Distribution of the profit/loss for the accounting period					
To shareholders of the parent company	20.1	9.5	-26.7	-0.7	-24.0
To non-controlling interests	-0.4	0.3	0.3	1.4	-0.3
EPS calculated from profit/loss attributable to parent company shareholders					
Earnings per share, diluted and undiluted, EUR	1.08	0.60	-1.52	-0.04	-1.41

## 7) SEGMENT INFORMATION

IFRS 8 Operating Segment Reporting requires that reported segment information be based on internal segment reporting to management, which in Lemminkäinen Group means the President of Lemminkäinen Corporation, who is the chief operative decision-maker. Internal segment reporting to management covers net sales, depreciation, operating profit, non-current assets, inventories and trade receivables.

The segment information reported to management is generally prepared according to the same principles as those applied in the consolidated financial statements. Imputed items are not considered in segment reporting. Such items include, among others, depreciation of assets acquired by finance leasing, interest separated from payments and warranty provisions. In segment reporting to management, finance leasing arrangements are treated as ordinary rental agreements, which deviate from the accounting principles of IFRS financial statements. Associated companies are combined in segment reporting in proportion to ownership share using the line-by-line method. In IFRS financial statements associated companies are combined by the equity method. In segment reporting, intersegment sales are not allocated to segments, owing to their minimal magnitude, and are not reported to management.

The interpretation IFRIC 15 - Agreements for the Construction of Real Estate was adopted from the beginning of 2010. The comparative figures starting from 1.1.2009 have also been calculated in accordance with the provisions of the new interpretation. IFRIC 15 affected not only the figures of Lemminkäinen Group but also those of the Building Construction business sector. Furthermore, Forssan Betoni Oy, which formerly belonged to the Infrastructure Construction business sector, was transferred at the beginning of January 2010 to the Building Products business sector. The Group and business sector-specific figures given in this bulletin are pro forma figures.

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BLDCO = Building Construction  
INFRA = Infrastructure Construction  
TECBS = Technical Building Services  
BLDPR = Building Products  
OTHER = Other operations  
ELIM = Group eliminations  
SEGM = Segments total  
RECON = Reconciling items  
TOTAL = Group total, IFRS

EUR mill.

1-9/2010	BLDCO	INFRA	TECBS	BLDPR	OTHER	ELIM	SEGM	RECON	TOTAL
Net sales	552.4	591.9	165.1	115.5	8.5	-51.1	1,382.3	-8.7	1,373.6
Depreciation	1.8	23.8	0.7	2.5	0.8		29.5	-1.6	27.9
Operating profit/loss	10.6	17.2	3.2	2.9	-11.0		23.0	1.3	24.3

The reconciling items for net sales comprise EUR -13.0 million from the equity share treatment of associated companies and the treatment difference between entries made to net sales and other income.

The reconciling items for operating profit comprise EUR 3.8 million in personnel expenses, EUR 1.8 million from the IFRS treatment of finance leasing, EUR -0.2 million from the equity share treatment of associated companies and EUR -4.1 million in other closing entries.

EUR mill.

1-9/2009	BLDCO	INFRA	TECBS	BLDPR	OTHER	ELIM	SEGM	RECON	TOTAL
Net sales	602.4	594.4	168.6	115.3	8.3	-33.3	1,455.6	-15.2	1,440.4
Depreciation	2.1	23.1	0.6	2.6	0.6		29.0	-2.3	26.7
Operating profit/loss	21.7	27.8	9.0	8.6	-58.3		8.9	2.3	11.2

The reconciling items for net sales comprise EUR -12.9 million from the equity share treatment of associated companies and the treatment difference between entries made to net sales and other income.

The reconciling items for operating profit comprise EUR 1.3 million in personnel expenses, EUR 1.4 million from the IFRS treatment of finance leasing, EUR 0.0 million from the equity share treatment of associated companies and EUR 0.4 million in other closing entries.

NET SALES EUR mill.	1-9/ 2010	1-9/ 2009	1-12/ 2009
Building Construction	552.4	602.4	868.7
Infrastructure Construction	591.9	594.4	768.0
Technical Building Services	165.1	168.6	233.8
Building Products	115.5	115.3	154.2
Other operations	8.5	8.3	10.3
Group eliminations	-51.1	-33.3	-52.5
Segments total	1,382.3	1,455.6	1,982.6
Reconciling items	-8.7	-15.2	-17.1
Group total, IFRS	1,373.6	1,440.4	1,965.5

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OPERATING PROFIT/LOSS EUR mill.	1-9/ 2010	1-9/ 2009	1-12/ 2009
Building Construction	10.6	21.7	36.4
Infrastructure Construction	17.2	27.8	22.0
Technical Building Services	3.2	9.0	12.2
Building Products	2.9	8.6	10.4
Other operations	-11.0	-58.3	-61.7
Segments total	23.0	8.9	19.4
Reconciling items	1.3	2.3	3.8
Group total, IFRS	24.3	11.2	23.2

NET SALES, QUARTERLY EUR mill.	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009	7-9/ 2009
Building Construction	214.5	169.2	168.7	266.3	180.1
Infrastructure Construction	314.6	226.0	51.3	173.6	304.3
Technical Building Services	55.1	55.8	54.2	65.2	52.6
Building Products	50.5	44.7	20.3	38.9	48.8
Other operations	2.8	2.9	2.8	2.1	2.9
Group eliminations	-23.1	-15.8	-12.2	-19.2	-8.8
Segments total	614.5	482.6	285.2	526.9	579.9
Reconciling items	-4.1	-3.8	-0.8	-1.8	-11.3
Group total, IFRS	610.4	478.8	284.4	525.1	568.6

OPERATING PROFIT/LOSS, QUARTERLY EUR mill.	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009	7-9/ 2009
Building Construction	2.7	6.7	1.2	14.7	1.2
Infrastructure Construction	28.0	13.5	-24.3	-5.8	33.3
Technical Building Services	1.7	0.4	1.1	3.2	3.8
Building Products	3.2	3.4	-3.7	1.8	6.1
Other operations	-3.9	-3.7	-3.4	-3.4	-56.0
Segments total	31.8	20.3	-29.1	10.5	-11.5
Reconciling items	1.1	-0.3	0.6	1.5	1.8
Group total, IFRS	32.9	20.0	-28.5	12.0	-9.8

ASSETS EUR mill.	9/2010	9/2009	12/2009
Building Construction	428.6	420.6	357.9
Infrastructure Construction	353.3	357.5	253.9
Technical Building Services	31.2	30.1	30.5
Building Products	65.9	61.5	55.3
Other operations	44.3	45.4	43.6
Segments total	923.2	915.2	741.1
Assets unallocated to segments and Group eliminations, total	282.5	416.3	313.3
Group total, IFRS	1,205.7	1,331.5	1,054.4

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## 8) ECONOMIC TRENDS AND FINANCIAL INDICATORS

	9/2010	9/2009	12/2009
Return on equity, %	1.0	-7.8	-7.5
Return on investment, %	5.1	3.1	5.4
Operating profit, % of net sales	1.8	0.8	1.2
Equity ratio, %	30.8	24.4	31.0
Gearing, %	119.7	132.1	110.2
Interest-bearing net debt, EUR million	401.0	387.5	324.7
Gross investments, EUR million (incl. leasing purchases)	44.5	32.4	41.5
Order book, EUR mill.	1,230.0	1,096.1	1,064.5
- of which orders outside Finland, EUR mill.	252.3	296.6	224.4
Average number of employees	8,339	8,761	8,626
Employees at end of period	8,920	9,010	7,759
Net sales, EUR mill.	1,373.6	1,440.4	1,965.5
- of which operations outside Finland, EUR mill.	416.5	392.5	527.6
% of net sales	30.3	27.2	26.8

## 9) SHARE-SPECIFIC INDICATORS

	9/2010	9/2009	12/2009
Earnings per share, EUR	0.15	-1.49	-1.54
Equity per share, EUR	16.81	15.90	15.95
Market capitalisation, EUR mill.	485.2	451.1	411.9
Share price at end of period, EUR	24.70	26.50	24.20
Trading volume during period, 1000 shares	3,167	1,238	1,918
Number of issued shares, 1000 shares	19,645	17,021	17,021
Weighted average number of shares over the period, 1000 shares	19,645	17,021	17,021

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## 10) GUARANTEES AND CONTINGENT LIABILITIES

EUR mill.	9/2010	9/2009	12/2009
Securities for own commitments			
Property mortgages	80.0	80.0	80.0
Business mortgages	1,218.8	1,218.8	1,221.3
Bonds pledged as security	0.3	0.4	0.6
Deposits	0.1	0.1	0.1
Total	1,299.2	1,299.3	1,302.0
Guarantees			
On behalf of others	9.8	37.9	34.7
Bonds pledged as security			
On behalf of others	0.1		
Minimum lease payments of irrevocable lease agreements			
One year or less	16.7	12.2	11.1
Over one year but no more than five years	30.5	25.1	24.9
Over five years	18.5	20.8	20.7
Total	65.7	58.0	56.7
Purchase commitments of investments	4.6	8.1	11.1
Derivative contracts			
Forward foreign exchange contracts			
Nominal value	54.6	40.6	36.6
Fair value	1.6	-0.8	-1.7
Currency options, calls purchased			
Nominal value	0.0	2.0	0.0
Fair value	0.0	0.2	0.0
Currency options, puts written			
Nominal value	0.0	2.0	0.0
Fair value	0.0	0.0	0.0
Interest rate options, calls purchased			
Nominal value	0.0	0.8	0.0
Fair value	0.0	0.0	0.0
Interest rate options, puts written			
Nominal value	0.0	0.8	0.0
Fair value	0.0	0.0	0.0
Interest rate swap contracts			
Nominal value	53.8	65.3	59.6
Fair value	-2.4	-3.8	-3.2



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Commodity derivatives

Volume, mill. 25.3

Fair value, € -0.4

The fair value of contracts is the gain or loss arising from closure of the contract based on the market price on the accounting date.

## 11) LEGAL PROCEEDINGS

In 2009 the Supreme Administrative Court (SAC) fined a number of Finnish asphalt industry companies for violations of the Act on Competition Restrictions.

At present, 29 municipalities and the Finnish State (Finnish Transport Agency) have brought actions for the recovery of damages from Lemminkäinen and other asphalt companies in the District Court of Helsinki. The claimants contend that restrictions of competition have caused them damages. The capital amount of the claims presented against Lemminkäinen is at present about EUR 73 million. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

The decision rendered by the SAC in 2009 as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused the parties ordering asphalt works any damages. The SAC's decision does not concern the individual contracts that the claimants are citing in support of their claims. Neither does the decision concern the pricing of individual contracts, nor has the SAC considered the claim that pricing deviating from the market price had been used in the contracts.

Lemminkäinen's initial position is that the claims are without foundation

The claims will be brought separately before the District Court of Helsinki and heard in the order determined by the court. It is likely that district court proceedings will continue into 2011.

No provision for future expense has been made in respect of the statements of claims submitted so far to the district court by the municipalities and the Finnish Road Administration.

Lemminkäinen will provide further updates on the matter in connection with interim financial reviews or, if necessary, as separate releases.