LEMMINKÄINEN

Annual Report 2006



LEMMINKÄINEN GROUP

Contents

Lemminkäinen Group	2
Strategy	4
Year 2006	5
Review by the Managing Director	6
Paving and Mineral Aggregates Division	8
Building Materials Division	14
Lemcon Ltd	18
Oy Alfred A. Palmberg Ab	24
Tekmanni Oy	30
Safety	34
Environment	36
Research and development	38
Personnel	40
Board of Directors' report for the accounting period Jan. 1, - Dec. 31, 2006	44
Consolidated income statement	50
Consolidated balance sheet	51
Consolidated statement of source and application of funds	52
Consolidated statement of changes in equity	53
Parent company income statement	54
Parent company balance sheet	55
Parent company statement of source and application of funds	56
Accounting principles	www.lemminkainen.com
Notes to the financial statements	www.lemminkainen.com
Shares and holdings	www.lemminkainen.com
Economic trends and financial indicators	58
Shares and shareholders	60
Share-issue-adjusted financial indicators	64
Board of Directors' proposal for appropriation of retained earnings	65
Auditors' report	65
Parent Company Board of Directors	66
Management of Lemminkäinen Group	67
Corporate governance	68
Information for shareholders	71
Contact information	72
Lemminkäinen Group websites	76

Lemminkäinen´s business areas and markets

Lemminkäinen operates in all areas of the construction sector. Its main business areas are building contracting, infrastructure construction, the building materials industry and technical building services.

Lemminkäinen's main markets are in the Baltic Rim region, where the Group has established a presence by setting up local subsidiaries. In specialised areas of construction Lemminkäinen serves its clients all over the world.

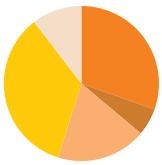
The Group´s net sales in 2006 were EUR 1 795.9 million, of which international operations accounted for 29.5 per cent. The average number of employees in the Group was 8 418. Lemminkäinen was founded in 1910.



Net sales by market	%
Finland	70.5
Other Nordic countries	14.1
Baltic states	5.9
Russia and Eastern Europe	5.7
Other countries	3.8

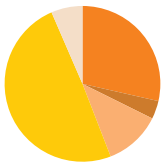
- Paving and Mineral Aggregates Division
- Building Materials Division
- Lemcon Ltd
- Oy Alfred A. Palmberg Ab
- Tekmanni Oy

Net sales by business sector



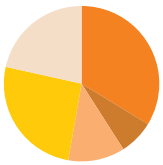
Total 1 795.9 EUR million

Operating profit by business sector



Total 108.1 EUR million

Personnel by business sector



Total 8 418 persons



Paving and Mineral Aggregates Division

The Paving and Mineral Aggregates Division is an asphalt paving and road improvement contractor as well as a producer of mineral aggregates and ready-mix concrete. The Division also offers environmental engineering products and services.



EUR million	2006	2005	Change %
Net sales	559.0	514.7	8.6
Operating profit	30.3	20.5	47.8
Net investments	31.6	26.2	20.6
Order book	185.1	130.2	42.2

Building Materials Division

The Building Materials Division manufactures bituminous roofing materials, concrete-based urban environment products, precast concrete staircase units, terrazzo products and sports surfacings. The Division also imports products relating to its business operations. The range of services offered by the Division include design, installation and maintenance.



EUR million	2006	2005	Change %
Net sales	104.4	100.3	4.1
Operating profit	4.0	0.6	over 100
Net investments	2.0	0.4	over 100
Order book	23.4	13.3	75.9

Lemcon Ltd

Lemcon Ltd is an international project contractor that derives about a half of its business from contracts abroad. In Finland the company focuses on project management contracting and demanding infrastructure contracts. The company operates in Europe, the Americas and Asia as a project contractor and telecom network builder.



EUR million	2006	2005	Change %
Net sales	344.0	328.8	4.6
Operating profit	12.5	15.3	-18.3
Net investments	4.2	1.8	over 100
Order book	361.9	439.5	-17.7

Oy Alfred A. Palmberg Ab

The Palmberg Group is a building contractor operating mainly in Finland but also in Central Sweden. The Group's new construction and refurbishment work encompasses competitive tender contracting as well as private-sector housing, commercial and industrial developments.



EUR million	2006	2005	Change %
Net sales	637.5	517.3	23.2
Operating profit	52.4	28.3	85.2
Net investments	2.4	3.3	-27.3
Order book	681.5	366.9	85.7

Tekmanni Oy

Tekmanni Oy's business areas are technical building services, technical facility services and industrial services. The company provides installation, contracting, servicing and maintenance services at 30 locations in Finland. Tekmanni Service Oy has subsidiaries in St. Petersburg, Russia and in Tallinn, Estonia.



EUR million	2006	2005	Change %
Net sales	191.7	191.1	0.3
Operating profit	6.9	6.8	1.5
Net investments	5.3	0.8	over 100
Order book	74.9	61.5	21.8

Lemminkäinen responds to society's changing construction needs.

Lemminkäinen's business areas and markets

Lemminkäinen operates in all areas of the construction sector. Its main business areas are building contracting, infrastructure construction, the building materials industry and technical building services.

Lemminkäinen's main markets are in the Baltic Rim region, where the Group has established a presence by setting up local subsidiaries. In specialised areas of construction Lemminkäinen serves its clients all over the world.

Diversity and strength in the marketplace

The Group offers its clients a diverse range of high-level building expertise in projects of different types and sizes. Lemminkäinen is able to exploit construction chain synergies in its operations.

The stability of Lemminkäinen's business in both the short and long term is largely attributable to the diversity of the Group's business portfolio. Operating in the fields of infrastructure construction, technical building services and the building materials industry reduces the Group's dependence on domestic demand for new construction and its cyclical fluctuations. Refurbishment contracting and operations abroad also lend support for the same purpose.

Lemminkäinen focuses on those markets and selected product or service segments in which the Group commands leading or significant positions. Examples include asphalt paving, in which Lemminkäinen is the second biggest operator in the Nordic countries, and Palmberg's subsidiaries, which enjoy significant positions in their respective geographical areas.

Speed of reaction and adaptability

Lemminkäinen continuously follows and anticipates social development. Changes in customer needs are taken into account when developing the Group's business and service offering.

When necessary, Lemminkäinen is able to respond to the needs of the market in new business areas as well. Examples of this are Lemminkäinen's expansion into technical building services, facility servicing and telecommunications network construction.

In its business operations Lemminkäinen emphasises the importance of speed of reaction and adaptability. The Group is continuously developing new and comprehensive service concepts. In developing its own products and services, Lemminkäinen makes a significant contribution to the development of the construction sector as a whole.

Local knowledge and independence

Lemminkäinen's operations both in Finland and abroad are based on an understanding of the local conditions and construction environment.

Lemminkäinen's regional units have sufficient autonomy to ensure operational flexibility and the maintenance of good customer relations. For the company's employees this means added responsibility, but it also promotes motivation and commitment. Efficient management systems ensure that business is conducted appropriately.

This local and independent business model combined with close contacts to stakeholder groups promotes the development of products and services and helps to identify new business opportunities.

Financial targets

The Group's strategic goals are profitable growth and the maintenance of good solvency. Good profitability is regarded as a long-term average return on investment in excess of 18 %. Good solvency is equated with an equity ratio in excess of 35 %.

Future growth areas

Lemminkäinen Group has grown at an average annual rate of 14 % the past ten years and yet profitability has remained undiminished.

Most of Lemminkäinen's growth has been organic, but in the background there have also been acquisitions of companies and businesses both in Finland and abroad. The primary purpose of such acquisitions is to strengthen local market positions.

Lemminkäinen Group has the capabilities to increase its housing production, depending on the market situation.

Lemminkäinen will respond to the expected increase in demand for refurbishment contracting, servicing and maintenance, which already account for about 40 % of its business. The Group's technical building services have been expanded from HVAC contracting to servicing and the modernisation of piped and ducted systems.

Over the next few years Lemminkäinen's international business is expected to grow faster than its domestic operations. The asphalt paving and road construction markets in the Baltic states are clearly growing. As a consequence of Finnish industry's increased investments, there is demand for Lemminkäinen's services in China, India and other countries. The growing markets of Eastern Europe are also future growth areas for Lemminkäinen's building services.

Continuity is essential

Lemminkäinen was founded in 1910 and continuity has always been an essential element of its business strategy.

Quality, reliability and the ability to foresee and adapt to change will enable Lemminkäinen to continue its sustained and profitable growth and thus serve as a durable foundation for the continuity of its business.

Year 2006

Lemminkäinen´s result was one of the best in the Group´s history. Net sales rose 12.1 % to EUR 1 795.9 million. International operations accounted for about one third of net sales. Operating profit rose 49.1 % to EUR 108.1 million and the operating margin improved to 6.0 %. Earnings per share were up over 50 % at EUR 3.87. The order book grew by almost a third and was EUR 1 326.7 million at the end of accounting period.

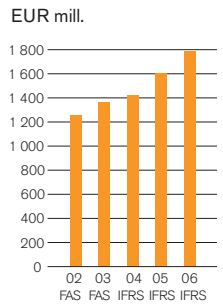
Favourable outlook for 2007

Lemminkäinen's strong order book and the positive outlook for the construction market create good prerequisites for the favourable development of the Company's business in 2007.

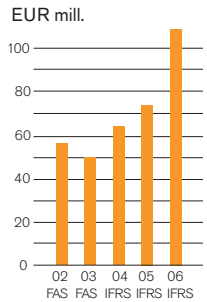
Dividend

The Board of Directors will propose to the Annual General Meeting that the Company pay a dividend of EUR 1.50 per share for the 2006 accounting period.

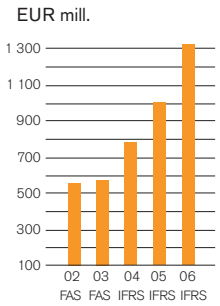
Net sales



Operating profit



Order book



Key figures	**2006**	2005	change, %
Net sales, EUR mill.	**1 795.9**	1 601.7	12.1
Operating profit, EUR mill.	**108.1**	72.5	49.1
Profit for accounting period, EUR mill.	**72.9**	48.5	50.3
Operating margin, %	**6.0**	4.5	
Return on investment, %	**20.6**	16.5	
Return on equity, %	**30.2**	24.5	
Equity ratio, %	**31.2**	31.0	
Earnings per share, EUR	**3.87**	2.57	50.6
Dividend per share, EUR	**1.50** [1)]	1.00	50.0
Gross investments, EUR mill.	**48.7**	37.4	30.2
Order book, EUR mill.	**1 326.7**	1 011.3	31.2
Personnel (average)	**8 418**	7 912	6.4

[1)] Board of Directors´ proposal to the AGM

Review by the Managing Director

Year 2006 was successful

Lemminkäinen's result was one of the best in the Group's history. Both the profit for the accounting period and earnings per share were up over 50 % on the previous year.

The biggest improvements in profits were made by Lemminkäinen's building contractor, the Palmberg Group, and the Paving and Mineral Aggregates Division. This favourable trend was influenced by the healthy state of the construction market, growth of the Group's housing production, and the unusually long asphalt paving season. The Building Materials Division continued with measures aimed at boosting profitability, and there was a marked improvements in its result. Lemcon reinforced its position as a major rock engineering project contractor.

Operations abroad accounted for one third of Lemminkäinen Group's total net sales.

Revised strategy

Lemminkäinen's strategy was revised on February 14, 2007. Its key goals are still profitable growth and the maintenance of good solvency. The target level set for return on investment was raised. Good profitability is now regarded as a long-term average return on investment in excess of 18 %. Good solvency is equated with an equity ratio in excess of 35 %.

The means by which Lemminkäinen will achieve its goals are business diversity, strong market positions, local knowledge, and the ability to foresee demand changes and react quickly to them.

Business diversity

Lemminkäinen's service offering is the most diverse of all the Finnish construction companies. The Group is able to exploit construction chain synergies. Activity in all areas of the construction sector, operations abroad, and the significant role that maintenance and refurbishment contracting plays in Lemminkäinen's business are the key elements of the Group's steady long-term growth. Business diversity has also shielded Lemminkäinen from the demand fluctuations typical of the construction industry. Periodically weaker success in one area is counterbalanced by stronger performances in others.

Strong market positions

Lemminkäinen focuses on those markets and segments in which it commands leading or significant positions.

Local knowledge and independence

Lemminkäinen has a unique geographical network and business culture. In Finland the Company has established a strong local presence in the provinces through its district offices and regional subsidiaries. Knowledge of the local conditions and environment helps Lemminkäinen to carry out construction projects in good collaboration with stakeholder groups. Close relations with these stakeholders promote the continuous development of products and services and the identification of new business opportunities. Local units have sufficient autonomy to ensure operational flexibility. For the Company's employees this means added responsibility, but it also promotes motivation and commitment.

Adaptability

Steady growth is also based on the ability to react and adapt to market changes. Throughout its long history Lemminkäinen has been able to foresee the continuously changing needs of the market and its customers. In international business Lemminkäinen's strengths are its reliable operating model and the continuous development of successful service concepts. These enable construction knowhow to be transferred smoothly from one country to another. In developing its own products and services, Lemminkäinen contributes to the development of the construction sector as a whole.

International growth

Finland and the Baltic Rim region are Lemminkäinen's domestic markets. However, the Group does have the reach to respond to the construction needs of Finnish industry anywhere in the world. Over the next few years Lemminkäinen's international business will probably grow faster than its domestic operations. The asphalt paving and road construction markets in the Baltic states are growing, and because of Finnish industry's increased investments, there is demand for Lemminkäinen's services in China, India and other countries. The growing markets of Eastern Europe are also future growth areas for Lemminkäinen's services.

Challenges ahead

The retention of professionally skilled employees and the need to safeguard the continuity of knowledge and expertise are genuine causes for concern in the construction sector. Many lifelong construction industry professionals will be retiring over the next ten years. The whole industry is competing for the interest of young workers. Lemminkäinen's success factors in this contest are the diversity and international scope of its construction projects and a corporate culture in which freedom and responsibility are combined in a way that is quite exceptional for a large corporation.

The challenge for Lemminkäinen is to develop its operations so that the synergies of its different businesses can be exploited even more effectively. The Group's business models and structures will be developed so that customers receive the best possible service for their diversifying needs.

Legacy of history

Lemminkäinen's subsidiary Oy Alfred A. Palmberg Ab celebrates its centennial anniversary this year and is Finland's oldest building firm. Lemminkäinen will reach the same milestone in 2010 and is the country's second oldest construction company. Both companies have thus been in business since Finland's birth as an independent nation. And both have helped themselves to weather the storms of war and economic depression.

Lemminkäinen's future is bright. As far as I can see, the company currently possesses all the prerequisites necessary to maintain its competitiveness long into the future. This year the company enjoys the security of a strong and healthy order book.

Thanks

I would like to thank all the employees of Lemminkäinen Group for a job well done and also our other stakeholder groups for their good co-operation.



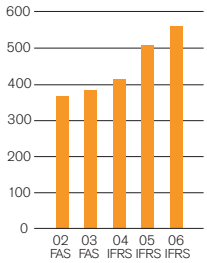
Juhani Sormaala
Managing Director

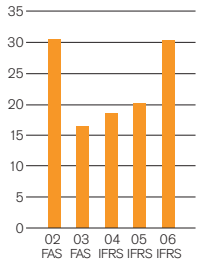

AVG-557
MERCEDES



As an asphalt paving contractor and producer of mineral aggregates and ready-mix concrete, Lemminkäinen meets the needs of the Finland's developing society.

EUR million	2006	2005
Net sales	**559.0**	514.7
Operating profit	**30.3**	20.5
Operating margin, %	**5.4**	4.0
Net investments	**31.6**	26.2
Order book	**185.1**	130.2





Key figures

Net sales, EUR million

Operating profit, EUR million

The Paving and Mineral Aggregates Division operates in the Baltic Rim region. The Division is an asphalt paving and road improvement contractor as well as a producer of mineral aggregates and ready-mix concrete. The Division also carries out year-round highway maintenance contracts and offers environmental engineering products and services.

In Espoo a large groundwater protection contract and asphalt paving works are being carried out for Helsinki Metropolitan Area Council on a 14-hectare site at Ämmässuo landfill. The contract will be completed in 2007. Tomi Olkkonen and Jarmo Laine at asphalt paving work.

The net sales of the Paving and Mineral Aggregates Division continued to grow and its result improved in 2006.

The total volume of asphalt paving in Finland declined by about 10 per cent from the level of the previous year, mainly due to the reduced volume of paving works in major road construction projects. Volumes in other Nordic countries remained more or less at the previous year's level. In the Baltic states and Russia demand for asphalt paving contracting continued to be good. Demand for mineral aggregate and ready-mix concrete increased.

Tielinja Oy, Lemminkäinen's specialist road-marking subsidiary, was sold to Elfving Opasteet Oy in November 2006. The reason for the sale was the change in contract models used by clients, which weakened the synergy benefits between Tielinja and Lemminkäinen's asphalt paving operations.

Asphalt paving

In addition to asphalt paving, Lemminkäinen produces and develops asphalt paving products that conserve and protect the environment, such as remixed and waterproof asphalt pavements, and processes contaminated soils into recyclable building materials.

Net sales from asphalt paving grew and operations abroad accounted for over a half of the total in 2006. In Finland it was possible to extend the paving season into December using asphalt plants on the west and south coasts, which had a positive impact on the Division's result.

The price level of asphalt paving works rose in 2006. The biggest single reason was the rise in raw material prices at the end of 2005. The price level is still poor in Finland and Sweden, and only slightly better in Norway and Denmark.

Asphalt paving work at Longyearbyen Airport on the Norwegian island of Spitzbergen.

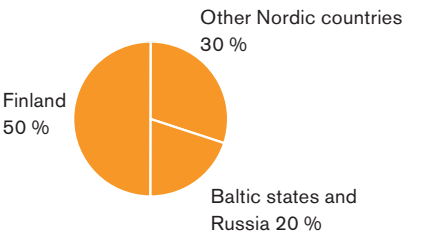


Lemminkäinen had 95 (95) asphalt production plants in service during the paving season. Old asphalt plants were replaced at Kotka in Finland, at Vandel in Denmark and at Risør in Norway. The heating drums needed to recycle reclaimed asphalt pavement (RAP) were installed in the asphalt plants at Helsinki and Lohja.

Altogether 5.3 (5.5) million tonnes of asphalt was produced, 2.5 (2.8) million tonnes in Finland and 2.8 (2.7) million tonnes abroad.

Lemminkäinen paved the Varkaus and Kajaani airports for Finavia. The Company also carried out road paving contracts in almost all of the Finnish Road Administration's road districts. A concrete road maintenance contract was started in the Häme and Uusimaa road districts. The contract will continue until 2015 and involves the asphalt surfacing of Finland's last remaining concrete road sections.

A 28-kilometre-long road section is being constructed between Malko and Mestilä in the Turku



Net sales by market

"The net sales of the Paving and Mineral Aggregates Division continued to grow and its result improved in 2006."



Director Henrik Eklund

road district. The road's bearing capacity, width and traffic safety will be improved in the three-year contract, which also includes the widening of five bridges and the protection of local groundwater.

The volume of paving work carried out for local authorities and private-sector customers remained at the 2005 level. A large groundwater protection contract and asphalt paving works are being carried out on a 14-hectare site at the Helsinki Metropolitan Area Council's Ämmässuo landfill in Espoo. The contract will be completed in 2007.

EU-funded road rehabilitation and paving contracts are underway in the Baltic states. In Estonia Lemminkäinen started basic improvement works at Tallinn Airport. In Latvia the rehabilitation and paving of the Via Baltica is a large multi-year contract. Basic improvement work on a 40-kilometre-long road section between Skulte and Svetciems was carried out with Lemcon as a consortium partner. In Lithuania basic improvement works on the Klaipeda bypass continued.

In Russia work was carried out in and around Moscow, St. Petersburg, Yekaterinburg, Benza and Spirovo.

In Denmark asphalt paving work began on the Høgil–Brande motorway. The airport on the Norwegian island of Spitzbergen was paved using an asphalt mix developed by Lemminkäinen for arctic conditions.

Lemminkäinen has multi-year regional road maintenance contracts in Estonia, Denmark and Norway.



Foreman Jarmo Laine.

Quarrying, crushing and sales of mineral aggregate

Mineral aggregate is used in nearly all construction. Lemminkäinen quarries, crushes and sells mineral aggregate nationwide in about a hundred mineral aggregate areas and also to the contract sites of its customers.

Brisk housing construction and the major infrastructure projects currently under way in Finland kept the demand for mineral aggregate at a good level for most of 2006. Lemminkäinen produced a total of 16.6 (16.0) million tonnes of crushed aggregate. The Company is Finland's largest producer of mineral aggregates.

In the Vuosaari Harbour area of Helsinki a contract involving the excavation and crushing of over a million tonnes of stone was completed. New contracts were started at the Helsinki Metropolitan Area Council's Ämmässuo landfill site in Espoo, where Lemminkäinen has been excavating continuously for the past fifteen years. A total of 150 000 tonnes of mineral aggregate was produced for work sites at Finavia's airports in Seutula and Kajaani.

The raw material production and sales network for mineral aggregates was strengthened by acquiring full ownership of Närpiön Sora Oy and its land areas in October 2006. Lemminkäinen started up mineral aggregate production operations for the first time in Lithuania.

Concrete production

Forssan Betoni Oy has twelve production plants and is the third biggest producer of ready-mix concrete in Finland. The company's net sales grew in 2006. Sales of ready-mix concrete were influenced by the

steady level of strong demand that has been sustained in all areas of building construction nationwide.

Forssan Betoni's fixed concrete plants are located in Helsinki, Espoo, Kangasala, Lempäälä, Forssa, Eurajoki, Vaasa, Punkaharju and Lappeenranta. The latest concrete plant is in Petäjävesi, the home territory of Betonitec Oy, which was acquired in June 2006.



Lemminkäinen is Finland's biggest producer of mineral aggregates.

The company also has mobile concrete plants, which can be used for project-specific purposes, e.g. to supply large industrial construction sites or major infrastructure projects.

Ready-mix concrete was delivered to many projects, most notably the railway tunnel being built at Vuosaari Harbour, the fifth nuclear power plant unit under construction at Olkiluoto, the road intersection works for the Ideapark shopping centre in Lempäälä, and the enlargement of HK Ruokatalo's abattoir in Forssa. The concreting works at the Helsinki Metropolitan Area Council's composting station in Espoo were completed.

Research and development

The Paving and Mineral Aggregate Division's Central Laboratory in Tuusula carries out development work, testing and technical services for Lemminkäinen Group's various units and subsidiaries. Most of the Central Laboratory's development projects concern asphalt technology and bituminous products. Life-cycle thinking and general environmental awareness require the development of new products and services. New procurement procedures in the infrastructure field also require R&D input into the design of pavement structures and the improvement of material durability.

Outlook

The price level for paving contracts is not expected to rise in 2007. In Finland the competitive situation is likely to remain intense, as no growth is anticipated in the sector's total volume of work. The volume of government contracts will decline and the timing of paving works in large road building projects is such that they will not be carried out until after 2007.

The number of contracts from the Finnish Road Administration will fall and fewer invitations to tender will be issued. Projects are increasingly becoming larger, multi-year entities. The new contract model, which places more emphasis on factors such as life-cycle costs, pavement performance and quality characteristics, and environmental effects, is well suited to large companies like Lemminkäinen.

Work volumes in the municipal sector will probably remain at the level established in recent years. Changes in the operating environment, such as new contract models, are expected to occur as local authorities increasingly turn to external providers of technical services and merge to form intermunicipal authorities.

In Denmark the total volume of work may decline as a consequence of local government reform. In Norway the volume of paving work is expected to increase as central government has made appropriations for modernisation of the road network. In Sweden, too, the government has promised to do more work on the road network.

In the Baltic states there are major highways, such as the Via Baltica and bypasses of larger cities, in need of rehabilitation and paving. The EU is funding these paving works, although project timing is

dependent on local decision-making. The growth of construction has resulted in a shortage of skilled labour.

The strong building construction market will sustain demand for mineral aggregates at a good level in the coming years. The outlook for excavation and crushing contracting will improve when the State's infrastructure projects budgeted for 2007 get underway. The availability of mineral aggregate, especially in the Helsinki metropolitan area, has deteriorated because quarrying and crushing permits have not been granted. The consequent increase in transport distances has pushed up the price of mineral aggregate.

The business outlook for Forssan Betoni is good, which stems in particular from brisk demand in the building construction sector. Industrial investment in production plants as well as bridge works included in the State's infrastructure projects will support the good level of demand for ready-mix concrete.



Forssan Betoni supplied the ready-mix concrete for the Lippo bridge on Highway 3.

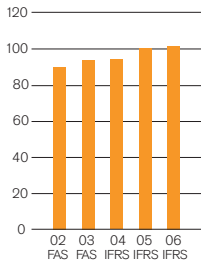
Units / subsidiaries	Net sales EUR million	Personnel (average)	Management
Paving Unit	474.5 (438.9)	2 319 (2 185)	Director Henrik Eklund, M.Sc. (Eng.)
Mineral Aggregates Unit	75.6 (72.9)	306 (301)	Director Juhani Innanen, B.Sc. (Eng.)
Forssan Betoni Oy	16.5 (16.3)	55 (43)	Managing Director Antti Hujanen, B.Sc. (Eng.)
Tielinja Oy	7.6 (9.3)	39 (38)	Managing Director Harri Linnakoski, B.Sc. (Eng.)
Paving and Mineral Aggregates Division	**559.0 (514.7)**	**2 839 (2 673)**	**Director Henrik Eklund, M.Sc. (Eng.)**

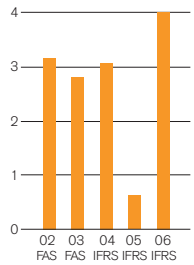

AVANT
635



The operations of Lemminkäinen's Building Materials Division constitute a significant proportion of the material production and subcontracting that serves the Finnish building construction industry.

EUR million	2006	2005
Net sales	**104.4**	100.3
Operating profit	**4.0**	0.6
Operating margin, %	**3.9**	0.6
Net investments	**2.0**	0.4
Order book	**23.4**	13.3





Key figures | Net sales, EUR million | Operating profit, EUR million

Lemminkäinen's Building Materials Division is a manufacturer, seller and contractor of concrete-based urban environment products, precast concrete staircase units, terrazzo products and bituminous roofing materials as well as their ancillary products and supplies. The Division also carries out tiled and sheet-metal roof contracting. In addition, the Division manufactures, imports and distributes specialist products for roofing and urban environments as well as sports construction products ranging from track and field surfacings to spectator stands. The Division also offers design, installation and maintenance services for all the products that it manufactures and imports.

Stonework installers Tomi and Jami Tolvanen lay concrete paving stones on the construction site of Plantagen's new store in Tampere.

The Division's roofing and concrete products businesses were corporatised at the beginning of 2006. The new companies are Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy. Omni-Sica Oy, a specialist supplier and contractor of sports-related products and systems, also belongs to the Division.

Contracting and maintenance services accounted for over a half of the Division's net sales. Lemminkäinen Katto achieved its profitability targets despite a rise in its raw material prices. Measures aimed at improving the profitability of Lemminkäinen Betonituote and Omni-Sica were continued. Both companies made plant and equipment investments and renewed their business systems and product ranges.

In spring 2006 Lemminkäinen acquired full ownership of RK-Betoniporras Oy as well as the precast concrete staircase operations of Suonenjoen Sementtituote Oy. A new subsidiary, Suonenjoen Betonituote Oy, will continue the manufacture of precast concrete staircase units in Suonenjoki.

In addition to Suonenjoki, the Division has production plants in four other locations. Precast concrete staircase units as well as concrete stone and floor products are produced at Tuusula. Concrete stone is produced at Orimattila, and this as well as concrete blocks at Tampere. Bituminous roofing materials are manufactured at Lohja.

There are 15 other service locations in Finland as well as offices in Tallinn and Warsaw. The subsidiary ZAO Lemruf is responsible for Lemminkäinen's roof contracting in Russia.

Roofing materials and contracting

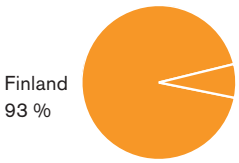
Lemminkäinen Katto Oy produces bituminous roofing materials, carries out bituminous, tiled and sheet metal roof contracting works, and installs waterproofing systems on trafficked decks, bridges and foundation walls. The roof maintenance service consists of a condition assessment, preventative inspection and maintenance visits, and the repair of reported defects.

The production capacity of the company's Lohja bituminous roofing factory was almost fully utilised and production planning was very successful. Some 8.7 (7.9) million square metres of bituminous roofing were manufactured during the production season, which was roughly 10 per cent up on the previous year.

In roofing contracting the demand for roofing materials continued to grow, but the price level remained low. Imports of roofing materials have risen, with products being brought in from both Eastern Europe and especially Russia. Export sales of bituminous roofing materials went mainly to Sweden, Poland, the Baltic states and Russia, and to a lesser extent to Norway, Germany and Ukraine.

The company carried out about 1 500 (1 500) roofing contracts in 2006. One of the biggest contracts was the 17 900 square metre roof of the Tokmanni store in Joensuu. Work began on the installation of deck waterproofing on the new bridges of the E18 Motorway.

Roofing works carried out by Lemminkäinen did well in the Roof of the Year 2006 competition, which is organised by the Finnish Roofing Association. First prize went to the roof of the Sello shopping centre, and the roof of the Suomu A building in the Latokartano district of Helsinki received an honourable mention. The awards were made in recognition of the roofs' sound construction and high-quality workmanship.



Net sales by market

"The Building Materials Division achieved its profitability targets and its result was much improved in 2006."



Director Erkki Lönnrot

Concrete products and urban environment construction

Lemminkäinen Betonituote Oy manufactures and sells staircase and terrazzo products as well as concrete slabs, stones and outdoor furniture. The company also offers design and installation services in urban environment construction. These services cover concrete and granite paving, wall stones, steps and cladding, and outdoor furniture and plantings.

Typical urban environment construction sites are pedestrian precincts, the platforms of metro and railway stations, and shopping centres. The company undertakes both new construction and refurbishment contracts.

Demand for precast concrete staircase units rose significantly in response to the pick-up in office construction. Precast concrete staircase units were delivered to a number of sites in Finland, most notably the Sello business centre's hotel and office buildings in Leppävaara, Espoo. Precast concrete staircase units were also exported to Sweden and Norway. Demand for prototypes used in the construction of low-density housing also increased. Lemminkäinen started the industrial production of precast concrete staircase units in 1954.

Demand for urban environment contracting remained good. Concrete or granite paving was laid on some 800 (800) sites.

Lemminkäinen Betonituote was also involved in the construction of the Aurinkolahti residential area in the Vuosaari district of Helsinki, which was chosen as the Urban Environment of the Year 2006. The competition is organised by the Confederation of Finnish Construction Industries and the Central Organisation for Finnish Horticulture. The prize is awarded in recognition of design and construction that respects the local environment.

Sports Construction

Omni-Sica Oy is a supplier and contractor of sports-related products and systems. The company imports, sells and carries out contracting with a range of sports surfacings and underlays, spectator stands, watering systems, steel fence panels and polyurethane waterproofing systems.

Investments in the construction and refurbishment of sports and athletics facilities continued. Mondo artificial turf was installed on the field event areas of the Kimpinen stadium in Lappeenranta. Other track and field surfacings were installed at venues all over Finland. Watering systems were delivered to a number of golf courses. Altogether there were about 150 (170) contracts.

Outlook

The overall growth of the construction sector's markets will have a favourable effect on the business areas of Lemminkäinen's Building Materials Division. Demand is expected to increase especially in roofing material exports, in the production and installation of precast concrete staircase units and urban environment products, and in the installation of sports surfacings and underlays on artificial turf fields and local exercise facilities.

Economic growth is expected to open up new opportunities for roofing material exports and contracting in St. Petersburg, Moscow and the Baltic states.

Subsidiaries	Net sales EUR million	Personnel (average)	Management
Lemminkäinen Katto Oy	63.3 (63.2)	382 (390)	Director Erkki Lönnrot, B.Sc. (Eng.)
Lemminkäinen Betonituote Oy	33.3 (30.7)	205 (185)	Director Juhani Uljas, M.Sc. (Eng.)
Omni-Sica Oy	8.4 (7.2)	22 (24)	Managing Director Pekka Peho
Building Materials Division	**104.4 (100.3)**	**609 (617)**	**Director Erkki Lönnrot, B.Sc. (Eng.)**



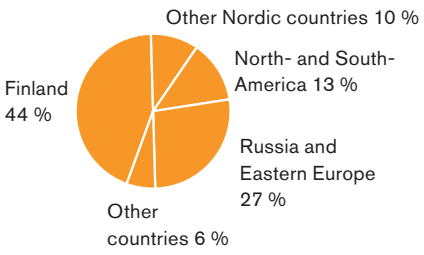
Lemcon's interactive service model focuses on the goals set by clients for their building investments.





Managing Director Matti A. Mantere

> "Lemcon's business continued to develop successfully in 2006 and the company's result was good."



Net sales by market

Lemcon Ltd is a project contractor that derives about a half of its business from international contracts. In Finland the company is a significant project management and civil engineering contractor. Lemcon has 30 years' experience of operating internationally across five continents. The company operates in Europe, the Americas and Asia as a project contractor and telecom network builder.

Lemcon's long experience in project exports and special expertise in arena building have strengthened the company's position in sports construction in Russia. The completed Magnitogorsk multipurpose arena in the southern Urals.

Civil engineering

Lemcon is a rock, soil and foundation engineering specialist and a full-range civil engineering project contractor in Finland and Sweden.

The company's civil engineering business grew strongly in 2006. The market situation, especially in rock engineering, was good. Personnel training and industrial safety improvement were the areas earmarked for particular attention during the review year.

Lemcon is a specialist in the fields of hard rock tunnelling and rock cavern construction. The company has been operating continuously on the Swedish tunnel construction market since 1994. Railway tunnels constructed in Sweden account for about a fifth of Lemcon's net sales from civil engineering works.

In Sweden the tunnel contracts on the Botniabana line were completed. Work began on the construction of the 3.5-kilometre-long Bjässholm railway tunnel on a section of track that is being upgraded between Härnösand and Veda. The tunnel, which forms part of the Ådalsbana line on the coast of the Gulf of Bothnia, will be completed in autumn 2009. The contract is worth EUR 43 million. Work continued on the section of track between Torbacken and Hede. Valued at EUR 55 million, it is Lemcon's biggest ever contract in Sweden.

In Finland Lemcon was awarded the contract to fit out the Vuosaari Harbour's railway tunnel, for which it had earlier completed extensive excavation works. The new contract is worth EUR 23 million and it is the largest tunnel fitting-out contract ever awarded in Finland. The railway tunnel contracts will be completed in autumn 2008.

Work began on the construction of an underground service tunnel in downtown Helsinki. The contract is worth EUR 21.7 million and will be completed in summer 2008.

The Kerava–Lahti direct rail link was handed over to client in autumn 2006. The work was carried out as a project management contract, and it was completed on time and on budget.

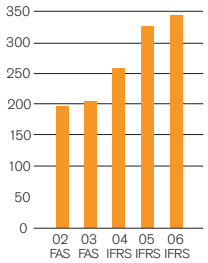
Construction work on the E18 Helsinki–Turku motorway contract continued between Muurla and Lohja. The highway project is being implemented according to the life-cycle model, and its maintenance and upkeep works will continue for 21 years after the road has been completed. The contract is the biggest of the highway construction project currently under way in Finland.

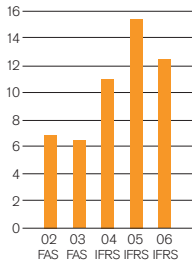
Jetted and bored piling technology as well as deep stabilisation techniques were employed on a number of sites to strengthen the foundations of old buildings and in special contracts for industry. Among other contracts, Lemcon is



Lemcon's areas of special expertise include tunnel construction and demanding foundation engineering works. Åskottsberget railway tunnel was completed on the Botniabana line in Sweden.

EUR million	2006	2005
Net sales	**344.0**	328.8
Operating profit	**12.5**	15.3
Operating margin, %	**3.6**	4.6
Net investments	**4.2**	1.8
Order book	**361.9**	439.5





carrying out the foundation engineering works for Lemminkäinen Group's new head office building in the Salmisaari district of Helsinki.

The technical building works at Helsinki Metropolitan Area Council's composting station at Ämmässuo in Espoo were completed at the end of 2006. Lemcon carried out the project as part of an international consortium. In industrial construction, work continued at Fortum's oil refinery in Porvoo.

Project management

Lemcon's project management model places the emphasis on customer-oriented services and the management of schedules and costs. The flexible project management service model easily accommodates changes and it is based on interactive and confidential collaboration.

Lemcon's project management business continued to be brisk in Finland during 2006. Lemcon has a well-established position in commercial, office and industrial construction, where successful integration of the design and build stages as well as the flexibility to accommodate changes are becoming more important.

The University of Helsinki's Veterinary Hospital was completed in spring 2006. Located in the Viikki district of Helsinki, the spacious building is finished off with high-quality surface materials and fitted out with excellent equipment and technical building systems.

In Kotka Lemcon is building the city's new Maritime Museum Centre in a project requiring special construction techniques and expertise. The contract is worth EUR 26 million. Having previously managed the construction of all the Bauhaus home improvement stores in Finland, Lemcon has now started work on the latest addition to the chain in Espoo.



Lemcon is building a pulp mill for Botnia at Fray Bentos in Uruguay.

The project management model is also employed in refurbishment contracting, where design and build often proceed in parallel. The most significant refurbishment site was the City Centre building in downtown Helsinki.

The main emphasis in Lemcon's international operations has been on industrial construction contracts. Lemcon has permanent service locations in Tallinn, St. Petersburg, Moscow, Warsaw and Budapest.

Lemcon's many years of experience in project exports and its special expertise in arena building have strengthened the company's position in sports construction in Russia. Construction work on the Magnitogorsk multipurpose arena in the southern Urals was completed in December 2006. Mainly designed for ice hockey, ball games and concerts, the arena has seating capacity for 7 500 spectators. In the arena concept developed by Lemcon and its partners, spatial convertibility and cost effectiveness are among the most important factors.

Lemcon's first housing development of its own was completed in St. Petersburg. Construction work on phase II of the Hermitage Art Repository continued in St. Petersburg.

IKEA announced during the review period that it was terminating the contract made with Lemcon concerning the construction of a shopping centre in St. Petersburg. There are no legal grounds for the contract termination and the case is now pending before the court of arbitration.

The series of forest industry mills built by Lemcon for Stora Enso was further extended when work started on a corrugated board mill at Lukhovitsy some 130 kilometres south-east of Moscow. The mill

will be completed at the end of 2007 and the contract is worth EUR 20 million. In Tallinn, Estonia, construction work on a high-rise building continued. The 31-storey building will house a shopping centre as well as a five-star hotel and residential apartments. The project will be completed in summer 2007. Lemcon has acquired building plots in Tallinn for its own housing developments. Construction work on the first site will begin towards the end of this year. In Hungary a factory building was completed for Ruukki and in Poland the enlargement of a production plant was completed for Raisio.

Once again China was one of the biggest growth areas for Lemcon's international business. In Shanghai an assembly plant for container handling equipment was handed over to Kalmar of the Cargotech Group. A labelstock plant was completed for Raflatac in the Changshu industrial area. In the same area a research laboratory is being built for UPM-Kymmene. A plant producing mobile phone shells was completed for Perlos in Beijing.

India is one of the most important new growth areas. Contracts have been signed concerning the construction of a plastic products factory for Perlos and a logistics centre for Nokia. Both projects are being carried out in the vicinity of Chennai.

In Uruguay the construction of Botnia's pulp mill is the most significant of Lemcon's current international projects. Construction work on the mill will be completed during 2007.

Telecom network construction

Lemcon Networks Ltd provides project management, contracting and technical consulting services in the field of telecom network construction.

Lemcon Networks significantly increased the size of its workforce in 2006. The company's net sales rose 44 per cent, and it had operations in 25 countries. Lemcon USA Inc. is the biggest of its 20 subsidiaries.

The company expanded its operations in the growth markets for mobile phone networks. Operations were significantly expanded in South America, where the biggest markets are Brazil, Argentina, Columbia and Venezuela. The company's new markets in the Far East are Indonesia and Sri Lanka.

In the internationalising and fast-paced environment of the telecom network and mobile phone sector the emphasis in assignments is on the management of complex projects and the diverse knowledge and development of project-related technologies. The company possesses the hi-tech expertise and project management skills necessary for demanding telecom network projects.

Lemcon Networks' business involves all areas of network construction from design through to installation and commissioning of base station equipment. Demand for technical consulting services continued to be good. These services cover network integration and commissioning, management and maintenance, and the execution of expansion and development projects.

A large project that has begun in Sri Lanka involving the installation of 1 600 solar electrical systems is a new area of business for the company. The systems are supplied by Naps Systems and Lemcon Networks is responsible for the management and supervision of their installation.

Outlook

Lemcon's order book remained good in 2006. At the end of the year it was EUR 361.9 million (439.5). The outlook for the company in the years ahead is favourable.

Lemcon's order book of infrastructure building projects is expected to remain good. In Sweden the company's reputation as a rock engineering contractor is well established. In Finland recent mega-projects like the Kerava–Lahti direct rail link and the E18 motorway contracts have now been completed, but there are already some new transport infrastructure projects on the horizon. Rail transport development projects in the Helsinki metropolitan area include the Espoo metro and a new line connecting the Martinlaakso line with the main line. The Kirkkonummi–Kivenlahti road, Ring Road I and the Lappeen-

ranta–Imatra road are examples of significant road investment projects.

Lemcon is participating in the preparation of a contract model for the project management business. The contract model will specify detailed operating procedures and conditions and is expected to boost demand for project management services in Finland.

In future Lemcon will be using product model programs in its projects and on its building sites. These will enable construction projects to be planned and managed even more efficiently than before.

Demand for industrial, logistics and commercial buildings has remained brisk in Russia. However, this demand is dependent on the confidence of Western companies in the country's economic development and political stability. In addition to traditional contracting, fixed-price design-and-build projects are becoming more prevalent in Russia. Lemcon expects to start up its own housing production in Estonia, although there are signs that the market is overheating.



The University of Helsinki Veterinary Hospital was completed in spring 2006. Located in the Viikki district of Helsinki, the spacious building is finished off with high-quality surface materials and fitted out with excellent equipment and technical building systems.

China is the most important country for the investments of Lemcon's current clients, and the country offers Lemcon good opportunities for growth in Southeast Asia. In Eastern Europe new business growth is expected to come from Romania, Bulgaria and Ukraine, and likewise in South Asia from India.

The telecom networks market is developing rapidly and M&A activity has increased among operators and equipment manufacturers.

Lemcon Networks' market is global. The company is developing its ability to operate especially in countries where the number of mobile phone users is expected to grow. Lemcon's extensive knowledge of mobile phone technologies and its experienced multinational workforce are key business assets in complex international projects.

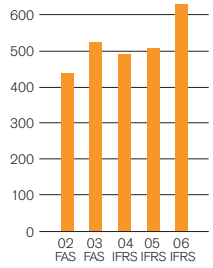
Units / subsidiaries	Net sales EUR million	Personnel (average)	Management
Civil Engineering Unit	142.5 (87.8)	332 (313)	Head of Unit Timo Kohtamäki, Lic. (Tech)
Project Management			
Finland and sports construction			Regional Director Jouko Niemonen, B.Sc. (Eng.)
Exports. Europe and ROW			Export Director Klaus Tervilä, M.Sc. (Eng.)
Exports. Russia	138.8 (194.0)	265 (286)	Export Director Juha Höyhtyä, M.Sc. (Eng.). MBA
Telecom network construction (Lemcon Networks Ltd)	62.7 (47.0)	376 (277)	Managing Director Juha Nurmi, M.Sc. (Eng.)
Lemcon Ltd	**344.0 (328.8)**	**993 (893)**	**Managing Director Matti A. Mantere. M.Sc. (Eng.)**

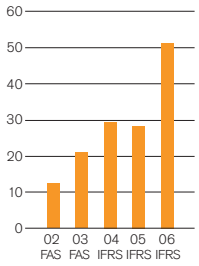

maflex



The Palmberg Group is engaged in building contracting and property-related business that directly supports its building production in Finland.

EUR million	2006	2005
Net sales	**637.5**	517.3
Operating profit	**52.4**	28.3
Operating margin, %	**8.2**	5.5
Net investments	**2.4**	3.3
Order book	**681.5**	366.9





Key figures

Net sales, EUR million

Operating profit, EUR million

The Palmberg Group is a building contractor operating mainly in Finland but also in Central Sweden. The Group's new construction and refurbishment work encompasses competitive tender contracting as well as private-sector housing, commercial and industrial developments. The Group also produces ready-mix concrete and concrete products in Ostrobothnia and North Karelia.

In commercial construction projects Palmberg plans to build office and commercial premises for which tenants will be sought. The buildings and their leases will then be sold to real estate investors. Carpenter Jorma Sorvo and site engineer Hannu Niemi on the construction site of the Pasaati shopping centre in Kotka.

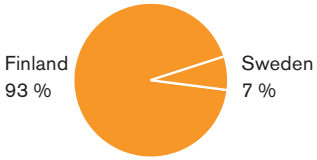
The 2006 accounting period was the best ever for Palmberg Group. There was considerable growth in both net sales and operating profit. The order book was much stronger than in the previous year. The factors influencing this positive development included the start-up of several major construction projects as well as the Group's own building developments.

The Group consists of the parent company, Oy Alfred A. Palmberg Ab, and ten subsidiaries operating regionally under their own names. The subsidiaries are Oka Oy, Palmberg-Rakennus Oy, Palmberg TKU Oy, Palmberg-Urakoitsijat Oy, Rakennusliike A. Taskinen Oy, Rakennus-Otava Oy, Rakennustoimisto Palmberg Oy, Savocon Oy, Byggnads Ab Forsström Rakennus Oy and Oy Konte Ab. In addition, JA-KO Betoni Oy is a subsidiary of Byggnads Ab Forsström Rakennus Oy, and Rekab Entreprenand Ab is a subsidiary of Oy Konte Ab

Housing developments planned and constructed on building plots owned by the Palmberg Group accounted for over 30 per cent of the Group's business. The corresponding share of commercial and industrial developments was about 15 per cent. New building and refurbishment contracting on a competitive tender basis made up the remainder. There was an increase in demand for logistics centres in particular.

New city housing in the Fallpakka district of Helsinki.





Net sales by market

"The 2006 accounting period was the best ever for Palmberg Group. There was a marked increase in the Group's net sales, operating profit and order book."



Managing Director Risto Bono

The operations of the parent company and its subsidiaries in the Tampere and Turku regions, namely Rakennustoimisto Palmberg and Palmberg-TKU, respectively, were primarily concerned with housing and commercial developments. The Group's other subsidiaries derive most of their net sales from competitive tender contracting, although the share of housing developments in their net sales has grown as well. Oka specialises in façade refurbishment work and operates all over southern Finland.

In the 2006 accounting period the number of apartments started by the Group in its own housing developments was 1 558. New apartments started under competitive tender contracting totalled 369, of which 94 are being built on the Group's own building plots on the basis of negotiated contracts.

The Association for Finnish Work awarded its Key Flag emblem to Palmberg's residential sales and commercial facility services. The well-respected Key Flag emblem is awarded in recognition of the high quality, reliability and safety of products and services.

Nationwide building construction

In 2006 Palmberg Group was awarded contracts to construct a number of large commercial buildings in the Helsinki metropolitan area. Work began on Varma Mutual Pension Insurance Company's 66 000 square metre office building project in the Salmisaari district of Helsinki. The project's phase III works, which will become Lemminkäinen Group's new head office, will be completed in June 2009. The entire contract is worth about EUR 100 million.

A 32 000 square metre office building complex called the Vision Business Centre is being built in the Pasila district of Helsinki for Fennia Mutual Insurance Company. The contract is worth EUR 50 million.

Palmberg is building an office complex for Varma Mutual Pension Insurance Company in the Salmisaari district of Helsinki. Lemminkäinen Group's head office will be relocated to the phase III building upon completion in 2009.



A co-operation agreement was made with the municipality of Sipoo concerning the construction of an over 100 hectare logistics centre as a consortium contract. Premises with a maximum combined floor area of 300 000 square meters are planned for the site and the first facilities will probably be completed and ready for use in 2008. Another co-operation agreement was made with the municipality of Tuusula and SRV Viitoset concerning the construction of a new 1 000 hectare business park north of Helsinki-Vantaa Airport.

Work started on the construction of a 75 000 square metre logistics centre in Mäntsälä for the budget-priced retailing chain Tokmanni. The contract is worth EUR 40 million and will be completed in summer 2008.

In south-east Finland and Ostrobothnia the Group's subsidiaries are among the biggest actors in their regions. Work on the Pasaati shopping centre that involved both new construction and refurbishment contracting was completed in Kotka. Construction work continued on the office building phase of the Galleria shopping centre, which is being built in Lappeenranta as a consortium contract. The Chydenia Centre was handed over to the client in Kokkola.

Palmberg's subsidiaries enjoy a substantial share of the building construction markets in the economic regions of Tampere and Turku. The Onkiniemi residential area was completed in Tampere and work began on the construction of an apartment building area in Naantali.

EUR million	2006	2005
Competitive tender contracting		
Housing	**45.6**	64.0
Other new construction	**173.4**	147.1
Refurbishment work	**92.1**	82.6
Developments		
Housing	**198.4**	142.6
Commercial and office construction	**104.6**	54.3
Other business	**23.4**	26.7
Total	**637.5**	**517.3**

In Oulu the Scandic Hotel contract will be completed in spring 2007. The Finnkino cinema built in connection with the hotel was opened in late 2006. Palmberg is also involved in two major Sokos Hotel investments. Comprising a total of 350 rooms, the new hotels will be built at Levi in the municipality of Kittilä and at Vuokatti in the municipality of Sotkamo. The investments are together worth almost EUR 66 million, which includes construction works worth EUR 27 million.

Outlook

Despite the rise in interest rates both the housing market and investment in commercial buildings have continued to be strong. The outlook for building construction in 2007 is favourable. The biggest obstacle to new start-ups is the shortage of skilled labour, foremen in particular. Building plots, especially in larger towns and cities, are in short supply.

The Palmberg Group's order book at the end of 2006 stood at about EUR 681.5 million (366.9). New starts in the Group's own housing developments are expected to total 1 400 units in 2007.

Demand for Palmberg's commercial construction services is expected to remain strong. In commercial construction projects the company plans to build office and commercial premises for which tenants will be sought. The buildings and their leases will then be sold to real estate investors. Palmberg will arrange the project financing and carry out the construction work.

The expansion of foreign retail chains into Finland is one of the factors behind the favourable outlook for building construction. The growth of trade with Russia is one reason for the increase in demand for logistics centres.

Migration of the population to urban growth centres will keep the construction of public service buildings at a steady level for some years. The need to modernise family dwellings and apartment buildings has boosted demand for refurbishment contracting, which is expected to continue at a good level.

In 2006 Palmberg built two major city block projects in Oulu: the Scandic hotel and Finnkino cinema centre, and the Technopolis Oulu City Centre building.



Palmberg is Finland's oldest building firm. February 2007 marked the centennial anniversary of its establishment.

Company	Region	Net sales EUR million	Personnel (average)	Managing Director
Parent company				
Oy Alfred A. Palmberg Ab	Helsinki metropolitan area	73.5 (87.4)	194 (194)	Risto Bono, M.Sc.(Eng.), M.Sc.(Econ.) Regional Director Pauli Mäkelä, M.Sc.(Eng.)
Subsidiaries				
Palmberg TKU Oy	Turku, Salo and surrounding municipalities	45.4 (40.9)	126 (133)	Mikko Pirhonen, M.Sc.(Eng.)
Palmberg-Urakoitsijat Oy	Western Uusimaa	45.4 (33.5)	40 (35)	Ahti Kara, M.Sc.(Eng.)
Oka Oy	Lahti, Kymenlaakso and South Karelia	168.6 (103.4)	496 (444)	Jorma Tamminen, B.Sc.(Eng.)
Rakennustoimisto Palmberg Oy	Tampere and southern central Finland	70.1 (65.6)	255 (259)	Jukka Terhonen, M.Sc.(Eng.)
Rakennus-Otava Oy	Jyväskylä and surrounding municipalities	19.2 (15.6)	77 (65)	Jussi Kari, B.Sc.(Eng.)
Oy Konte Ab	Ostrobothnia, Southwest Finland. Umeå and surrounding municipalities	92.2 (75.5)	375 (322)	Göran Pellfolk, M.Sc.(Eng.)
Byggnads Ab Forsström Rakennus Oy	Kokkola, Pietarsaari and surrounding areas	31.4 (23.1)	173 (166)	Peter Forsström, B.Sc.(Bus.)
Palmberg-Rakennus Oy	Provinces of Oulu and Lapland	47.2 (36.1)	181 (150)	Raimo Hätälä, M.Sc.(Eng.)
Savocon Oy	Kuopio and surrounding areas	21.4 (20.9)	100 (90)	Martti Kankkunen, B.Sc.(Eng.)
Rakennusliike A. Taskinen Oy	Joensuu and North Karelia	22.5 (19.0)	147 (126)	Ari Laamanen, Construction Manager


DAVID
SPORT
FLOOR

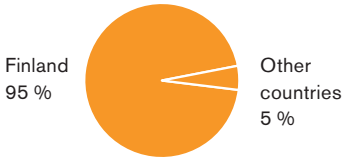


Tekmanni's expertise covers the design, construction and maintenance of technical systems over the entire life span of buildings and facilities.



Managing Director Antero Huhta

> Tekmanni's targeted improvements were achieved in both net sales and profitability in 2006."



Net sales by market

Tekmanni Oy's business areas are technical building services, technical facility services and industrial services. The company provides installation, contracting, servicing and maintenance services at 30 locations in Finland.

The amount of plumbing and electrical work in building refurbishment and modernisation contracts has been growing, and contractors are increasingly being required to possess project management capabilities. Tekmanni was heavily involved in the construction of the Kamppi shopping centre in Helsinki.

The firm establishment of Tekmanni's renewed management and business systems has started to show up in the company's result. Targeted improvements were achieved in both net sales and profitability in 2006.

The continuing strength of the refurbishment contracting market boosted demand for the servicing, maintenance and repair and technical building systems. Demand for technical facility services continued to grow. On the industrial services market there was an increase in international project deliveries, mainly to Sweden and Great Britain.

With growing demand for plumbing modernisation work in apartment buildings, Tekmanni strengthened its expertise in this area by acquiring a majority interest in the Oulu-based HVAC firm Oulun LVI-Ykkönen Oy in September 2006. Tekmanni and the Oulu-based units of Tekmanni Service continued to operate as independently accountable units.

In October 2006 the operations of Tekmanni's technical building service units in Seinäjoki, Vaasa and Kokkola were transferred to a new subsidiary, Tekmanni Pohjanmaa Oy.

The other subsidiaries in Finland are Tekmanni Service Oy, Tekmanni Tampere Oy, Sähköliike Tekno Oy and Turun Rakennusputki Oy. Tekmanni's subsidiaries abroad are OOO Tekmen SPb in St. Petersburg and Tekmanni Eesti Oü in Tallinn.

Technical building services

Tekmanni's business encompasses all areas of modern technical building services, which, in addition to traditional HVACE work, are fire protection and alarm, cooling, telecommunications, security and automation systems. Integrated deliveries of technical building systems include installation as well as planning guidance and project management.

The amount of plumbing and electrical work in building refurbishment and modernisation contracts has been growing, and contractors are increasingly being required to possess project management capabilities. The amount of project management contracting done by Tekmanni has increased. The company has developed new work methods and practices for the modernisation of plumbing systems in apartment buildings.

The company had over 800 (700) technical building service projects under way.

Technical facility services

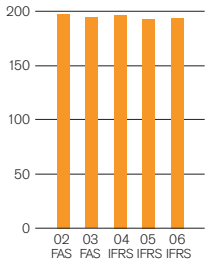
The services provided by Tekmanni Service Oy include servicing and maintenance work on technical systems as well as refurbishment and modification work, expert services and maintenance agreements. The company also provides 24-hour call centre and duty services.

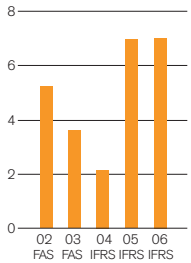
The increased outsourcing of facility-related functions by companies has boosted demand for the services of Tekmanni Service.

In Southwest Finland Tekmanni's expertise and customer service in technical facility services was strengthened in December 2006 with the acquisition of ISS Palvelut Oy's technical services business in Pori.

Tekmanni Service's key customers are property owners, industrial companies and public-sector organisations. The company aims to secure long-term maintenance contracts such as the one agreed with Johnson Controls IFM Nordic. The agreement covers the servicing and maintenance of technical building systems at a nationwide chain of service stations.

EUR million	2006	2005
Net sales	**191.7**	191.1
Operating profit	**6.9**	6.8
Operating margin, %	**3.6**	3.5
Net investments	**5.3**	0.8
Order book	**74.9**	61.5





Key figures | Net sales, EUR million | Operating profit, EUR million

Industrial services

Tekmanni's industrial services include electrification, instrumentation, air conditioning and sprinkler installations as well as automation contracting concerning water management and technical building systems.

Tekmanni Industrial Services became an independently accountable business unit from the beginning of 2006. The business was divided into local service and project service models on the basis of customer needs.

The content of local partnership agreements includes modification works and small contracts as well as billed maintenance work. Project deliveries both in Finland and abroad are typically provided on a turnkey basis.

Installation works are carried out for the forest, chemical, engineering, food and power generating industries.

Outlook

Tekmanni's markets appear to be stable. The continuing strength of the refurbishment contracting market has boosted demand for servicing, maintenance and repair work on technical building systems, and this trend is likely to remain unchanged in 2007. The amount of plumbing and electrical work carried out on construction sites is growing, and contractors are increasingly being required to possess project management capabilities.

Recently the most important work sites for industrial services have been abroad. The demand for maintenance work at plants in Finland is expected to remain unchanged.

The outsourcing of maintenance and servicing functions at facilities and plants is expected to further boost demand for industrial services. Tekmanni's technical expertise will strengthen its position as a supplier of these services.

Tekmanni's order book was EUR 74.9 million (61.5) at the end of 2006.



The services of Tekmanni Service include the maintenance and servicing of technical building systems as well as refurbishment and modification work.

Business area	Net sales EUR million	Personnel (average)	Management
Technical building services	133.6 (141.7)	1 166 (1 123)	Antero Huhta, B.Sc. (Eng.)
Technical facility services	32.3 (28.1)	406 (391)	Marcus Karsten, M.Sc. (Econ.)
Industrial services	25.7 (21.3)	240 (231)	Heikki Kaminen, B.Sc. (Eng.)
Tekmanni Oy	**191.7 (191.1)**	**1 812 (1 745)**	**Managing Director Antero Huhta, B.Sc. (Eng.)**

Safety

The support of safe working conditions and practices, the creation of a safety-conscious working atmosphere, the reduction of occupational accidents and the organisation of safety training for every employee are the most important principles of Lemminkäinen's safety work.

Lemminkäinen's Safety Programme, what is signed by the Board, sets out the Group's common safety targetss, the means by which they are to be achieved, and the safety control systems.

Systematic safety work is supported by occupational safety and health and environmental management certificates covering most of the activities of the Group and its business units.

Safety theme year 2006

In 2006 Lemminkäinen launched a safety campaign with the aim of reducing accidents in the workplace. In the first theme year, particular emphasis was placed on the importance of intervening to neutralise workplace hazards, and improvements were made in the Group's occupational safety reporting.

A safety competition was organised among the Group's business units. The performance assessment criteria used in the "Golden Helmet" competition were based on the continuous improvement of safety standards.

Principles of safety work

The principles of the Group's safety work are:

- Safety risks are to be evaluated systematically using reliable risk analyses.
- The programmes, plans and instructions necessary to ensure safety are to be created, and different kinds of aids, equipment and personal protective equipment are to be used.
- Employees are to be given the safety training and guidance needed in their work.
- Safety work is to be done jointly by the employer and the employees and the company is to participate in safety development work of the construction sector.
- Safety work is to be continuously improved on the basis of internal assessments and the feedback obtained from them.
- Occupational safety and health and environmental legislation are to be observed in the company's activities.

New practices for safety work

As a construction company with operations in different areas of the sector, Lemminkäinen applies practices that have proven to be sound in its various business areas.

The level and development of occupational safety is controlled using measurement methods adapted to suit the construction sector. The measurements are based on observations of order and tidiness, machinery, equipment, scaffolding, protection from falling objects, lighting and waste management. The implementation of the measurement methods has improved the standard of occupational safety on site.

The practice for reporting workplace hazards was renewed and employees were issued with notebooks to record safety-related observations. The Eurostat-compliant accident statistics system was developed to make it more suitable for occupational safety reporting.

Analyses of occupational safety risks are made at each workplace and the risk assessments are updated whenever operational changes are made. The safety of the work environment and working conditions is also being developed on the basis of occupational health surveys conducted by the occupational health service.

Lemminkäinen's business units take part in occupational safety competitions organised in the construction sector. For example, the roofing contract for the Sello shopping centre and the construction site of the Pasaati shopping centre in Kotka both won prizes in 2006 for their safety arrangements.

The Group is a member of the Finnish Institute of Occupational Health's nationwide Zero-Accident Forum. The aim of the forum is to help and encourage its members to eliminate accidents and to share information on good experiences in different branches of industry.

Increased safety training

The safety training organised for employees is wide-ranging and job-specific in different business areas. The most important themes of the training have included the identification of dangers at work and in the work environment, the measurement of safety, safe working practices, the use of personal protective equipment, giving consideration to other workers, and the importance of embracing safety issues.

Lemminkäinen organised a total of 3 000 (2 700) employee-days of safety training in 2006.



The identification of hazards in the workplace was a key theme in Lemminkäinen's safety training. The photo shows the construction site of the Kalasatama metro station in Helsinki.

Environment

Lemminkäinen wants to be a leader in environmentally responsible and sustainable construction. The Group takes account of life cycle and environmental perspectives when developing its operations, products and services.

As a broad-based construction company and influential actor in the construction sector, Lemminkäinen promotes sustainable development in its areas of operation. The aim is to offer customers products and services that actualise environmental wellbeing, customer satisfaction, safety, quality and economy.

Principles promoting sustainable development

The following principles promoting sustainable development have been adopted in the Group:

- Environmental risks are to be assessed, efforts are to be made to eliminate them, and their control is to be developed.
- Recyclable materials and products are to be used and harmful environmental impacts are to be reduced through the development of products, production processes and working practices.
- Subcontractors and partners are required to operate in a manner that is consistent with Lemminkäinen's principles promoting sustainable development.
- Employees are directed to be responsible in their environmental work, and consistent training and guidance shall be organised in the Group.
- Measures that influence the state of environmental issues are to be developed.
- Information on environmental issues is to be disseminated actively and they are to be debated openly.
- Applicable environmental legislation is to be observed.

Assessment and monitoring of environmental effects

Lemminkäinen performs risk assessments on the environmental effects of its activities. The risks relate mainly to oil storage and handling, waste management and production plant emissions. The life time and environmental impaccts of concrete and bitumen-based products are assessed in studies which clarify the environmental impacts of the products over their entire life cycles.

Energy consumption, emissions to water and the air, and the quantity of production wastes and their utilisation are measured on construction sites and at production plants.

When the sites of old production plants are closed down or renewed, soil studies are made to determine whether there has been any soil contamination. Groundwater quality is monitored in groundwater areas and at production sites in their immediate vicinity. There were no contaminated soil remediation projects underway at any of Lemminkäinen's production plants in 2006.

Reduction of emissions

The production of asphalt, the quarrying and crushing of mineral aggregate, the production of concrete and concrete products, and the manufacture of bituminous roofing materials are all operations that require an environmental permit. Emissions to water and the air, groundwater quality and the quantity and quality of production wastes are monitored at Lemminkäinen's production plants.

Lemminkäinen's production plants have been modified or replaced in order to reduce emissions to the environment. These changes have also improved production efficiency and the quality of products and services. The aim has been to maximise the efficiency of raw material and energy consumption.

Lemminkäinen is a partner in the Clean Baltic Sea project, the aim of which is to reduce eutrophication of the Baltic Sea by starting up the chemical removal of phosphorous from wastewater discharges. The project is led by the John Nurminen Foundation and focuses on the discharges of St. Petersburg's largest wastewater treatment plants. Lemminkäinen has already worked together with St. Petersburg's waterworks in the past. Further information on the project is available on the web at www.cleanbalticsea.fi

The recovery of sludge in connection with concrete production has cut emissions to surface water and the local environment. Airborne emissions of malodorous vapours produced in the manufacture of bituminous roofing have been reduced significantly by installing gas cleaning equipment. The use of new enclosed asphalt plants has reduced dust and noise problems. Emissions from crushing plants have been cut by encapsulating the equipment and making use of the protection afforded by landscape features when siting the plants.

Having reviewed how and where chemicals are stored, Lemminkäinen now uses chemical containers protected by spillage containment basins. Environmentally safe products are used in order to reduce chemical pollution.

Energy consumption and airborne emissions have been reduced by procuring new plant and equipment and by introducing better plant maintenance and overhaul procedures. Natural gas, fuel oil and liquefied petroleum gas are used as energy sources at production plants.



Lemminkäinen carries out risk assessments on the environmental effects of its operations.

Recycling plays an important role in emissions reduction

Waste materials are sorted by type and in accordance with local waste management regulations and recycling possibilities. The materials are sorted into concrete and brick waste, metals, clean wood and soils. Combustible material is collected for use as a fuel in energy production. Hazardous wastes are collected separately and delivered to regional handling stations.

Reclaimed asphalt pavement (RAP) is utilised in the production of recycled asphalt. RAP is also utilised in Remix recycled asphalt resurfacing and rut repair work. All the raw material and energy contained in RAP is fully recovered in recycled asphalt pavements.

Lemminkäinen is a member of the Environmental Register of Packaging PYR Ltd. Producer organisations of the packaging industry organise the utilisation of product packaging materials. How the amount of material and packaging waste can be reduced is taken into consideration in the design of product packages.

Research and development

The development of operational prerequisites, quality assurance of products and services, and taking account of safety issues and environmental effects are important principles of Lemminkäinen's research and development work.

Lemminkäinen develops products and services that observe the principles of current environmental and safety thinking. Durability is demanded at all stages of a product's life cycle from processing of its raw material to production, recycling or re-use. Products and services are developed in long-term collaboration with customers.

The business units and subsidiaries of Lemminkäinen Group are responsible for their own research and development. The Central Laboratory carries out R&D at Group level.

Life cycle thinking in paving and geotechnical engineering contracts

The requirements of new contracting practices have necessitated the development of new services and work methods for Lemminkäinen's civil engineering projects. The management of long-term contracts requires the development of expertise in both project management and the design of road structures and asphalt pavements.

Lemminkäinen has a number of multi-year regional road and street maintenance contracts in Estonia, Denmark and Norway. In Finland the E18 motorway between Helsinki and Turku is being constructed according to the life cycle model. The company will be responsible for the road's maintenance and upkeep for 21 years after the completion of the construction works. Lemminkäinen has undertaken a maintenance contract for the concrete roads in the Häme and Uusimaa road districts. Finland's last remaining concrete roads have now been resurfaced with a special asphalt pavement and their upkeep will continue until the year 2015.

Safe products and working methods

Lemminkäinen is developing durability and condition measurement models for the design of pavements and their structures. Low-noise asphalt pavements as well as wear-resistant applications that stand up very well to heavy traffic loads have been developed in international research projects of the paving industry. Problems associated with asphalt binders and water resistance have been clarified. The new knowledge will be used in the production of even more durable pavements.

Lemminkäinen is also developing dense asphalt pavement structures that are resistant to chemicals and provide good protection for groundwater resources. Both equipment and working methods have been improved in order to increase the use of reclaimed asphalt pavement (RAP). For example, the Company's asphalt plants in Helsinki and Lohja were recently fitted with the heating drums necessary for RAP recycling. New products containing RAP are being developed.

The introduction of new asphalt production methods makes it possible to reduce emissions and improve both employee safety and production efficiency. New raw materials have been tried out in asphalt production and the research results obtained have been good.

Lemminkäinen introduced new crushing equipment as well as production and measuring methods for the quarrying of mineral aggregate. Development work on class 1 mineral aggregate products continues. Lemminkäinen is authorised to use the European CE marking on all the mineral aggregate it produces in Finland.

The ready-mix concrete company Forssan Betoni is developing its concrete production technology by investing in plant automation. The company's quality management system was certificated, and the procedures necessary to ensure that the system is kept up to date were initiated.

New products and logistical services

Logistical services for roofing materials production and roofing contracting were developed, and direct shipments of materials from the plant to work sites were initiated. A study was made on roofing refurbishment sites to determine the exposure of employees to microbes, and protective equipment was developed on the basis of the study findings. Lemminkäinen Katto Oy participated in a study made by the Finnish Institute of Occupational Health concerning hot working conditions and exposure to UV radiation.

In development work on pre-cast concrete staircase units the research has focused especially on units designed for low-density residential buildings. A new wall stone model was added to the range of concrete products for the urban environment. Material handling lines at production plants were renewed and new control systems were developed.

Omni-Sica Oy is developing safe pavements for playgrounds and local exercise facilities as well as control systems designed for the watering of golf courses. The company is taking part in research and development work on sand-surfaced soccer pitches, and is also studying the possibilities of using different types of surface coverings.

Development of project management and production control

Lemcon is developing leadership and project management training programmes for its rapidly expanding expert organisation. In 2006 some 60 employees attended the advanced leadership training course. The course focuses on communication and interaction skills and it is intended that the training will be repeated on a regular basis.

Lemminkäinen's own Finnish-language "Design Manual for Asphalt Structures" was published in March 2006. The manual provides information on the design and selection of asphalt structures, describes various asphalt products and suggests structural solutions for different applications.

In the field of rock engineering Lemcon focused on the development of production efficiency, work methods and industrial safety. Explosive charging equipment used in rock tunnelling and excavation work was fitted with overhead shields to improve the safety of blasting work. The shields were made in collaboration with the equipment manufacturer. Production efficiency studies focused mainly on grouting techniques.

In the field of foundation engineering Lemcon continued a study on the applicability of geophysical methods to the modelling of foundation structures.

Development work on highway construction was concerned with the control and management of the various stages of large projects. A project involving the preparation of a road asset management manual was launched in connection with the E18 Muurla–Lohja motorway contract.

Lemcon uses product model data in the production control and project management of all building construction contracts in Finland. The use of product models and the application of product model data are being developed in collaboration with other construction project partners. Product modelling can boost the efficiency of the construction process and improve both quality and information management.

For example, product model data is being used in the production control of construction works on the site of the Maritime Museum Centre in Kotka. The product models are made in the project development phase, and then used in bid preparation, project planning and production control.

Lemcon Networks' project management and control software for telecom network construction was further developed. Lemcon is aiming to switch over to a 5-D project management and production control system based on product modelling within the next few years.

Development work on product modelling technology is also being done in the Palmberg Group. Pilot projects were carried in 2006. Product modelling technology was utilised in a variety of applications. These included the zoning of VR's engineering workshops area in Turku, the design and simulated construction of a hotel and cinema centre in Oulu, and the planning of prefabricated element deliveries to the Vision Business Centre in the Pasila. Palmberg will expand its use of product modelling in 2007. The aim is to improve quantity surveying and cost accounting as well as design and production control.

A financial information management system was developed for the analysis of Palmberg's business processes. In addition, an on-site information management and control system was introduced in order to improve processes such as the management of documents and quality assurance.

In Tekmanni's operational development project the main focus has been on developing the preparation of bids for air conditioning contracts. Tekmanni Service has started to use mobile phone technology in facility maintenance control and reporting. The system involves sending work orders to the service technicians via mobile phone.

Active in construction sector development

Lemminkäinen's units and subsidiaries participate in the construction sector's technology programmes, development projects and their financing. Co-operation with universities and research institutes is close. The most notable of Lemminkäinen's collaboration partners are the Finnish Funding Agency for Technology and Innovation (Tekes) and the Confederation of Finnish Construction Industries (RT). The current Infra 2010 development programme is a joint project of actors in the civil engineering sector. The most important sectoral technology programmes and development projects concern life cycle models and measuring methods, energy systems, design systems and business models. The Group also participates in the sector's environmental and risk assessment projects.

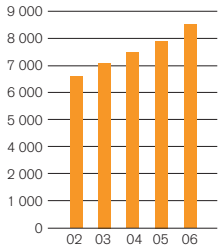
Facilitator and supervisor of academic theses

Lemminkäinen facilitates and supervises academic theses, mostly for bachelor's or master's degrees in engineering. The topics include technical matters as well as environmental effects and safety issues concerning construction work. Planning, productivity and economic perspectives of construction also feature among the range of topics covered.

Quality systems

In practice, almost all of Lemminkäinen's units and subsidiaries have a quality system based on the ISO 9000 standard. In recent years particular emphasis has been placed on the development of environmental management and safety systems.

Personnel



Personnel (average)



Personnel by business sector

Lemminkäinen's employees take pride in their work; they understand the significance of their work collectively and also the importance of their own individual contributions. Job satisfaction surveys confirm that the personnel's work motivation is high. Lemminkäinen aims to be the most desirable and respected employer in the construction sector.

Close interaction with customers and other stakeholder groups deepens the personnel's knowledge and expertise, promotes the development of products and services, and helps to identify new business opportunities. The knowledge and skills of the personnel are strengthened in order to achieve a common desirable goal. Personal growth is a continuous learning process, which need not be estranged from everyday work.

Corporate culture as a set of shared values

Lemminkäinen has a unique corporate culture in which freedom and responsibility are combined in a way that is quite exceptional for a large corporation. Trust, stability, independence, responsibility and creative thinking are typical characters of Lemminkäinen's corporate culture. Entrepreneurial spirit is emphasised in the Group's regional and local business strategies.

The diversity and international scope of the Group's construction projects are Lemminkäinen's success factors as an employer.

The upkeep of a good corporate culture is crucially dependent on internal interaction, which is actively supported by managers and supervisors.

Awareness of the business environment guides personnel development

Construction industry professionals are nowadays expected to possess more broadly based expertise and project management skills. Clients want individualised, ecological and cost-effective construction. Lemminkäinen takes note of the wants and needs of customers, other stakeholder groups and the business environment in the development of its personnel.

Lemminkäinen encourages its employees to participate in vocational training leading to the award of a diploma. Such qualifications support career advancement and add to the diversity of expertise in different kinds of projects.

Today's buildings are being equipped with increasingly advanced



The diversity and international scope of Lemminkäinen's construction projects are its success factors as an employer. A high-rise building housing a five-star hotel, shopping centre and apartments is nearing completion in downtown Tallinn, Estonia.

The average number of people employed by the Lemminkäinen Group in 2006 was 8 418 (7 912). The average number of employees working in the Group's units abroad during the year was 2 235 (1 965), representing a quarter of all Group employees.

technology and systems. Because of the strong growth of refurbishment contracting, personnel are being given special training for demanding projects. This kind of training simply cannot be done in the traditional classroom setting. For example, the Group's installation and project managers are given training in the retrofitting of integrated cable and pipe runs.

New technologies, such as product modelling, that enhance collaboration with customers and partners also play an important role in development. The Group's competence in product modelling is being further developed with different collaboration partners.

The possibilities afforded by new information management systems are also assisting in development work. Information can be assembled and distributed widely, regardless of place or time. For example, in 2006 Tekmanni Service launched a mobile device project in which a smartphone was used for data transfer to field technicians.

Growing appeal of construction as a lifelong career path

The whole economy is competing for the interest of young workers, and especially in the construction sector the competition for personnel is becoming more intense. A construction company can best succeed in this contest by developing its business continuously and prominently. Such development should be made known to both existing employees and potential recruits to the sector.

The Group collaborates on an on-going basis with colleges of different educational levels as well as other actors in order to find the professionals of the future. Lemminkäinen influences the content of and materials used in training, recruits new employees at the work practice stage of studies, and provides summer vacation work for young people studying construction-related subjects and intending to join the industry as a career.

New personnel are trained for the most demanding specialist professions in collaboration with different actors. Professional rock engineering training is provided in collaboration with the North Karelian Vocational Adult Education Centre. Lemcon will hire some 20 new rock engineering professionals on regular employment contracts through this channel.



Lemminkäinen collaborates with colleges of different educational levels as well as other actors in order to find the professionals of the future. Roller operator Mika Ylitalo.

Lemminkäinen continues to work with building industry organisations in order to increase the appeal of construction as a career path. In 2006 a project was successfully completed with the result that polytechnics will launch a new Bachelor of Construction Management training programme in autumn 2007. Lemminkäinen operates in all the construction fields in which the trainee master builders can opt to specialise and in all the geographical areas where the training will start. The students will be given an opportunity to do on-the-job course components as well as work experience and summer work periods in Lemminkäinen's various business units.

The importance of practical training as a recruitment channel continues to grow. Collaboration with institutes of higher education includes the facilitation and supervision of undergraduate theses. Employees of the Group serve as visiting lecturers at institutes of higher education.

Lemminkäinen organises its own training and comparable professional training in all of its business areas. At the beginning of 2007 Lemminkäinen launched an apprenticeship training programme,



Personnel (average) in Finland and abroad

in which the trainees are taught how to install and service refrigeration equipment. Especially in building materials production and installation and servicing, it is often the case that there are no other training channels available.

Internal strengthening and development of the organisation

Commitment to Lemminkäinen as an employer is exceptionally strong. To maintain motivation it is essential that employees feel that their work reflects their skills and abilities.

Lemminkäinen's business is based almost entirely on project working, so expertise in project work is an important common area of knowhow and development. Training in project work is provided continuously in the business area's own development programmes and in Group-wide programmes. The demanding and diverse Lemcon's HRD project management training programme is still on-going. About 150 employees, mainly from Lemcon and Tekmanni, are taking part in this training programme, which covers with the latest knowledge and best practices.

The LeMBA management training programme for key personnel is jointly planned and implemented by Lemminkäinen and Helsinki University of Technology. Once again in 2006 a group of key personnel from all the Group's business units took part in the programme. The aim of the programme is to familiarise the participants with different areas of business and to deepen their knowledge of Lemminkäinen Group and its various operations. The practical importance of co-operation among people working in different units of the Group is emphasised in the LeMBA training programme.

Internal job rotation and the identification of future leaders within the organisation are very important in the development of Group-wide knowledge and co-operation networks.

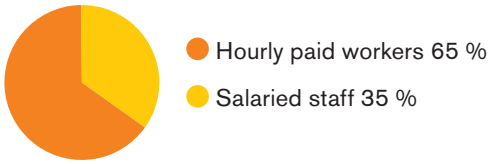
Creative potential of human diversity

The men and women who work for Lemminkäinen come from different countries and cultures, belong to different generations, are educated to different standards, and have varying degrees of work and life experience. The number of people working in countries other than Finland will probably continue to grow in the coming years. This human diversity brings different thinking and perspectives to the way we do business and promotes creativity throughout the Group.

International assignments are also an important way of spreading knowledge and expertise within the Group.



Lemminkäinen organises its own training and comparable professional training in all of its business areas. Sanna Autio is a professional in the field of building service technology.



Social responsibility as an employer

Foreseeing risks and averting them is an essential part of responsible business. This is underlined in the construction sector, where overtaxing physical work, accident-proneness and exposure to various potential hazards must be prevented or controlled. Safety work has long had an important place in all of Lemminkäinen's operations. Personnel are given regular safety training.

Skills and knowledge must be kept up to date. Lemminkäinen supports its employees to take initiative in their own training and professional development. Improving one's professional skills is the surest way to cope with one's work.

More and more attention is being paid to fitness for work. Lemminkäinen strives to maintain and improve its individual employee's overall physical condition and fitness for work. The most important approach is preventative work, which also helps to reduce the level of premature retirement. Occupational rehabilitation is often the best way of steering an employee suffering from health problems towards a new job.



Employees were encouraged to join in group exercise events.

Lemminkäinen supports the taking of physical exercise at 300 gyms and fitness centres nationwide. Especially employees who do not get enough exercise to maintain themselves in good health were targeted as a group that should be urged to take regular exercise. Employees were also encouraged to join in group exercise events.

The goal of Lemminkäinen's occupational health service is to promote the wellbeing of the personnel as well as health and safety of the work environment. Occupational health services are provided to all the Group's employees nationwide on a uniform basis. The occupational health service makes proposals for improvements in working conditions and methods, and monitors the implementation of measures in the workplace. The work absences of Lemminkäinen's employees are lower than the construction industry average, and the Group's occupational health service is highly regarded.



Roofer
Janne Karjalainen.

Board of Directors' report Jan. 1, - Dec. 31, 2006

Construction market

The Finnish construction market continued to develop favourably in 2006, and the total volume of construction rose by about 4.5 %. The outlook for the construction sector is still good, although growth is expected to slow down slightly in 2007. The housing market remained brisk despite the rise in interest rates, and about 34 500 new housing starts were made.

Commercial construction remained brisk and there was a marked recovery in office construction, especially in the Helsinki metropolitan area. A number of logistics centres were built. The outlook for civil engineering will continue to be good for some years thanks to road construction investments. The timing of paving works in some major road contracts is such that they will not be carried out until after 2007.

The international markets relevant to Lemminkäinen developed favourably. Finnish industry's increased investments in China, India, Russia and Eastern European countries boosted demand for Lemminkäinen's services. The road construction market in the Baltic states grew with the aid of EU funding. The market area exhibiting the fastest growth in telecommunications network construction was South America.

Group net sales, earnings and balance sheet

Lemminkäinen Group's net sales rose 12.1 % to EUR 1 795.9 million (1 601.7). The Group generated 70 % of its net sales in Finland, 14 % in other Nordic countries, 6 % in Russia and Eastern Europe, 6 % in the Baltic states, and 4 % in other countries.

The Group's operating profit rose 49.1 % to EUR 108.1 million (72.5). The operating margin improved and was 6.0 % (4.5). Earnings per share were up over 50 % at EUR 3.87 (2.57).

The return on investment was 20.6 % (16.5) and the return on equity 30.2 % (24.5). The equity ratio was 31.2 % (31.0).

The company's liquid funds at the end of the accounting period were EUR 60.6 million (42.4) and interest-bearing liabilities totalled EUR 343.6 million (264.0). Gearing was 105.7 % (102.9).

Group´s key figures	2006	2005	2004
EUR million			
Net sales, of which	1 795.9	1 601.7	1 431.3
operations abroad	530.3	499.6	358.6
Operating profit	108.1	72.5	63.9
Operating margin, %	6.0	4.5	4.5
Result before taxes	94.2	65.9	55.1
Result for accounting period	72.9	48.5	40.4
Result share of parent company`s shareholders	65.8	43.7	37.4
Earnings per share, EUR	3.87	2.57	2.20
Dividend per share, EUR	1.50[1]	1.00	0.60
Return on investment, %	20.6	16.5	14.8
Return on eguity, %	30.2	24.5	21.9
Equity ratio, %	31.2	31.0	27.5
Gearing, %	105.7	102.9	132.4
Liquid funds	60.6	42.4	39.9
Interest-bearing liabilities	343.6	264.0	279.5

[1] Board of Directors` proposal to the AGM

Business sectors

Paving and Mineral Aggregates Division

The net sales of the Paving and Mineral Aggregates Division rose 8.6 % to EUR 559.0 million (514.7). The Division generated 50 % of its net sales in Finland, 30 % in other Nordic countries, and 20 % in the Baltic states and Russia.

The Division's operating profit rose 47.8 % to EUR 30.3 million (20.5). The order book grew 42.2 % and at the end of the accounting period it was EUR 185.1 million (130.2), of which operations abroad accounted for EUR 129.8 million (71.1).

Paving and Mineral Aggregates Division	2006	2005	2004
EUR million			
Net sales, of which	559.0	514.7	430.4
operations abroad	276.6	239.9	190.6
Operating profit	30.3	20.5	18.4
Operating margin, %	5.4	4.0	4.3
Order book at end of period	185.1	130.2	124.7
Personnel (average)	2 839	2 673	2 553

In Finland the paving season continued until the end of the year due to the mild winter. The total volume of paving work declined by about 10 % and it is not expected to rise in 2007. Competition in Finland will remain intense and profitability in the industry generally will be quite weak.

In other Nordic countries the volume of paving work will remain roughly at the 2005 level. Demand remained strong in the Baltic

states, which is one of Lemminkäinen's most important asphalt paving markets.

A total of 5.3 (5.5) million tonnes of asphalt was produced, 2.5 (2.8) million tonnes in Finland and 2.8 (2.7) million tonnes abroad.

In Finland the rise in costs of asphalt paving work was much slower than in the previous year, which was influenced by the lower prices of raw materials, especially bitumen. The price level of asphalt paving contracts in Finland and Sweden is quite low, but higher in Norway and Denmark.

Brisk building construction and major on-going infrastructure projects sustained demand for mineral aggregate as a good level. The net sales of Forssan Betoni, Lemminkäinen's ready-mix concrete producer, were also clearly higher than in the previous year.

In spring 2006 the quality of the ready-mix concrete delivered by Forssan Betoni to the construction site at Olkiluoto nuclear power plant became a topic of public debate. Subsequent investigations revealed that the concrete satisfied all the set quality requirements.

Building Materials Division

The net sales of the Building Materials Division were EUR 104.4 million (100.3). The Division generated 7 % of its net sales abroad, mainly in Sweden and Eastern Europe. The Division's operating profit was much improved at EUR 4.0 million (0.6). The order book grew 76 %.

Building Materials Division	2006	2005	2004
EUR million			
Net sales, of which	104.4	100.3	95.7
operations abroad	7.7	6.4	6.7
Operating profit	4.0	0.6	3.1
Operating margin, %	3.9	0.6	3.3
Order book at end of period	23.4	13.3	12.5
Personnel (average)	609	617	603

There was a marked improvement in the Building Materials Division's profitability in 2006 as a result of earlier interventions. These included product range renewals and the development of business systems. The pick-up in office construction increased the Division's production of precast concrete staircase units. In roofing contracting the set targets were achieved even though the price level of roofing materials remained low. Demand for urban environment contracting remained good and investments in the new construction and refurbishment of sports and exercise facilities continued.

On May 31, 2006 Lemminkäinen Betonituote Oy acquired RK-Betoniporras Oy and the precast concrete staircase operations of Suonenjoen Sementtituote Oy. The combined net sales of these acquisitions is about EUR 3.5 million.

Lemcon Ltd

Lemcon's net sales rose to EUR 344.0 million (328.8). The company generated 44 % of its net sales in Finland, 27 % in Russia and Eastern Europe, 10 % in other Nordic countries, 13 % in North and South America and 6 % in other countries.

The Company's operating profit was EUR 12.5 million (15.3) and the profit before taxes EUR 11.1 million (16.7). The order book was EUR 361.9 million (439.5), of which operations abroad accounted for 48.1 %.

Lemcon Ltd	2006	2005	2004
EUR million			
Net sales, of which	344.0	328.8	264.5
operations abroad	191.6	210.6	139.4
Operating profit	12.5	15.3	11.1
Operating margin, %	3.6	4.6	4.2
Result before taxes	11.1	16.7	11.3
Order book at end of period	361.9	439.5	239.1
Personnel (average)	993	893	556

There was significant growth in Lemcon's infrastructure building operations in 2006 and the market situation is expected to remain favourable also in the future. In Sweden the company has firmly established itself as a major rock engineering project contractor.

Lemcon's project management operations in Finland remained stable in commercial and office construction building. Abroad, the main focus was on industrial construction. In China and Russia Lemcon strives to participate actively in plant building projects of Finnish industry. In Tallinn, Estonia, the company acquired building plots for its own housing production. India, Romania, Bulgaria and Ukraine are expected to generate new business growth in the future.

Lemcon Networks' net sales grew and the company expanded its operations, especially in South America. The company is further developing its ability to operate in countries where the number of mobile phone users is expected to grow.

In spring 2006 IKEA announced that it was terminating the contract made with Lemcon concerning the construction of the MEGA shopping centre in St. Petersburg. The contract was worth EUR 92 million. There are no legal grounds for the contract termination and proceedings have started at the court of arbitration in Stockholm.

Oy Alfred A. Palmberg Ab

Palmberg had a good year in 2006. The company's net sales rose by almost a quarter to EUR 637.5 million (517.3), of which 7 % was generated in Sweden. Both operating profit and profit before taxes were up over 80 % on the previous year. Palmberg's order book at the end of the accounting period had almost doubled in size compared with the previous year.

Oy Alfred A. Palmberg Ab EUR million	2006	2005	2004
Net sales, of which	637.5	517.3	486.4
operations abroad	45.4	30.8	18.6
Operating profit	52.4	28.3	29.2
Operating margin, %	8.2	5.5	6.0
Result before taxes	46.0	25.2	26.0
Order book at end of period	681.5	366.9	334.3
Personnel (average)	2 165	1 984	1 890

Building construction continued to grow in 2006 and the trend is expected to remain unchanged in the future too. The growth is being sustained by brisk commercial construction and a marked recovery in office construction. The production of logistics facilities has also increased. About 34 500 new housing starts were made in Finland.

Palmberg's regional subsidiaries increased their housing production significantly. At the end of the accounting period the company had 1 698 (1 313) private-sector housing units under construction. Palmberg's own housing and commercial developments account for about a half of the company's business.

Palmberg's strong order book and the positive outlook for building construction create good prerequisites for the company's favourable development in 2007. The biggest obstacle to new building production is the shortage of skilled labour, foremen in particular. Building plots, especially in larger towns and cities, are in short supply.

Palmberg's private-sector housing production	2006	2005	2004
Housing starts	1 558	1 249	1 010
Housing units sold	1 156	1 258	997
Unsold completed units	83	74	89
Completed	1 173	1 068	948
Under construction at 31.12.2006	1 698	1 313	1 132

At the end of the review period Palmberg owned a total of 749 000 m^2 of unused building rights, of which about 483 000 m^2 were residential building rights. The company also has conditional co-operation and zoning agreements for about 550 000 m^2, of which about 326 000 m^2 are residential building rights. Market conditions permitting, the company has the possibility to increase its housing production thanks to its good stock of building plots. At the present rate of production the company owns enough unused building rights to meet its needs for about four years.

Tekmanni Oy

Tekmanni's net sales were EUR 191.7 million (191.1), of which 5 % was generated abroad, mainly in Sweden and Russia. The operating profit was EUR 6.9 million (6.8) and the profit before taxes EUR 7.8 million (7.4). The company's order book grew by over a fifth.

Tekmanni Oy EUR million	2006	2005	2004
Net sales, of which	191.7	191.1	198.3
operations abroad	9.6	11.8	3.3
Operating profit	6.9	6.8	2.2
Operating margin, %	3.6	3.5	1.1
Result before taxes	7.8	7.4	2.6
Order book at end of period	74.9	61.5	72.7
Personnel (average)	1 812	1 745	1 877

Tekmanni's performance in the first half of the year was adversely impacted by reduced business volume and increased material costs. However, the establishment of renewed management and business systems started to show up positively in the company's result in the second half of the year.

In technical building services demand for maintenance, servicing and repair work remained strong in 2006. The continued outsourcing of property-related functions by companies fuelled demand for the services of Tekmanni Service, and growth is expected to continue in the coming years too.

With growing demand for plumbing modernisation work in apartment buildings, Tekmanni strengthened its expertise in this area by acquiring a majority interest in the Oulu-based HVAC firm Oulun LVI-Ykkönen Oy in September 2006. The operations of Tekmanni's technical building service units in Seinäjoki, Vaasa and Kokkola were transferred to a new subsidiary, Tekmanni Pohjanmaa Oy, in October 2006.

Group's order book

The Group's order book grew by almost a third to EUR 1 326.7 million (1 011.3). The market breakdown of the order book was Finland 75 %, other Nordic countries 12 %, the Baltic states 5 %, Russia and Eastern Europe 5 %, and other countries 3 %.

Order book by business sector EUR million	2006	2005	2004
Paving and Mineral Aggregates Division	185.1	130.2	124.7
Building Materials Division	23.4	13.3	12.5
Lemcon Ltd	361.9	439.5	239.1
Oy Alfred A. Palmberg Ab	681.5	366.9	334.3
Tekmanni Oy	74.9	61.5	72.7
Group total, of which	1 326.7	1 011.3	783.4
international orders	331.8	343.4	244.6

Significant orders received in 2006

Palmberg is building a new office building complex in the Salmisaari district of Helsinki. Lemminkäinen's own head office will be relocated to the site in 2009. The premises will be leased from the developer, Varma Mutual Pension Insurance Company. The contract is worth approx. EUR 100 million. (Bulletin 28.4.2006)

Palmberg and Fennia Mutual Insurance Company signed a contract for the construction of two office buildings in West Pasila. The contract is worth about EUR 50 million. (Bulletin 11.4.2006)

Oka Oy, a subsidiary of Palmberg, is building a shopping centre in downtown Lappeenranta. The project also includes office space, a parking facility and apartments. The total value of the contract is approx. EUR 41 million.

Oka Oy is also building a logistics centre for Tokmanni Oy in Mäntsälä. The contract is worth approx. EUR 40 million. (Bulletin 29.11.2006).

Palmberg-Rakennus Oy signed an agreement to build two new Sokos hotels, one at Levi in the municipality of Kittilä and the other at Vuokatti in the municipality of Sotkamo. The combined value of the projects is approx. EUR 27 million. (Bulletin 5.10.2006)

Lemcon Ltd signed a project management contract concerning the construction of a maritime museum centre in Kotka. The contract is worth EUR 26.3 million. (Bulletin 9.6.2006)

The Finnish Road Administration's VUOLI Project and Lemcon Ltd signed a contract concerning the fitting out of a railway tunnel at Vuosaari Harbour. The contract is worth approx. EUR 23 million. (Bulletin 26.10.2006)

Lemcon Ltd has signed an agreement with the City of Helsinki concerning excavation and reinforcement works on the eastern part of the city centre's underground service tunnel. The contract is worth EUR 21.7 million. (Bulletin 13.6.2006)

Lemcon Ltd signed a contract with the Russian subsidiary of Stora Enso Packaging Oy concerning the construction of corrugated board mill in Russia. The contract is worth EUR 20.1 million. (Bulletin 14.9.2006)

Significant orders received after the 2006 accounting period

Lemcon Ltd has been awarded a tunnel construction contract worth EUR 43 million in Sweden. The new railway tunnel will be built for Banverket Central Region on the Ådalsbana line. (Bulletin 10.1.2007)

Lemcon Ltd has signed a project management agreement with Nokia concerning the construction of a logistics centre in India. The contract is worth EUR 17 million. (Bulletin 8.1.2007)

Financing

According to the source and application of funds statement, the cash flow from operating activities was EUR -7.2 million (59.5), the cash flow from investing activities EUR -14.4 million (-18.3) and the cash flow from financing activities EUR 40.4 million (-39.3). The cash flow for the accounting period includes dividends totalling EUR 18.5 million (11.1) for 2005.

Interest-bearing liabilities at the end of the accounting period were EUR 343.6 million (264.0) and liquid funds were EUR 60.6 million (42.4). Interest-bearing net debt was EUR 283.0 million (221.6). The change in interest-bearing net debt was EUR 61.3 million.

Net financing expenses were EUR 14.9 million (7.7), representing 0.8 % (0.5) of net sales. The equity ratio was 31.2 % (31.0) and gearing 105.7 % (102.9).

The changes in cash flows and net debt stem from the larger dividend pay-out, the increase in business volume, as well as changes in project financing and an increase in the trade receivables pertaining to them. Receivables from IKEA are a significant item included in the change in project financing.

Shares and share capital

The listed price of Lemminkäinen Corporation's share was EUR 36.10 (30.50) at the end of the accounting period. The share's highest listed price during 2006 was EUR 39.34 (30.61) and its lowest EUR 28.38 (15.75). The mean share price was EUR 34.00 (21.74). The market capitalisation at the end of the accounting period was EUR 614.5 million (519.1). Altogether 4 113 868 shares (4 610 443) worth EUR 139.9 million (100.2) were traded in 2006. At the end of the year the Company had 3 535 (3 116) shareholders.

Lemminkäinen's share capital is EUR 34 042 500 and the share's nominal value is EUR 2. The company has one share series and the total number of issued shares is 17 021 250.

Investments

Investments in the accounting period amounted to EUR 48.7 million (37.4). The investments were mainly purchases of paving, crushing and excavation equipment, production plant for building materials, and building construction equipment. The investments also include some fairly small acquisitions of businesses and enterprises.

Personnel

The average number of employees in the Group over the accounting period was 8 418 (7 912), of whom 73 % worked in Finland, 11 % in other Nordic countries, 10 % in the Baltic states and 6 % in other countries.

Personnel (average)	2006	2005	2004
Hourly paid workers	5 480	5 162	5 112
Salaried staff	2 938	2 750	2 367
Total personnel, of whom	8 418	7 912	7 479
working abroad	2 235	1 965	1 623
Personnel at end of period	8 087	7 112	6 783
Total wages, salaries and other rewards for the accounting period, EUR million	288.0	268.5	250.9

Group structure

At the beginning of 2006 the roofing and concrete products businesses of the Building Materials Division were transferred to two new subsidiaries: Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy. The new Companies together with Omni-Sica Oy still constitute the Building Materials Division.

At the end of 2006 Lemminkäinen Corporation sold Tielinja Oy, the Paving and Mineral Aggregates Division's specialist road-marking subsidiary, to Elfving Opasteet Oy. The net sales of Tielinja Oy were EUR 7.5 million in 2005.

Research and development

Lemminkäinen's research and development work focuses on the Company´s development of operational prerequisites and the quality assurance of products and services. Taking account of safety issues and environmental effects are important principles of Lemminkäinen's development work. Products and services are developed in long-term collaboration with customers.

The Group's business units and subsidiaries are responsible for their own research and development activities. Lemminkäinen's Central Laboratory carries out R&D at Group level. In 2006 the Group's research and development expenditure represented for 0.4 % of net sales.

Risk management

The purpose of Lemminkäinen's risk management is to identify and draw attention to business-related risks, and to ensure that risks are managed and monitored systematically. Effective risk management helps to ensure business continuity and the achievement of set goals. Lemminkäinen's business risks are divided into six categories: market risks, project risks, financing risks, credit loss risks, environmental risks, and accidents and damage. Lemminkäinen has specified the measures necessary to control its most significant known risks.

The differing cyclical behaviour of Lemminkäinen's business sectors represents the strategic cornerstone its group structure. For example, cyclical sensitivity to domestic new construction – a typical risk in the construction sector – is counterbalanced by international operations and refurbishment contracting. Lemminkäinen's operations abroad generate one third of net sales, and refurbishment contracting accounts for about 40 % of the Group's business.

Quite small contract sizes are typical of Lemminkainen's business. The net sales generated annually from even the biggest of Lemminkäinen's contracts will generally not exceed 5 % of the Group total in any given year. This means that the failure of an individual contract cannot have a major impact on the Group's result.

Lemminkäinen employs derivative contracts to hedge against price rises of raw materials such as bitumen. Moreover, in the asphalt paving business, fluctuations in raw material prices are passed on directly and quite quickly in the final prices of asphalt pavements.

All significant corporate or business acquisitions are evaluated critically from the perspectives of their cash flow and impact on the balance sheet. The maturities of seasonal credit stemming from the nature of Lemminkäinen's business are short, while those of other borrowings are mostly long. Lemminkäinen hedges against interest rate and foreign exchange risks in the conventional ways.

More detailed information on Lemminkäinen's risk management can be found in the Annual Report and on the Company's website.

FCA's allegations concerning the asphalt paving and bituminous roofing industries

In March 2004 the Finnish Competition Authority (FCA) proposed to the Market Court that a sanction of EUR 68 million should be imposed on Lemminkäinen in connection with the operation of an alleged cartel in the asphalt paving industry. In its rejoinder submitted to the Market Court, Lemminkäinen denied the FCA's allegations as being unfounded in all respects and called for the Market Court to dismiss the FCA's sanction proposal in its entirety. The Market Court has expected to pronounce its judgement during the spring of 2007. The parties will have an opportunity to appeal the Market Court's decision to the Supreme Administrative Court.

In March 2006 the FCA sent companies of the bituminous roofing industry a copy of its draft proposal to the Market Court for comment. The draft proposal alleges that prohibited exchanges of information took place on the bituminous roofing market during the years 1996-2002. The amount of the fine sought by the FCA was not specified in the document. Having studied the draft proposal, Lemminkäinen has made it clear in its response to the FCA that the company's activities have been in compliance with the competition regulations.

Environment

Lemminkäinen Group takes account of life cycle and environmental perspectives when developing its operations, products and services.

The Group performs risk assessments on the environmental effects of its activities. The risks relate mainly to oil storage and handling, waste management and production plant emissions. The service lives and environmental effects of concrete and concrete-based products are assessed in studies which clarify the environmental effects of the prod-

ucts over their entire life cycles.

More detailed information on Lemminkäinen's environmental affairs can be found in the Annual Report and on the company's website.

Decisions of the annual general meeting and corporate governance

The Annual General Meeting of Lemminkäinen Corporation held on March 17, 2006 adopted the 2005 annual financial statements and granted the Board of Directors and the Managing Director freedom from responsibility. In accordance with the Board of Directors' proposal, the Annual General Meeting decided to pay a dividend of EUR 1.00 per share, i.e. a total dividend of EUR 17 021 250.00. The record date of the dividend payment was March 22, 2006 and the date of dividend payment was March 29, 2006.

Messrs. Berndt Brunow, Erkki J. Pentti, Heikki Pentti, Teppo Taberman and Sakari Tamminen were elected to serve as members of the Company's Board of Directors. The Board of Directors elected Heikki Pentti to serve as the Chairman and Teppo Taberman to serve as the Vice Chairman. PricewaterhouseCoopers Oy, a firm of authorised public accountants, was elected to serve as the Company's auditors, with Mr. Jan Holmberg, A.P.A. acting as the auditor in charge.

Mr. Erkki J. Pentti, long-serving member of the Board of Directors and significant shareholder of Lemminkäinen, passed away on December 26, 2006 after a serious illness. Erkki J. Pentti had served as a member of the Board of Directors since 1975. Lemminkäinen's Board of Directors will consist of four members until the next Annual General Meeting is convened on March 16, 2007.

The Board of Directors has chosen from among its members a Nominating Committee, an Audit Committee, and a Remuneration and Appointments Committee. The committees assist the Board of Directors by preparing pertinent matters for the Board's consideration.

The role of the Nominating Committee is to prepare for the Annual General Meeting a proposal on the number of members of the Board of Directors as well as the names of the members and the remuneration that should be paid to them. The Chairman of the Nominating Committee is Mr. Berndt Brunow, with Messrs. Teppo Taberman and Sakari Tamminen serving as committee members.

The role of the Board of Directors' Audit Committee is to scrutinise the contents of the full-year financial statements and interim financial reviews as well as the company's internal audit and control systems. The meetings of the Audit Committee shall be attended by the Company's Auditor and Internal Auditor as well as management representatives as and when necessary. The Chairman of the Audit Committee is Mr. Sakari Tamminen, with Messrs. Berndt Brunow Teppo Taberman and Heikki Pentti serving as committee members.

The Remuneration and Appointments Committee deals with matters relating to the appointment of senior executives as well as their pay, rewards and benefits. Final decisions are made by the Board of Directors on the basis of the Committee's proposals. The Chairman of the Remuneration and Appointments Committee is Mr. Heikki Pentti, with Messrs. Berndt Brunow and Teppo Taberman serving as committee members.

All members of the Board of Directors may take part in the meetings of the Remuneration and Appointments Committee and the Audit Committee.

The Managing Director of Lemminkäinen Corporation is Mr. Juhani Sormaala.

Strategy revised after the accounting period

The Group's business strategy and strategic target levels have been revised. The strategic objectives are still profitable growth and the maintenance of good solvency. Good profitability is regarded as a long-term average return on investment exceeding 18 %, and good solvency as an equity ratio exceeding 35 %.

Additional information on the strategy will be provided in a separate stock exchange bulletin and on the Company's website.

Favourable outlook for 2007

Lemminkäinen's strong order book and the positive outlook for the construction market create good prerequisites for the favourable development of the Company's business in 2007.

Lemminkäinen derives about a half of its net sales from building construction, which is expected to remain brisk. In civil engineering, the state of the rock engineering market in particular is likely to remain good, which will boost demand for Lemcon's services. The Baltic states and Russia are potential growth areas for asphalt paving. In Finland, however, competition for asphalt paving contracts is likely to remain intense. Strong demand for refurbishment contracting and the outsourcing of property-related functions by companies will fuel demand for Tekmanni's technical building and facility services.

Board of Directors' proposal for the appropriation of retained earnings

The distributable shareholders' equity shown on the consolidated balance sheet amounts to EUR 190 534 248.21. The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, at 31 December 2006 amounts to EUR 70 959 134.51, consisting of EUR 61 358 513.76 in retained earnings from previous years and EUR 9 600 620.75 in profit for the accounting period.

The Board of Directors will propose to the Annual General Meeting that the Company pay a dividend of EUR 1.50 per share for the 2006 accounting period, i.e. a total of EUR 25 531 875.00, after which retained earnings would stand at EUR 45 427 259.51.

Helsinki, February 14, 2007

LEMMINKÄINEN CORPORATION
Board of Directors

Consolidated income statement (IFRS)

EUR 1 000	Note	1.1.2006-31.12.2006	1.1.2005-31.12.2005
CONTINUING OPERATIONS			
NET SALES	1,2	1 795 900	1 601 731
Other operating income	5	17 063	7 952
Increase or decrease in stocks of finished goods and work in progress		37 158	3 583
Production for own use		157	959
Use of materials and equipment		1 138 967	985 845
Employee benefit costs	8	357 918	335 632
Depreciation	7	34 958	34 003
Other operating expenses	6	210 376	186 286
OPERATING PROFIT		108 059	72 459
Financial expenses	10	-18 241	-11 544
Financial incomes	10	3 293	3 843
Share of the result of affiliated undertakings	11	1 126	1 098
RESULT BEFORE TAXES		94 237	65 857
Income taxes	12	-21 303	-17 384
RESULT FOR THE ACCOUNTING PERIOD		72 934	48 473
Distribution of the result for the accounting period			
To shareholders of the parent company		65 802	43 741
To minority interests		7 132	4 732
EPS calculated from result belonging to parent company shareholders, EUR	13		
Earnings per share		3.87	2.57
Earnings per share, diluted		3.87	2.57

The notes to the financial statements are an integral part of these financial statements. The notes may be examined on the company`s website at www.lemminkainen.com

Consolidated balance sheet (IFRS)

EUR 1 000	Note	31.12.2006	31.12.2005
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	15	169 404	164 400
Goodwill on consolidation	16	68 197	63 454
Other intangible assets	16	2 453	2 502
Participations in affiliated undertakings	17	3 912	2 752
Available-for-sale investments	18	5 490	8 108
Deferred tax asset	19	4 314	3 988
Other non-current receivables	21	2 154	739
		255 925	245 943
CURRENT ASSETS			
Inventories	20	281 880	223 696
Trade and other receivables	21	340 721	263 375
Funds	22	60 639	42 419
		683 240	529 490
ASSETS, TOTAL		939 165	775 433
SHAREHOLDERS' EQUITY AND LIABILITIES			
Parent company shareholders' equity			
Share capital	23	34 043	34 043
Share premium account	23	5 750	5 750
Translation difference	23	109	369
Revaluation reserve	23	70	1 476
Retained earnings	23	142 230	115 501
Result for the period	23	65 802	43 741
		248 004	200 880
Minority interest		19 709	14 579
SHAREHOLDER'S EQUITY, TOTAL		267 713	215 459
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	26	91 155	103 544
Non-interest-bearing liabilities			
Deferred tax liability	19	14 621	19 415
Pension liabilities	24	1 140	1 153
Provisions	25	1 715	4 896
Other non-current liabilities	27	1 678	2 475
		110 309	131 484
CURRENT LIABILITIES			
Interest-bearing liabilities	26	252 452	160 503
Non-interest-bearing liabilities			
Provisions	25	5 655	1 520
Accounts payable and other liabilities	27	303 036	266 468
		561 143	428 491
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		939 165	775 433

The notes to the financial statements are an integral part of these financial statements. The notes may be examined on the company`s website at www.lemminkainen.com

Consolidated statement of source and application of funds (IFRS)

EUR 1 000	Note	1.1.2006-31.12.2006	1.1.2005-31.12.2005
Cash flow from business operations			
Result before extraordinary items		94 237	65 857
Adjustments	30		
Depreciation according to plan		34 958	34 003
Share of the result of affiliated undertakings		-1 126	-1 098
Other unpaid income and expenses		2 001	1 245
Financial income and expenses		14 948	7 701
Other adjustments		-11 751	-3 509
Cash flow before change in working capital		133 267	104 199
Change in working capital			
Increase (-)/decrease(+) in current interest-free business receivables		-79 629	-42 773
Increase (-)/decrease(+) in inventories		-58 506	-10 505
Increase (+)/decrease(-) in current interest-free liabilities		28 796	35 636
Cash flow from operations before financial items and taxes		23 928	86 557
Interest and other financial expenses paid		-15 148	-11 822
Dividends received		181	1 059
Interest and other financial income received		3 104	3 807
Direct taxes paid		-19 233	-20 117
CASH FLOW FROM BUSINESS OPERATIONS		-7 168	59 484
Cash flow from investments			
Investments in tangible and intangible assets		-31 468	-27 433
Proceeds from the sale of tangible and intangible assets		14 458	10 253
Investments in other assets		-607	-130
Proceeds from the sale of other investments		3 718	1 198
Purchases of subsidiary shares		-6 528	-2 426
Sales of subsidiary shares		6 245	202
Purchases of shares in affiliated undertakings		-260	
Sales of shares in affiliated undertakings		22	25
CASH FLOW FROM INVESTMENTS		-14 420	-18 311
Cash flow from financing			
Increase (-)/decrease(+) in non-current receivables		-1 415	-555
Drawings of short-term loans		266 319	135 919
Repayments of short-term loans		-175 678	-145 485
Drawings of long-term loans		7 324	19 350
Repayments of long-term loans		-24 456	-25 410
Repayments of finance leasing debts		-13 243	-11 945
Dividends paid and other profit distribution		-18 454	-11 136
CASH FLOW FROM FINANCING		40 397	-39 262
INCREASE (+)/DECREASE(-) IN CASH FUNDS		18 810	1 911
Cash funds at beginning of accounting period		42 419	39 913
Translation difference of cash funds		-589	595
CASH FUNDS AT END OF ACCOUNTING PERIOD		60 639	42 419

The notes to the financial statements are an integral part of these financial statements. The notes may be examined on the company`s website at www.lemminkainen.com

Consolidated statement of changes in equity

EUR 1 000	Share capital	Share premium account	Translation difference	Revaluation reserve	Retained earnings	Parent company shareholders' equity	Minority interest	Shareholders' equity, total
Equity 1.1.2005	34 043	5 750	-197	1 421	125 691	166 707	15 174	181 881
Translation difference			803			803		803
Hedging of net investment in a foreign operation			-237			-237		-237
Transfer from revaluation reserve				-184		-184		-184
Change in fair value				239		239		239
Reversal of dividend liability					23	23		23
Dividends paid					-10 213	-10 213		-10 213
Profit for the period					43 741	43 741	4 732	48 473
Change in minority interest							-5 327	-5 327
Equity 31.12.2005	34 043	5 750	369	1 476	159 242	200 880	14 579	215 459
Equity 1.1.2006	34 043	5 750	369	1 476	159 242	200 880	14 579	215 459
Translation difference			-538			-538		-538
Hedging of net investment in a foreign operation			277			277		277
Change in fair value				70		70		70
Effect of sold shares				-1 476		-1 476		-1 476
Reversal of dividend liability					9	9		9
Dividends paid					-17 021	-17 021		-17 021
Profit for the period					65 802	65 802	7 132	72 934
Change in minority interest							-2 002	-2 002
Equity 31.12.2006	34 043	5 750	109	70	208 032	248 004	19 709	267 713

The notes to the financial statements are an integral part of these financial statements. The notes may be examined on the company`s website at www.lemminkainen.com

Parent company income statement (FAS)

EUR 1 000	Note	1.1.2006-31.12.2006	1.1.2005-31.12.2005
NET SALES	1.1	270 157	346 930
Increase (+) or decrease (-) in stocks of finished goods and work in progress		4 552	-1 108
Production for own use			577
Other operating income	1.2	10 832	3 870
Materials and services	1.3	139 106	173 382
Personnel expenses	1.4	61 871	90 512
Depreciation	1.5	7 908	11 533
Other operating expenses		60 960	65 714
OPERATING PROFIT		15 696	9 128
Financial income and expenses	1.6	-4 568	-4 659
RESULT BEFORE APPROPRIATIONS AND TAXES		11 128	4 469
Appropriations	1.7	377	-412
Direct taxes	1.8	-1 905	-2 107
RESULT FOR THE ACCOUNTING PERIOD		9 601	1 949

The notes may be examined on the company's website at www.lemminkainen.com

Parent company balance sheet (FAS)

EUR 1 000	Note	31.12.2006	31.12.2005
ASSETS			
NON-CURRENT ASSETS	2.1		
Intangible assets	2.1.1	789	1 898
Tangible assets	2.1.2	54 033	65 557
Holdings in group undertakings	2.1.3	180 024	173 767
Holdings in affiliated undertakings	2.1.3	293	293
Other investments	2.1.3	4 677	4 511
		239 817	246 027
CURRENT ASSETS	2.2		
Inventories	2.2.1	28 933	31 783
Non-current receivables	2.2.2	1 889	674
Current receivables	2.2.3	87 943	37 029
Investments	2.2.4	8 338	
Cash in hand and at banks		4 246	8 649
		131 349	78 135
		371 166	324 162
LIABILITIES			
SHAREHOLDERS' EQUITY	2.3		
Share capital		34 043	34 043
Share premium account		5 675	5 675
Retained earnings		61 359	77 056
Result for the accounting period		9 601	1 949
		110 676	118 722
APPROPRIATIONS	2.4	5 506	9 898
LIABILITIES	2.5		
Deferred tax liability	2.5.1	1 588	1 811
Non-current liabilities	2.5.2	14 004	20 604
Current liabilities	2.5.3	239 391	173 127
		254 983	195 542
		371 166	324 162

The notes may be examined on the company`s website at www.lemminkainen.com

Parent company statement of source and application of funds (FAS)

EUR 1 000	1.1.2006-31.12.2006	1.1.2005-31.12.2005
Cash flow from business operations		
Result before extraordinary items	11 128	4 469
Adjustments		
Depreciation according to plan	7 908	11 533
Financial income and expenses	4 568	4 659
Other adjustments	-9 732	-2 618
Cash flow before change in working capital	13 872	18 043
Change in working capital		
Increase (-)/decrease(+) in current interest-free business receivables	-4 626	-39
Increase (-)/decrease(+) in inventories	-5 506	-15
Increase (+)/decrease(-) in current interest-free liabilities	-5 193	2 310
Cash flow from operations before financial items and taxes	-1 453	20 299
Interest and other financial expenses paid	-8 682	-6 512
Dividends received	630	64
Interest and other financial income received	4 048	1 754
Direct taxes paid	-2 219	-1 411
CASH FLOW FROM BUSINESS OPERATIONS	-7 675	14 195
Cash flow from investments		
Investments in tangible and intangible assets	-11 499	-10 071
Proceeds from the sale of tangible and intangible assets	3 515	3 283
Investments in other assets	-541	-100
Proceeds from the sale of other investments	4 508	1 304
Purchases of subsidiary shares	-380	-173
Sales of subsidiary shares	5 765	
CASH FLOW FROM INVESTMENTS	1 367	-5 756
Cash flow from financing		
Increase (-)/decrease (+) in non-current receivables	-1 215	-640
Change in group receivables/liabilities	-54 322	17 928
Drawings of short-term loans	251 500	110 500
Repayments of short-term loans	-162 100	-115 214
Repayments of long-term loans	-6 599	-10 918
Dividends paid	-17 021	-10 213
CASH FLOW FROM FINANCING	10 243	-8 557
INCREASE (+)/DECREASE (-) IN CASH FUNDS	3 935	-119
Cash funds at beginning of accounting period	8 649	8 768
CASH FUNDS AT END OF ACCOUNTING PERIOD	12 584	8 649

The notes may be examined on the company's website at www.lemminkainen.com

The accounting principles and notes to the parent company and consolidated financial statements of Lemminkäinen Corporation may be examined on the company's website at www.lemminkainen.com

Economic trends and financial indicators

EUR mill.	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004	FAS 2003	FAS 2003 Pro Forma[1)]	FAS 2002
Net sales	1 795.9	1 601.7	1 431.3	1 533.5	1 359.0		1 255.8
Exports and operations abroad	530.3	499.6	358.6	358.6	289.3		249.0
% net sales	29.5	31.2	25.1	23.4	21.3		19.8
Operating profit	108.1	72.5	63.9	58.6	48.8		56.7
% net sales	6.0	4.5	4.5	3.8	3.6		4.5
Result before extraordinary items	94.2	65.9	55.1	49.5	41.5		48.5
% net sales	5.2	4.1	3.8	3.2	3.1		3.9
Result before taxes	94.2	65.9	55.1	49.5	41.8	41.5	48.5
% net sales	5.2	4.1	3.8	3.2	3.1		3.9
Result for the accounting period [4)]	65.8	43.7	37.4	32.1	22.4	22.1	29.5
% net sales	3.7	2.7	2.6	2.1	1.7	1.6	2.3
Non-current assets [2)]	255.9	245.9	246.1	235.9	242.0	198.4	209.3
Inventories	281.9	223.7	212.9	198.9	179.4	175.9	163.1
Financial assets	401.4	305.8	259.1	308.5	252.7	251.8	215.5
Shareholders' equity	248.0	200.9	165.8	165.6	176.2	175.9	205.5
Minority interests	19.7	14.6	15.2	15.5	17.0		14.8
Interest-bearing liabilities	343.6	264.0	279.5	222.2	224.1	175.4	119.8
Interest-free liabilities	327.8	295.9	257.6	340.0	256.9	257.9	247.8
Balance sheet total	939.2	775.4	718.1	743.3	674.1	626.1	587.9
Return on equity, %	30.2	24.5	21.9	18.9	12.7		15.4
Return on investment, %	20.6	16.5	14.8	14.8	13.3	14.2	17.1
Equity ratio, %	31.2	31.0	27.5	30.3	34.0	37.1	44.9
Gearing, %	105.7	102.9	132.4	100.7	93.0	67.8	36.7
Interest-bearing net liabilities	283.0	221.6	239.6	182.3	179.6	130.9	80.7
Gross investments [3)]	48.7	37.4	40.8	40.8	37.2		48.7
% net sales	2.7	2.3	2.9	2.7	2.7		3.9
Order book 31.12.	1 326.7	1 011.3	783.4	783.4	593.0		567.9
Number of employees	8 418	7 912	7 479	7 479	7 167		6 773

1) Prior to 2003 inventories and finance leasing are treated in accordance with the old accounting principles.
2) Non-current assets in FAS financial statements include only fixed assets and investments.
3) Includes finance leasing purchases since 2003.
4) Result attributable to the parent company's shareholders.

Formulae for calculation of financial indicators

RETURN ON INVESTMENTS, %

$$\frac{\text{Profit before extraordinary items + interest expenses and other financial expenses x 100}}{\text{Balance sheet total - interest-free liabilities (average for accounting period)}}$$

RETURN ON EQUITY, %

$$\frac{\text{Profit before extraordinary items - income taxes x 100}}{\text{Shareholders' equity + minority interests (average for accounting period)}}$$

EQUITY RATIO, %

$$\frac{\text{Shareholders' equity + minority interests x 100}}{\text{Balance sheet total - advances received}}$$

GEARING, %

$$\frac{\text{Interest-bearing liabilities - funds x 100}}{\text{Shareholders' equity + minority interests}}$$

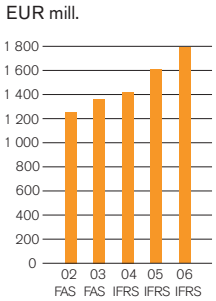
INTEREST-BEARING NET DEBT

Interest-bearing liabilities - funds

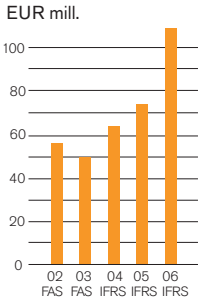
EMPLOYEES

$$\frac{\text{Sum of monthly employee totals}}{\text{Number of months in accounting period}}$$

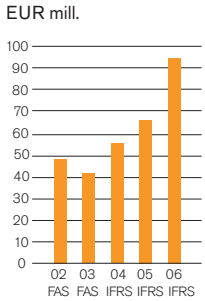
Net sales



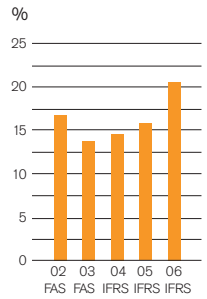
Operating profit



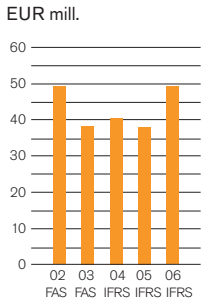
Profit before extra-ordinary items



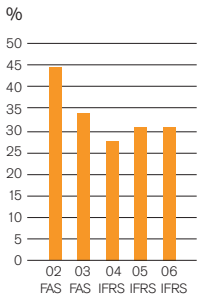
Return of investment



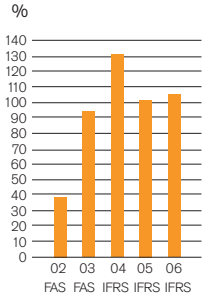
Investments



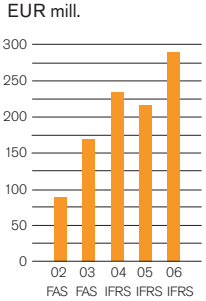
Equity ratio



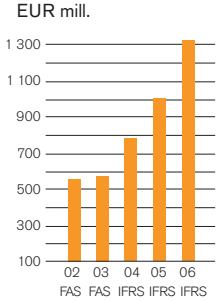
Gearing



Interest-bearing net liabilities



Order book



Shares and shareholders

Lemminkäinen´s share and share capital

Lemminkäinen Corporation´s share is quoted on the Main List of the Helsinki Stock Exchange under the Industrials sector. The trading code is LEM1S. The company has one share class and each share carries one vote at the AGM and confers an equal right to a dividend. The number of issued shares is 17 021 250.

The Company's share capital is EUR 34 042 500 and the nominal value of the share is EUR 2.00. The minimum share capital shall be EUR 20 000 000 and maximum share capital EUR 80 000 000 within which limits the company´s share capital can be increased or decreased without amending the Articles of Association.

Share price and turnover

The year-end price of Lemminkäinen´s share was EUR 36.10 (30.50). The highest price during 2006 was EUR 39.34 (30.61) and the lowest EUR 28.38 (15.75). The average price was EUR 34.00 (21.74). The year-end market capitalisation was EUR 614.5 million (519.1). Share turnover in 2006 was 4 113 868 shares (4 610 443) and the value of turnover was EUR 139.9 million (100.2). At the end of the year Lemminkäinen had 3 535 shareholders (3 116).

Lemminkäinen Corporation and Nordea Bank Finland Plc have a liquidity providing (LP) agreement. According to the agreement Nordea Bank Finland Plc must quote both bid and offer prices for Lemminkäinen Corporation's share so that the prices do not deviate from each other by more than 4 per cent, calculated on the bid price. The bid and offer prices quoted by the liquidity provider must be for at least 200 shares. Nordea Bank Finland Plc is obliged to quote bid and offer prices for Lemminkäinen Corporation's share in Helsinki Stock Exchange's trading system every day for at least 85 per cent of the Continuous Trading I period and also in the daily opening and closing procedures applicable to securities.

Agreements between shareholders and authorizations

The company is not aware of any agreements between shareholders which might markedly influence voting behaviour at meetings of shareholders.

The Board of Directors is not currently authorised to make a share issue; neither is it authorised to decide on convertible promissory notes or bonds with equity warrants.

The Board of Directors is not currently authorised to buy back the Company´s own shares.

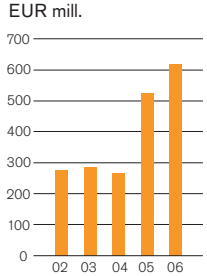
Management´s share ownership

As of December 31, 2006, the members of the Board of Directors and the Managing Director held a total of 3 831 756 shares, representing 22.5 % of the Company's shares and their conferred voting rights.

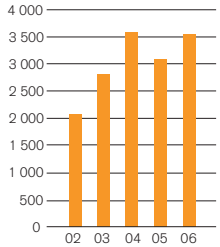
Dividend payout

The Company´s Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.50 per share be paid for the 2006 financial year, representing 38.8 % of earnings per share.

Market capitalisation



Number of shareholders



Owner groups. Dec 31. 2006

	Number of shareholders	% of shareholders	Number of shares	% of total stock
Corporations	266	7.52	651 070	3.83
Financial and insurance corporations	13	0.37	548 420	3.22
Public institutions	14	0.40	861 896	5.06
Non-profit institutions	76	2.15	432 919	2.54
Households	3 140	88.83	13 050 484	76.67
Foreign countries and nominee registered	26	0.74	1 465 216	8.61
In joint accounts			11 245	0.07
Total	**3 535**	**100.00**	**17 021 250**	**100.00**

Share ownership distribution. Dec 31. 2006

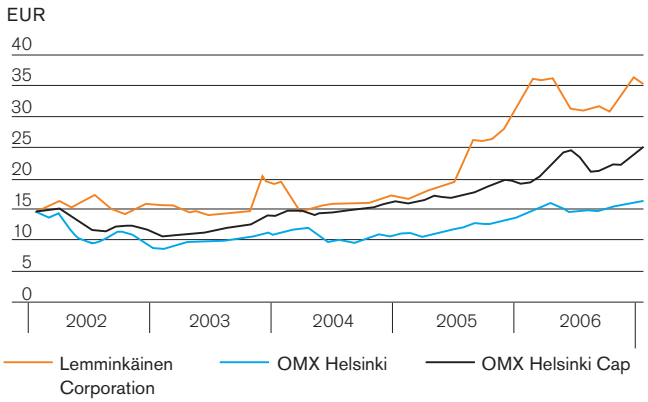
Number of shares per shareholder	Number of shareholders	% of shareholders	Number of shares	% of total stock
1-100	921	26.05	58 223	0.34
101-1 000	2 170	61.39	823 994	4.84
1 001-10 000	387	10.95	1 136 296	6.68
10 001-100 000	46	1.30	1 108 170	6.51
100 001-1 000 000	8	0.23	2 721 457	15.99
1 000 001-	3	0.08	11 161 865	65.58
In joint accounts			11 245	0.07
Total	**3 535**	**100.00**	**17 021 250**	**100.00**

Shares and shareholders

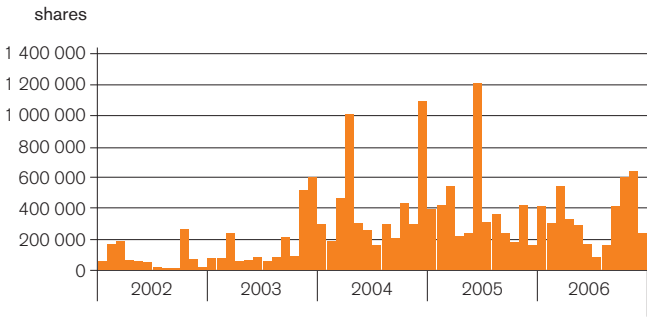
Major shareholders. Dec 31. 2006

		Number of shares	% of total stock
1	Pentti Heikki	3 813 956	22.41
2	Estate of Erkki Juhani Pentti	3 673 956	21.58
3	Pentti Olavi	3 673 953	21.58
4	Varma Mutual Pension Insurance Company	503 000	2.96
5	Tukinvest Oy	201 600	1.18
6	Aktia Capital Mutual Fund	197 516	1.16
7	Abn Amro Finland Mutual Fund	168 313	0.99
8	Etera Mutual Pension Insurance Company	164 600	0.97
9	Finnish National Fund for Research and Development	101 750	0.60
10	Ilmarinen Mutual Pension Insurance Company	80 000	0.47
11	Aktia Secura Mutual Fund	79 600	0.47
12	Abn Amro Optimal Mutual Fund	66 709	0.39
13	Abn Amro Small Cap Finland Mutual Fund	58 013	0.34
14	eQ Pikkujättiläiset / eQ Fund Management Company	50 000	0.29
15	Laakkonen Mikko Kalervo	47 350	0.28
Nominee registered		1 412 501	8.30
Other shareholders total		2 728 433	16.03
Total		**17 021 250**	**100.00**

Share price trend



Share trading



Analyst coverage

The following banks and brokerage firms analysed Lemminkäinen´s financial performance in 2006. Analysts´ contact information can be found on the Company´s website at www.lemminkainen.com. Lemminkäinen takes no responsibility for their opinions.

Enskilda Securities
tel. +358 9 6162 8900

eQ Pankki
tel. +358 9 681 781

Evli Bank Plc
tel. +358 9 476 690

FIM Securities Ltd
tel. +358 9 613 4600

Handelsbanken
Capital Markets
tel +358 10 444 11

Mandatum Stockbrokers Ltd
tel +358 10 236 10

Opstock Ltd
+358 10 252 011

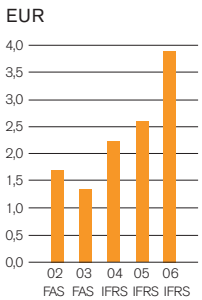
Stock Exchange Bulletins

Year 2006

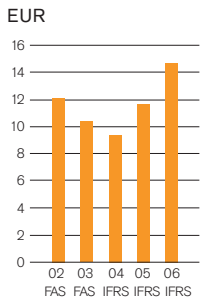
Feb 15, 2006	2005 Financial statement bulletin: 20 % improvement in the Company´s result
Feb 15, 2006	Summons to Annual General Meeting
March 1, 2006	Olkiluoto concrete exceeds all quality requirements
March 3, 2006	Ikea announces termination of St. Petersburg shopping centre contract
March 8, 2006	Findings of study concerning concrete delivered to Olkiluoto
March 16, 2006	Olkiluoto concrete deliveries according to contract
March 17, 2006	Decisions of Lemminkäinen Corporation's Annual General Meeting
March 29, 2006	Investigations into the bituminous roofing industry
May 10, 2006	Interim financial review 1.1.-31.3.2006: Net sales up by a third
June 9, 2006	FCA allegations concerning the bituminous roofing industry
Aug 9, 2006	Interim financial review 1.1.-30.6.2006: Marked improvement in earnings
Nov 8, 2006	Interim financial review 1.1.-30.9.2006: Operating profit up by almost a third
Nov 10, 2006	Financial information for 2007
Dec 27, 2006	Erkki J. Pentti, long-term member of the Board of Directors of Lemminkäinen, passed away

The stock exchange bulletins published in 2006 can be reviewed on the Company´s website at www.lemminkainen.com

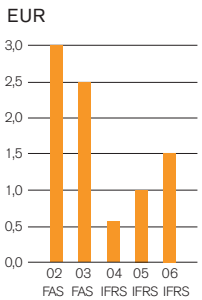
Earnings per share



Shareholders´ equity per share



Dividend per share



Share-issue-adjusted financial indicators

	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004	FAS 2003	FAS 2003 ProForma	FAS 2002
Earnings per share (EPS), EUR	**3.87**	2.57	2.20	1.89	1.30		1.73
Equity per share, EUR	**14.57**	11.80	9.74	9.73	10.35	10.33	12.07
Dividend per share, EUR	**1.50**[1)]	1.00	0.60	0.60	2.50		3.00
Dividend to earnings ratio, %	**38.8**	38.9	27.3	31.8	192.2		173.4
Effective dividend yield, %	**4.2**	3.3	3.8	3.8	14.7		18.8
Price/earnings ratio (P/E)	**9.3**	11.9	7.2	8.3	13.1		9.2
Share price, EUR							
mean	**34.00**	21.74	15.98	15.98	17.39		15.23
lowest	**28.38**	15.75	13.00	13.00	13.40		13.00
highest	**39.34**	30.61	19.55	19.55	20.90		17.00
at end of accounting period	**36.10**	30.50	15.74	15.74	17.00		16.00
Market capitalisation, EUR mill.	**614.5**	519.1	267.9	267.9	289.4		272.3
Shares traded, 1 000	**4 114**	4 610	5 005	5 005	2 193		960
% of total	**24.2**	27.1	29.4	29.4	12.9		5.6
Issue-adjusted number of shares							
average for the period, 1 000	**17 021**	17 021	17 021	17 021	17 021		17 021
at end of period, 1 000	**17 021**	17 021	17 021	17 021	17 021		17 021

1) Board of Directors' proposal to the AGM

Formulae for calculation of financial indicators

EARNINGS PER SHARE

$$\frac{\text{Profit before extraordinary items and taxes - income taxes - minority intrests}}{\text{Share-issue-adjusted average number of shares}}$$

SHAREHOLDERS' EQUITY PER SHARE

$$\frac{\text{Shareholders' equity}}{\text{Share-issue-adjusted number of shares at the end of period}}$$

DIVIDEND PER SHARE

$$\frac{\text{Dividend for the accounting period}}{\text{Share-issue-adjusted number of shares at the end of period}}$$

DIVIDEND TO EARNINGS RATIO, %

$$\frac{\text{Dividend for the accounting period x 100}}{\text{Profit before extraordinary items - taxes - minority interest}}$$

EFFECTIVE DIVIDEND YIELD, %

$$\frac{\text{Dividend per share x 100}}{\text{Final share quotation}}$$

P/E RATIO

$$\frac{\text{Final share quotation}}{\text{Earnings per share}}$$

MEAN SHARE PRICE (share-issued-adjusted)

$$\frac{\text{Trading value of total share turnover}}{\text{Share-issue-adjusted number of shares traded during the period}}$$

MARKET CAPITALISATION

Number of shares x final share quotation

Board of Directors' proposal for the appropriation of retained earnings

The distributable shareholders' equity shown on the consolidated balance sheet at December 31, 2006, amounts to EUR 190 534 248.21. The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, at December 31, 2006, amounts to EUR 70 959 134.51, consisting of EUR 61 358 513.76 in retained earnings from previous years and EUR 9 600 620.75 in profit for the accounting period. The Board of Directors will propose to the Annual General Meeting that the Company pay a dividend of EUR 1.50 per share for the 2006 accounting period, i.e. a total of EUR 25 531 875.00, after which retained earnings would stand at EUR 45 427 259.51.

Helsinki, February 14, 2007

Heikki Pentti | Teppo Taberman | Berndt Brunow | Sakari Tamminen | Juhani Sormaala
Managing Director

Auditors' Report

To the shareholders of Lemminkäinen Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Lemminkäinen Corporation for the period 1.1. – 31.12.2006. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration. We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report of the Board of Directors and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position. In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position. The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki, March 6, 2007

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

Parent Company Board of Directors

Heikki Pentti
- Born 1946
- B.Sc.(Econ.)
- Chairman of the Board of Directors since 1994
- Non-independent Member of the Board of Directors since 1969
- Managing Director of Lemminkäinen Corporation 1983-1993
- Owns 3 813 956 Lemminkäinen Corporation shares

Teppo Taberman
- Born 1944
- M.Sc.(Econ.)
- Vice Chairman of the Board of Directors since 1998
- Independent Member of the Board of Directors since 1997
- Professional board member and economic advisor since 1995
- Twenty years of experience in the banking industry, including deputy managing directorships in two different banks.
- Member of the Board of Directors of Oy Rettig Ab, Ingman Group Oy Ab, Larox Oyj and SKS-Tekniikka Oy
- Owns 2 000 Lemminkäinen Corporation shares

Erkki J. Pentti
- Born 1948
- Graduate in business studies
- Non-independent Member of the Board of Directors 1975-2006
- Managing Director of Tahko-Chalet Oy
- Owns 3 673 956 Lemminkäinen Corporation shares

Erkki J. Pentti passed away on December 26, 2006, after a serious illness. The shares have been transferred to the Estate of Erkki J. Pentti.

Berndt Brunow
- Born 1950
- B.Sc.(Econ.)
- Independent Member of the Board of Directors since 2002
- Managing Director of Oy Karl Fazer Ab since 2002
- Over 20 years of experience in executive positions in the forest industry both in Finland and abroad
- Member of the Board of Directors of UPM-Kymmene Corporation, Oy Nautor Ab and Cloetta Fazer AB (publ.), Chairman of the Board of Directors of the Finnish Food and Drink Industries' Federation
- Owns 10 000 Lemminkäinen Corporation shares

Sakari Tamminen
- Born 1953
- M.Sc.(Econ.)
- Independent Member of the Board of Directors since 2003
- Managing Director of Rautaruukki Oyj since 2004
- Occupied executive positions in Metso Oyj, Rauma Oy and Rauma-Repola Oy, 1987-2003
- Member of the Board of Directors of SanomaWSOY Oyj and the Stock Exchange Foundation
  Vice chairman of the Board of Directors of Technology Industries of Finland
  Chairman of the Board of the Association of Finnish Steel and Metal Producers
- Owns 400 Lemminkäinen Corporation shares



Members of the Board of Directors, from left to right: Messrs. Teppo Taberman, Heikki Pentti, Berndt Brunow and Sakari Tamminen.

Shareholdings as of December 31, 2006

Management of Lemminkäinen Group

Juhani Sormaala
- Born 1950
- M.Sc.(Eng.), B.Sc. (Econ.)
- Managing Director of Lemminkäinen Corporation since 1994
- Managing Director of Oy Alfred A. Palmberg Ab, 1986-1993
- Development Director of Lemminkäinen Corporation, 1985-1986, Group employee since 1981
- Member of the Board of Directors of the Confederation of Finnish Construction Industries (RT)
- Member of the Supervisory Board of Tapiola Mutual Insurance Company
- Chairman of the Board of Directors of Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy, Lemcon Ltd, Oy Alfred A. Palmberg Ab, Tekmanni Oy.
- Owns 5 400 Lemminkäinen Corporation shares

Henrik Eklund
- Born 1961
- M.Sc.(Eng.)
- Head of the Paving and Mineral Aggregates Division since 2005
- Lemcon Ltd, Export Director, 2001-2004, Lemminkäinen Construction Ltd, Project Planning Manager, Project Manager, Regional Manager 1995-2000, Group employee since 1989
- Member of the Board of Directors of the Finnish Asphalt Association
- Does not own any Lemminkäinen Corporation shares

Erkki Lönnrot
- Born 1954
- Construction engineer
- Head of the Building Materials Division since 2002
- Managing Director of Lemminkäinen Katto Oy since 2005, Head of the Roofing Unit, 1999-2002, Contracting Manager, 1993-1998, Group employee since 1980
- Member of the Board of Directors of Lemminkäinen Betonituote Oy
- Owns 500 Lemminkäinen Corporation shares

Matti A. Mantere
- Born 1945
- M.Sc.(Eng.)
- Managing Director of Lemcon Ltd since 1992
- Lemminkäinen Corporation
  Head of the Building Division, 1987-1991
  Export assignments, 1977-1987
  Group employee since 1975
- Member of the Board of Directors of Oy Alfred A. Palmberg Ab
- Owns 1 000 Lemminkäinen Corporation shares

Risto Bono
- Born 1942
- M.Sc.(Eng.), M.Sc.(Econ.)
- Managing Director of Oy Alfred A. Palmberg Ab since 1994
- Director of Oy Alfred A. Palmberg Ab, 1990-1993
- Deputy Managing Director of Continental Air Conditioning International, Belgium, 1985-1991
- Confederation of Finnish Construction Industries (RT), Member of the Board of Directors of the Building Construction Section
- Member of the Board of Directors of Tekmanni Oy and Lemcon Ltd
- Owns 3 000 Lemminkäinen Corporation shares

Antero Huhta
- Born 1947
- B.Sc.(Eng.)
- Managing Director of Tekmanni Oy since 2000
- Rakennustoimisto A Puolimatka Oy/NCC Oy
  Head of Building Production, 1989-2000
  Line manager, 1986-1989
- Member of the Board of Directors of the Technical Building Services Association and LVI-TU ry
- Member of the Board of Directors of Oy Alfred A. Palmberg Ab
- Owns 2 000 Lemminkäinen Corporation shares

Jukka Ovaska
- Born 1950
- Graduate in business studies
- Finance Director since 1994, Group employee since 1979
- Member of the Supervisory Board of Etera Mutual Pension Insurance Company
- Member of the Board of Directors of Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy, Lemcon Ltd., Oy Alfred A. Palmberg Ab and Tekmanni Oy
- Owns 900 Lemminkäinen Corporation shares

Information as of December 31, 2006

Corporate governance

LEMMINKÄINEN'S VALUES

Profitable business – Profitability is a prerequisite for the development of all other activities.
Satisfied clients – Satisfied clients and long-standing customer relationships are cornerstones of Lemminkäinen's success.
Motivated employees – Lemminkäinen's employees are proud of their professionalism and commitment to their work. Mutual trust and confidence prevails between the employees and the employer. Particular attention is paid to the maintenance and development of expertise and professional skills and also to fitness for work and industrial safety.
Environmentally responsible construction – Lemminkäinen wants to be a leader in environmentally responsible and sustainable construction. It takes account of life cycle and environmental perspectives in the development of its operations, products and services.

Group structure

There are five business sectors in the Lemminkäinen Group. The Paving and Mineral Aggregates Division operates in the Parent Company. The roofing and concrete products businesses of the Building Materials Division were transferred to two new subsidiaries: Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy at the beginning of 2006. The subsidiaries Lemcon Ltd, Oy Alfred A. Palmberg Ab and Tekmanni Oy each operate in their own business sectors.

Board of Directors of the Parent Company

Lemminkäinen Corporation's Annual General Meeting elects each year at least four and at most eight members to serve on the Company's Board of Directors. The term of office of the board members ends at the conclusion of the first Annual General Meeting held after their election.

There were five members serving on the Board of Directors in 2006. They were Messrs. Berndt Brunow, Erkki J. Pentti, Heikki Pentti, Teppo Taberman and Sakari Tamminen. Messrs. Berndt Brunow, Teppo Taberman and Sakari Tamminen were independent of the Company and its significant shareholders.

Mr. Erkki J. Pentti, member of the Board of Directors since 1975 and a significant shareholder of Lemminkäinen, passed away on December 26, 2006 after a serious illness.

Lemminkäinen´s Board of Directors will consist of four members until the next Annual General Meeting to be held on March 16, 2007.

The Board of Directors elects its Chairman and Vice Chairman from among the members. In 2006 Mr. Heikki Pentti served as the Chairman and Mr. Teppo Taberman as the Vice Chairman.

Lemminkäinen Corporation's Board of Directors generally meets once a month. There were 13 board meetings in 2006 and the overall attendance rate of the board members was 91 per cent.

The Board of Directors handles matters in accordance with its order of business and decides on important matters of principle and issues with far-reaching consequences for the Group. The Board of Directors makes decisions in accordance with its mandate in the Articles of Association on matters such as expansion into new business areas and the discontinuation of old businesses. The Board of Directors approves the budgets of Group companies as constituent parts of the Group's budget, and makes investment and financing decisions that are important for the Group. In addition, the Board of Directors decides on the content of the Group's environmental, insurance and other key policies.

The Board of Directors appoints and dismisses the Managing Director as well as his/her immediate subordinates on the basis of a proposal submitted by the Remuneration and Appointments Committee. The Board of Directors also decides on the principles of the Group's incentive pay schemes.

The fees payable to board members are decided at a general meeting of shareholders. In 2006 the Chairman was paid a fee of EUR 11 000 per month and the board members each received a fee of EUR 2 200 per month.

The Board of Directors made regular internal self-assessments of its work.

Committees of the Board of Directors

The Board of Directors has chosen from among its members a Nominating Committee, an Audit Committee, and a Remuneration and Appointments Committee. The committees assist the Board of Directors by preparing pertinent matters for the Board's consideration.

Nominating Committee

The role of the Nominating Committee is to prepare for the Annual General Meeting a proposal on the number of members of the Board of Directors as well as the names of the members and the remuneration that should be paid to them. The Chairman of the Nominating Committee is Mr. Berndt Brunow, with Messrs. Teppo Taberman and Sakari Tamminen serving as committee members.

Audit Committee

The role of the Board of Directors' Audit Committee is to scrutinise the contents of the full-year financial statements and interim financial reviews as well as the company's internal audit and control systems. The meetings of the Audit Committee shall be attended by the Company's Auditor and Internal Auditor as well as management representatives as and when necessary. The Chairman of the Audit Committee is Mr. Sakari Tamminen, with Messrs. Berndt Brunow, Teppo Taberman and Heikki Pentti serving as committee members.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee deals with matters relating to the appointment of senior executives as well their

pay, rewards and benefits. Final decisions are made by the Board of Directors on the basis of the Committee's proposals. The Chairman of the Remuneration and Appointments Committee is Mr. Heikki Pentti, with Messrs. Berndt Brunow and Teppo Taberman serving as committee members.

All members of the Board of Directors may take part in the meetings of the Remuneration and Appointments Committee and the Audit Committee.

Managing Director

The Managing Director of Lemminkäinen Corporation is responsible for the day-today management and practical planning of the Company's businesses. The Managing Director also takes care of actions that are strategically important at Group level, such as preparations for acquisitions and the execution of measures decided by the Board of Directors. In addition, the Managing Director ensures that the Company's management resources are sufficient and that the Company's governance is both appropriate and in accordance with the law. Mr. Juhani Sormaala has served as the Company's Managing Director since 1994.

The Managing Director is entitled to retire on reaching 60 years of age. As a consequence of the supplementary pension insurance provided by the Company, his pension at that time will be 60 per cent of his pensionable salary as defined in the Employee's Pensions Act.

In 2006 the Managing Director´s total remuneration package was EUR 646 811, which included a performance-related bonus of EUR 99 000 and a retention bonus of EUR 129 055, making a combined total of EUR 228 055 in rewards.

The Managing Director's contract of employment may be terminated at six months' notice on either side. If the Company gives notice of termination, the Managing Director shall be entitled upon termination of the contract to receive a one-time severance payment equivalent to 18 months' salary according to his salary rate at the time of contract termination.

Other executives and the governance of subsidiary groups

Lemminkäinen's senior management comprises the Managing Director, the Finance Director and the heads of the business sectors, i.e. the Head of the Paving and Mineral Aggregates Division, the Head of the Building Materials Division, and the managing directors of Lemcon Ltd, Oy Alfred A. Palmberg Ab and Tekmanni Oy. The heads of the business sectors and the Finance Director are operatively direct subordinates of Lemminkäinen Corporation's Managing Director. The Company has no separate management body at Group level.

The members of the boards of directors of Lemminkäinen's subsidiaries are executives employed in the Group. The managing directors of Lemminkäinen's major subsidiaries (Lemcon Ltd, Oy Alfred A. Palmberg Ab and Tekmanni Oy) act as presenters in meetings of their respective boards of directors, which are all chaired by Lemminkäinen Corporation's Managing Director. The managing directors of these major subsidiaries each serve as a member on the board of directors of at least one of the other major subsidiaries. No separate remuneration is paid to employees of the Group in respect of subsidiary board membership.

Performance-related pay scheme

The Company does not have any current option plan or other incentive schemes linked to share price performance.

Lemminkäinen Group's performance-related pay scheme for senior management comprises an annual reward based on the Company's result and a long-term commitment incentive based on the creation of economic value added. Lemminkäinen's Board of Directors confirms the parameters of performance-related pay scheme annually. The result-based annual reward can be a maximum of 30 % of annual salary. The commitment incentive reward can be a maximum of six month's salary.

Internal control

The Group's businesses and treasury management are controlled by means of efficient planning and supervisory systems, unit-specific reporting systems and internal audits. Most of the Company's management and operating systems are documented and/or certificated. The functionality of the systems as well as their observance are monitored not only internally but also by the certification organisations.

Risk management

Lemminkäinen's risks are divided into six categories: market risks, project risks, financing risks, credit loss risks, environmental risks, and accidents and damage.

Market risks

The most significant of Lemminkäinen's market risks is the cyclical nature of new construction. This risk is managed by structural means and operational preparedness. Unlike most other construction companies, the structure of the Lemminkäinen Group is such that only about a half of its business sectors are sensitive to the cyclical nature of domestic building construction. Operationally, the Group counters market risks by maintaining the flexibility and responsiveness necessary to adjust quickly to changing market conditions.

Project risks

Building contracting is essentially a risky business. The building contractor is always exposed to the risk of estimated contract costs being exceeded. This risk is managed in three ways.

Firstly, business is oriented so that the average contract size is quite small. Even a major individual project generally accounts for less than 5 % of the Group's annual net sales, so the failure of a

single project has no essential bearing on the Group's result. Secondly, Lemminkäinen is selective when deciding on the projects for which it will submit tenders. The Company does not tender for projects when it does not possess the necessary resources or previous experience. Thirdly, special attention is continuously paid to project management and its development.

The sales risk associated with own housing and commercial development is controlled by not starting such developments without advance marketing and the receipt of sufficient reservations. Unplanned land or building rights are not acquired for future use without carefully planning when construction can start and who could be the site's users and owners.

Financing risks

All significant corporate or business acquisitions are evaluated critically from the perspectives of their cash flow and impact on the balance sheet. The Group hedges against interest rate and foreign exchange risks in the conventional ways. The maturities of seasonal credit stemming from the nature of Lemminkäinen's business are short, while those of other borrowings are mostly long. Receivables denominated in foreign currencies and the share capital of foreign subsidiaries are hedged.

Credit losses

Lemminkäinen's credit losses have always been minimal in relation to the scale of the Group's operations. The main risks in this respect are associated with business in Russia. As a general rule, construction projects in Russia are only undertaken against receipt of advance payments. If a credit risk is accepted exceptionally, the amount permitted is always predetermined in relation to the expected margin on the project in question.

Environmental risks

The environmental risks associated with the Group's businesses are analysed in advance. Risk assessment and risk management are part of the Group's normal operations. Environmental risks are minimised by reducing emissions and by improving the safety of storing and handling oils and other chemicals. The management of environmental affairs and the effects of the Group's operations on the environment are continuously monitored by means of internal reviews and control programmes.

Accidents and damage

The Group's fixed assets are insured against damage or loss in accordance with the insurance policy approved annually by the parent company's Board of Directors. Owing to the accident-prone nature of construction work, special attention is continuously paid to the development of industrial health & safety.

Internal audit

The Company's internal audit function assists the Board of Directors to discharge its supervisory responsibility. The Board of Directors approves the internal auditing procedures and the annual audit plan. The internal audit function is subordinate to the Board of Directors and operates under the supervision of the Managing Director. The internal audit function reports its findings to the Chairman of the Board of Directors and to the Managing Director, and presents its report to the Board of Directors biannually.

The primary task of the internal audit function is to examine and assess Lemminkäinen Group's risk management as well as the efficiency and functionality of the units' internal controls. The internal audit function must check to ensure that financial information is correct and adequate, that the operating policies, regulations and guidelines are followed, that reporting and quality systems are observed, that assets are protected from losses, and that resources are used economically and efficiently. The internal audit function also acts as an expert in development projects associated with its field, and carries out special investigations at the behest of the Board of Directors or senior management.

Auditors

Lemminkäinen Corporation's auditors for the 2006 accounting period were Authorised Public Accountants PricewaterhouseCoopers Oy, with Jan Holmberg, A.P.A. as the Chief Auditor.

In 2006 Lemminkäinen Corporation's auditors were paid EUR 532 172 for their audit work and EUR 481 071 in consulting fees.

Insider administration

Lemminkäinen Corporation observes insider guidelines based on regulations of the Security Markets Act currently in force, the standards of the Finnish Financial Supervision Authority, and insider rules drawn up by Helsinki Exchanges, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries (EK). The latest up-date of Lemminkäinen's insider guidelines was made on January 1, 2006.

Lemminkäinen's public insiders are Lemminkäinen Corporation's board members, the Managing Director and assigned Chief Auditor. In addition certain management personnel are defined by the Company as insiders subject to the disclosure obligation. They are Lemminkäinen Corporation's Finance Director, the Head of the Paving and Mineral Aggregates Division, the Head of the Building Materials Division, and the managing directors of Lemcon Ltd, Oy Alfred A. Palmberg Ab, and Tekmanni Oy.

Lemminkäinen keeps a permanent company-specific register of persons who regularly receive inside information because of their position and duties either as employees of the company or as outsiders contracted to work for the company on the basis of some other agreement. In total there are about 50 persons defined as permanent insiders of the Lemminkäinen Group.

The period preceding the publication of interim financial reviews

and the annual financial statement bulletin during which the company's permanent insiders may not trade in the company's issued securities, i.e. the so-called closed window, is 21 days, including the day of publication.

Information on Lemminkäinen Corporation's public insiders may be viewed on the Company's website at www.lemminkainen.com

Observance of recommendation on management and governance systems

Lemminkäinen Corporation observes the recommendation of OMX Helsinki Exchanges, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers on the management and governance systems of listed companies, which came into force on July 1, 2004.

Information for shareholders

Annual General Meeting

The Annual General Meeting of Lemminkäinen Corporation will be held on Friday, March 16, 2007 at 3:00 p.m. at the Palace Hotel, 10th floor, Eteläranta 10, Helsinki.

Shareholders registered on the Company´s list of shareholders, kept by the Finnish Central Securities Depository Ltd as of March 6, 2007, shall be entitled to attend the Annual General Meeting.

Notice of intention to attend the AGM

Shareholders wishing to attend the Annual General Meeting must inform the Company by 2:00 p.m. on Tuesday, March 13, 2007 at the latest. Notice of intention to attend the meeting may be given by telephoning Maritta Laitinen (+358 2071 53303). Written notices may be e-mailed to maritta.laitinen@lemminkainen.fi or mailed to Lemminkäinen Corporation, Maritta Laitinen, P.O. Box 23, 00241 Helsinki.

Notices of intention to attend the AGM must be received before the deadline stated above. Any instrument of proxy must also be submitted to the Company by the same deadline.

Dividend

The Company´s Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.50 per share be paid for the 2006 accounting period. The dividend will be paid to shareholders recorded on the Company´s list of shareholders kept by the Finnish Central Securities Depository Ltd on the record date, i.e. March 21, 2007. The dividend payment date will be March 28, 2007.

Financial information for 2007

2006 Financial statement bulletin	February 15, 2007 at 9:00 a.m.
2006 Annual Report	Week 10
Interim report 1.1.-31.3.	May 10, 2007 at 9:00 a.m.
Interim report 1.1.-30.6.	August 9, 2007 at 9:00 a.m.
Interim report 1.1.-30.9.	November 8, 2007 at 9:00 a.m.

The Annual Report and the interim reports are published in Finnish and English on the Company´s website at www.lemminkainen.com The Annual Report is mailed to all shareholders.

Change in personal information and address

Shareholders must notify changes of address or personal information to the operator of their book-entry account. Lemminkäinen does not keep a record of the addresses of its shareholders.

To order publications

Financial reports can be ordered from Corporate Communications by phone + 358 2071 53511 or by e-mail publications@lemminkainen.fi. Financial information is also posted on the Company´s website at www.lemminkainen.com

Investor relations

Katri Sundström, Investor Relations Manager
tel. + 358 2071 54813, fax + 358 2071 53510
katri.sundstrom@lemminkainen.fi

Contact information

Head office

LEMMINKÄINEN CORPORATION
Esterinportti 2,
00240 Helsinki
Telephone + 358 2071 5000
Fax +358 2071 5009
E-mail: communications@lemminkainen.fi
Website: www.lemminkainen.com

Regional offices

Forssa
Kaikulantie 57,
30100 Forssa
+ 358 2071 50225,
+ 358 2071 54144

Huittinen
Risto Rytin katu 22,
32700 Huittinen
+ 358 2071 50232

Hämeenlinna
Tölkkimäentie 4,
13130 Hämeenlinna
+ 358 2071 50224

Imatra
Karjalantie 857,
55800 Imatra
+ 358 2071 50223

Joensuu
Parrutie 1,
80100 Joensuu
+ 358 2071 50220

Jyväskylä
Vehkakuja 4,
40700 Jyväskylä
+ 358 2071 50228,
+ 358 2071 54152

Kajaani
Brahenkatu 16 as. 9,
87100 Kajaani
+ 358 2071 50234

Kemi
Valtakatu 30,
94100 Kemi
+ 358 2071 50230

Kokkola
Tervahovintie 2 B,
67100 Kokkola
+ 358 2071 50241

Kotka
Valajantie 7,
48230 Kotka
+ 358 2071 50248

Kouvola
Alakyläntie 23,
45100 Kouvola
+ 358 2071 50213

Kuopio
Yrittäjäntie 17,
70150 Kuopio
+ 358 2071 50215

Kuusamo
Kalliovaara,
93600 Kuusamo
+ 358 2071 50236

Lahti
Kerintie 20,
15500 Lahti
+ 358 2071 50214

Lappeenranta
Ruukintie 9,
53500 Lappeenranta
+ 358 2071 50216

Ruukintie 1,
53500 Lappeenranta
+ 358 2071 54150

Lohja
Pysäkkitie 14,
08680 Muijala
+ 358 2071 50217

Mikkeli
Kaarikuja 1 C 20,
50170 Mikkeli
+ 358 2071 50218

Oulu
Sälpätie 5,
90630 Oulu
+ 358 2071 50222,
+ 358 2071 54158

Pori
Satakunnankatu 43,
28130 Pori
+ 358 2071 50247

Raahe
Kirkkokatu 28 B,
92100 Raahe
+ 358 2071 50238

Salo
Perämiehenkatu 9,
24100 Salo
+ 358 2071 50225,
+ 358 2071 54142

Savonlinna
Ahertajantie 11
57230 Savonlinna
+ 358 2071 50226

Seinäjoki
Päivölänkatu 35,
60120 Seinäjoki
+ 358 2071 50242,
+ 358 2071 54154

Tampere
Possijärvenkatu 3,
33400 Tampere
+ 358 2071 50219,
+ 358 2071 54148

Turku
Voimakatu 13,
20520 Turku
+ 358 2071 50221

Tuusula
Sammonmäki,
Puusepäntie 11,
04360 Tuusula
+ 358 2071 5000

Vaasa
Teollisuustie 11,
65610 Mustasaari
+ 358 2071 50237

Olympiakatu 16 B 35 B,
65100 Vaasa
+ 358 2071 54156

Valkeakoski
Vainionkatu 2,
37600 Valkeakoski
+ 358 2071 50235

Vantaa
Elannontie 5,
01510 Vantaa
+ 358 2071 50210

Subsidiaries in Finland

LEMMINKÄINEN BETONITUOTE OY
Puusepäntie 11
04360 Tuusula
+ 358 2071 50100
Managing Director Juhani Uljas

Kuopio
Yrittäjäntie 17,
70150 Kuopio
+ 358 2071 50158

Tampere
Teollisuustie 23,
33330 Tampere
+ 358 2071 50154

Turku
Voimakatu 13,
20520 Turku
+ 358 2071 50152

Suonenjoen Betonituote Oy
Mansikkaraitti 13,
77600 Suonenjoki
+ 358 2071 51100
Managing Director
Pekka Lamberg

Concrete products factories
Puusepäntie 11,
04360 Tuusula
+ 358 2071 50100

Ollostentie 66,
16300 Orimattila
+ 358 2071 50150

Soraseulan Betonituotetehdas
Teollisuustie 23
33330 Tampere
+ 358 2071 50154

LEMMINKÄINEN KATTO OY
Puusepäntie 11
04361 Tuusula
+ 358 2071 50400
Managing Director
Erkki Lönnrot

Helsinki
Puusepäntie 14,
04360 Tuusula
+ 358 2071 50400

Hämeenlinna
Tölkkimäentie 4,
13130 Hämeenlinna
+ 358 2071 50419

Joensuu
Parrutie 1,
80100 Joensuu
+ 358 2071 50422

Jyväskylä
Vehkakuja 4,
40700 Jyväskylä
+ 358 2071 50424

Kotka
Valajantie 7,
48230 Kotka
+ 358 2071 50418

Kuopio
Yrittäjäntie 17,
70150 Kuopio
+ 358 2071 50414

Lahti
Höylääjänkatu 6,
15520 Lahti
+ 358 2071 50412

Lappeenranta
Ruukintie 9,
53500 Lappeenranta
+ 358 2071 50416

Lohja
Puistokatu 25,
08150 Lohja
+ 358 2071 50420

Oulu
Sälpätie 5,
90630 Oulu
+ 358 2071 50423

Pori
Satakunnankatu 43,
28130 Pori
+ 358 2071 50417

Tampere
Possijärvenkatu 3,
33400 Tampere
+ 358 2071 50425

Turku
Voimakatu 13,
20520 Turku
+ 358 2071 50413

Vaasa
Teollisuuskatu 11,
65610 Mustasaari
+ 358 2071 50415

Bituminous products factory
(Roofing)
Puistokatu 25-27
08150 Lohja
+ 358 2071 50448

LEMCON Ltd
Esterinportti 2
00240 Helsinki
+ 358 2071 5001
Managing Director
Matti A. Mantere

Lemcon Networks Ltd
Esterinportti 2,
00240 Helsinki
+ 358 2071 50300
Managing Director
Juha Nurmi

OY ALFRED A. PALMBERG AB
Esterinportti 2
00240 Helsinki
+ 358 2071 5002
Managing Director
Risto Bono

Palmberg TKU Oy
Käsityöläiskatu 9,
20100 Turku
+ 358 2071 58800
Managing Director
Mikko Pirhonen

Palmberg-Urakoitsijat Oy
Uudenmaankatu 32-34,
05800 Hyvinkää
+ 358 2071 58000
Managing Director Ahti Kara

Oka Oy
Ilmarinkuja 3,
45100 Kouvola
+ 358 2071 54200
Managing Director
Jorma Tamminen

Rakennustoimisto Palmberg Oy
Satakunnankatu 22 E,
33210 Tampere
+ 358 2071 57100
Managing Director
Jukka Terhonen

Rakennus-Otava Oy
Vehkakuja 4,
40700 Jyväskylä
+ 358 2071 57800
Managing Director Jussi Kari

Oy Konte Ab
Olympiakatu 16,
65100 Vaasa
+ 358 2071 50700
Managing Director
Göran Pellfolk

Byggnads Ab Forsström Rakennus Oy
Tervahovintie 2,
67100 Kokkola
+ 358 2071 58700
Managing Director
Peter Forsström

Palmberg-Rakennus Oy
Valtatie 21,
90500 Oulu
+ 358 2071 58600
Managing Director
Raimo Hätälä

Savocon Oy
Kauppakatu 28 B
70110 Kuopio
+ 358 2071 57400
Managing Director
Martti Kankkunen

Rakennusliike A. Taskinen Oy
Nurmeksentie 14,
80100 Joensuu
+ 358 2071 57590
Managing Director
Ari Laamanen

TEKMANNI OY
Mikkolantie 1 B,
00640 Helsinki
+ 358 2071 5003
Managing Director
Antero Huhta

Espoo
Sinikalliontie 12,
02630 Espoo
+ 358 2071 52520

Forssa
Murrontie 3,
30420 Forssa
+ 358 2071 52530

Hyvinkää
Siltakatu 21,
05900 Hyvinkää
+ 358 2071 51840

Hämeenlinna
Helsingintie 70,
13430 Hämeenlinna
+ 358 2071 52630

Joensuu
Parrutie 1,
80100 Joensuu
+ 358 2071 52740

Jyväskylä
Vehkakuja 4,
40700 Jyväskylä
+ 358 2071 51900

Jämsä
Seppolantie 5,
42100 Jämsä
+ 358 2071 52160

Kemi
Asentajankatu 6,
94600 Kemi
+ 358 2071 52140

Kerava
Jäspilänkatu 18,
04250 Kerava
+ 358 2071 52090

Kokkola
Tervahovintie 2,
67100 Kokkola
+ 358 2071 53040

Kotka
Rautatienkatu 2,
48100 Kotka
+ 358 2071 52029

Kouvola
Valtakatu 20 C,
45100 Kouvola
+ 358 2071 52107

Kuopio
Itkonniemenkatu 29 B,
70500 Kuopio
+ 358 2071 52730

Lappeenranta
Eteläkatu 12 B,
53500 Lappeenranta
+ 358 2071 53020

Lohja
Sauvonrinne 2,
08500 Lohja
+ 358 2071 52060

Oulu
Jääsalontie 14,
90400 Oulu
+ 358 2071 52970

Pori
Itsenäisyydenkatu 42,
28130 Pori
+ 358 2071 53170

Porvoo
Asentajantie 9,
06150 Porvoo
+ 358 2071 52640

Raahe
Ouluntie 11,
92100 Raahe
+ 358 2071 52660

Säkylä
Yrittäjäntie 1,
27800 Säkylä
+ 358 2071 56650

Turku
Lukkosepänkatu 7,
20320 Turku
+ 358 2071 53160

Valkeakoski
Asemantie 8,
37630 Valkeakoski
+ 358 2071 53180

Äänekoski
Yrittäjänkatu 2,
44150 Äänekoski
+ 358 2071 53150

Tekmanni Service Oy
Mikkolantie 1 B,
00640 Helsinki
+ 358 2071 53000
Managing Director
Marcus Karsten

Hyvinkää
Siltakatu 21,
05900 Hyvinkää
+ 358 2071 52120

Hämeenlinna
Helsingintie 70,
13430 Hämeenlinna
+ 358 2071 51830

Joensuu
Parrutie 1,
80100 Joensuu
+ 358 2071 52770

Jyväskylä
Vehkakuja 4,
40700 Jyväskylä
+ 358 2071 51910

Kerava
Jäspilänkatu 18,
04250 Kerava
+ 358 2071 51820

Kuopio
Itkonniemenkatu 29 B,
70500 Kuopio
+ 358 2071 52770

Lohja
Karnaistenkatu 40,
08100 Lohja
+ 358 2071 51860

Loviisa
Seppäläntie 19,
07900 Loviisa
+ 358 2071 51870

Oulu
Jääsalontie 14,
90400 Oulu
+ 358 2071 52970

Pori
Yrjönkatu 22 B,
28100 Pori
+ 358 2071 51880

Riihimäki
Saranpää 2,
11130 Riihimäki
+ 358 2071 52080

Seinäjoki
Päivölänkatu 40,
60120 Seinäjoki
+ 358 2071 53060

Tampere
Paasikiventie 16 C,
33230 Tampere
+ 358 2071 53120

Turku
Lukkosepänkatu 7,
20320 Turku
+ 358 2071 51880

Vaasa
Olympiakatu 3 B,
65100 Vaasa
+ 358 2071 53070

Tekmanni Pohjanmaa Oy
Päivölänkatu 40,
60120 Seinäjoki
+ 358 2071 53060
Managing Director
Matti Saarikoski

Tervahovintie 2,
67100 Kokkola
+ 358 2071 53040

Olympiakatu 3 B,
65100 Vaasa
+ 358 2071 53070

Tekmanni Tampere Oy
Paasikiventie 16 C,
33230 Tampere
+ 358 2071 53120
Managing Director
Jarmo Liimatainen

Sähköliike Tekno Oy
Tervahovintie 2,
67100 Kokkola
+ 358 6 832 4800
Managing Director Steve Kåla

Turun
Rakennusputki Oy
Köydenpunojankatu 14,
20100 Turku
+ 358 2071 58250
Managing Director
Timo Rantanen

Oulun LVI-Ykkönen
Krouvintie 3,
90400 Oulu
+ 358 8 538 0200
Managing Director
Risto Pasma

Instel Ab Oy
Alholmintie 72
68600 Pietarsaari
+ 358 400 867 714
Managing Director
Klas-Åke Lund

FORSSAN BETONI OY
Kaikulantie 57
30100 Forssa
+ 358 2071 55700
Managing Director
Antti Hujanen

Itä-Suomen Valmisbetoni
Kaakkoiskaari 14
53500 Lappeenranta
+ 358 2071 55770

Punka-Betoni
Hiekkalahdentie 219,
58430 Kulennoinen
+ 358 2071 55778

Valmisbetonitehdas
Betmix
Mäkirinteentie 38,
36220 Kangasala
+ 358 2071 55750

Betonitec Oy
Pakolantie,
41900 Petäjävesi
+ 358 14 520 200

OMNI-SICA OY
Puusepäntie 11,
04360 Tuusula
+ 358 2071 50500
Managing Director
Pekka Peho

Foreing subsidiaries

Latvia
Lemcon Latvija sia
Vilandes iela 3,
LV-1010 Riga
+371 735 8048

Lithuania
UAB Lemminkäinen
Lietuva
Granito 4,
02241 Vilnius
+370 52 640 330

UAB Lemminkäinen
Lietuva
Tilzes 53,
91260 Klaipeda
+370 46 314 354

Norway
Lemminkäinen Norge As
Fjellhamarveien 44 B,
1472 Fjellhamar
+47 67 91 48 00

Røraskogen 16,
3739 Skien
+47 35 59 34 50

Hovemovegen 80,
2624 Lillehammer
+47 61 05 43 00

Industriveien 8,
9310 Sørreisa
+47 77 86 12 45

Poland
Lemcon Polska Sp. ZO.O.
ul. Marconich 11/3,
02-954 Warsaw
+48 22 858 9837

Sweden
Lemcon Ltd. Finland
Dalagatan 5 /2 tr.
11123 Stockholm
+46 8 5452 5380

Kvalitetsasfalt i
Mellansverige Ab
Brunnsgatan 38,
733 31 Sala
+46 22 437 550

Rekab Entreprenad Ab
Spårvägen 22
901 31 Umeå
+46 90 128 750

Denmark
LMK VEJ A/S
Nørreskov Bakke 1
8600 Silkeborg
+45 8722 1500

Region Nord
Egelundvej 3,
8800 Viborg
+45 8727 5030

Region Syd
Jernbanegade 3A,
6230 Rødekro
+45 7466 2444

Region Øst
Nordhavnsvej 2,
4600 Køge
+45 5664 6800

Hungary
ICM International
Construction
Management Rt.
Nagymezö ul. 44
H-1063 Budapest
+36 1 3120 484

Russia
Lemcon Ltd
ZAO Lemstroi
Ul. Narodnaja 12,
109172 Moscow
+7 095 234 0647

ZAO Lemminkäinen
Dorstroi
Prospekt Stachek 62,
198097 St. Petersburg
+7 812 331 3922

OOO Lemcon Rus
Nab. Martynova 4,
197110 St. Petersburg
+7 812 718 3486

OOO Dom Lemcon
Nab. Martynova 4,
197110 St. Petersburg
+7 812 335 1770

OOO Tekmen SPB
Polevaya Sabirovskaya ul. 44
197183 St. Petersburg
+7 812 430 4270

Estonia
Lemminkäinen Eesti As
Liivalaia 14,
10118 Tallinn
+372 6 461 125

As Talter
Betooni 28,
11415 Tallinn
+372 6057 550

Tekmanni Eesti OÜ
Mustamäe tee 18,
10617 Tallinn
+372 656 7503

Lemminkäinen Group websites

Lemminkäinen Group	www.lemminkainen.com
Paving Unit	www.lemminkainen. com/paallystys
Mineral Aggregates Unit	www.lemminkainen. com/kiviaines
Building Materials Division	www.lemminkainen. com
Lemminkäinen Betonituote Oy	www.formento.fi
Lemminkäinen Katto Oy	www.kerabit.com
	www.laatukatto.com
Central Laboratory	www.lemminkainen.fi/laboratorio
Kvalitetsasfalt i Mellansverige AB	www.kvalasfalt.se
Forssan Betoni Oy	www.forssanbetoni.fi
Omni-Sica Oy	www.omni-sica.fi
Lemcon Ltd	www.lemcon.fi
	www.lemminkainen.ru
Lemcon Networks Ltd	www.lemcon.com
ICM International Construction Management Rt.	www.icm.hu
Oy Alfred A. Palmberg Ab	www.palmberg.com
Byggnads Ab Forsström Rakennus Oy	www.forsstromrakennus.fi
JA-KO Betoni Oy	www.jakobetoni.fi
Oy Konte Ab	www.konte.fi
Oka Oy	www.oka.fi
Rakennus-Otava Oy	www.rakennusotava.fi
Rakennustoimisto Palmberg Oy	www.palmberg-tampere.com
Palmberg-Rakennus Oy	www.palmberg-rakennus.fi
Palmberg TKU Oy	www.palmberg-tku.fi
Palmberg-Urakoitsijat Oy	www.palmberg-urakoitsijat.fi
Rakennusliike A. Taskinen Oy	www.taskinen.fi
Rekab Entreprenad Ab	www.rekab.se
Savocon Oy	www.savocon.fi
Tekmanni Oy	www.tekmanni.fi
Tekmanni Service Oy	www.tekmanni.fi
Tekmanni Pohjanmaa Oy	www.tekmanni.fi
Tekmanni Tampere Oy	www.tekmanni.fi
Sähköliike Tekno Oy	www.tekno.fi
Oulun LVI-Ykkönen	www.lvi1.fi
Instel Ab Oy	www.instel.fi
LMK VEJ A/S	www.lmkvej.dk
Lemminkäinen Norge AS	www.lemminkainen.no
AS Talter	www.talter.ee
UAB Lemminkäinen Lietuva	www.lemminkainen.lt