

Annual Report 2007



**LEMMINKÄINEN**  
*Building the Future*

LEMMINKÄINEN GROUP



## Lemminkäinen Group

Lemminkäinen is a Finnish construction company that was established in 1910. The present-day Group operates internationally in all areas of the construction sector.

Lemminkäinen's key markets are in the Baltic Rim region, where the Group has established a presence by setting up local subsidiaries. The Company also serve clients all over the world in specialised areas of construction.

Lemminkäinen Group was reorganised into four business sectors with effect from 1 January 2008: building construction, infrastructure construction, technical building services and building products.

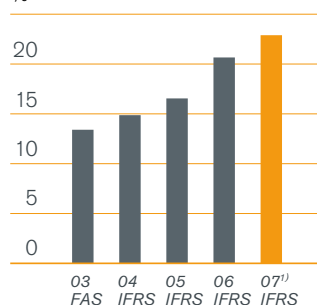
Lemminkäinen is one of Finland's leading construction companies. Lemminkäinen Infra Oy is Finland's biggest infrastructure construction company and a significant actor in its key markets of the Baltic Rim region. Lemminkäinen Talo Oy is one of Finland's biggest and most international building construction companies. And the companies of Lemminkäinen's technical building services and building products business sectors are significant actors in their respective fields.

The share of the parent company, Lemminkäinen Corporation, is quoted in the Industrials sector of the Main List of OMX Nordic Exchange in Helsinki.

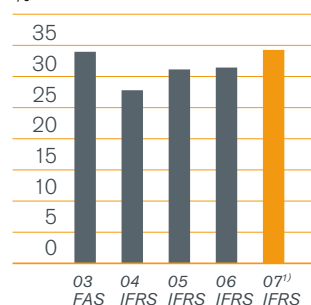
### LEMMINKÄINEN'S FINANCIAL TARGETS

The Group's key 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%.

**RETURN ON INVESTMENT**  
%



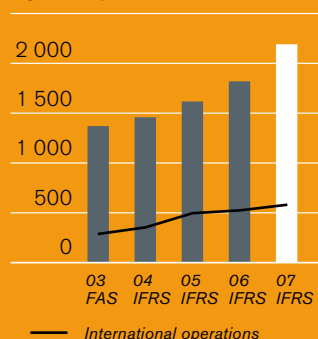
**EQUITY RATIO**  
%



<sup>1)</sup> Excluding the non-recurring EUR 14 million infringement fine imposed by the Market Court

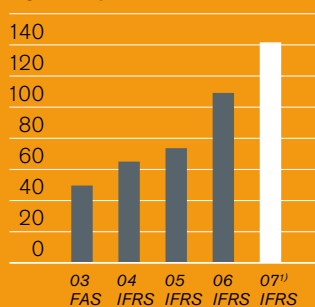
## NET SALES

EUR million



## OPERATING PROFIT

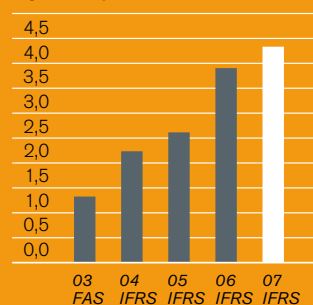
EUR million



<sup>1)</sup> Excluding the non-recurring EUR 14 million infringement fine imposed by the Market Court

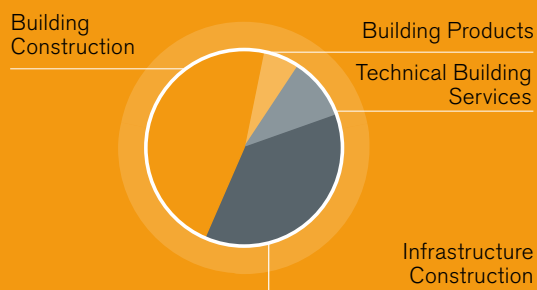
## EARNINGS PER SHARE

EUR million



## NET SALES BY BUSINESS SECTOR IN 2007 ACCORDING TO THE NEW GROUP STRUCTURE

Total EUR 2,174.1 million



## OUTLOOK FOR 2008

In building construction in Finland the projects started by Lemminkäinen in 2007 and already planned for 2008 will keep the company's construction volume at a good level this year. The outlook for the Company in Russia is promising. In infrastructure construction Lemminkäinen's ongoing, long-term transport infrastructure projects will ensure that the Company has a reasonable stock of work over the next few years. Demand for the Company's building products and technical building and facility services will remain good.

On the whole, the Group's order book is good and the prerequisites for favourable business development in 2008 are in place.

## BASIC INFORMATION OF LEMMINKÄINEN CORPORATION'S SHARES

- The share is quoted on OMX Nordic Exchange in Helsinki
- The trading code is LEM1S
- The number of issued shares on 31 December 2007 was 17,021,250
- Industry: Construction & engineering

## FINANCIAL REPORTING

Interim financial review 1.1.-31.3.2008, Thursday, 8 May at 9.00 a.m.

Interim financial review 1.1.-30.6.2008, Thursday, 7 August at 9.00 a.m.

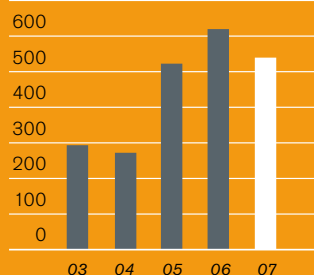
Interim financial review 1.1.-30.9.2008, Thursday, 6 November at 9.00 a.m.

The annual report will be published in week 10/2008.

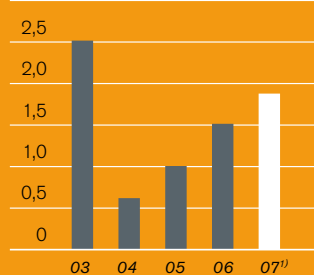
The annual report and the interim financial reviews will be published in Finnish and English. They may be read on Lemminkäinen's website at [www.lemminkainen.com](http://www.lemminkainen.com).

Lemminkäinen does not meet with representatives of the capital market during the three-week period preceding publication of its annual and interim financial reviews.

#### MARKET CAPITALISATION, EUR million



#### DIVIDEND PER SHARE EUR



<sup>1)</sup> Board of Directors' proposal to the Annual General Meeting

### ANNUAL COLLAGE

An annual collage of Lemminkäinen Corporation's stock exchange bulletins is published on the Company's website at [www.lemminkainen.com](http://www.lemminkainen.com).

### INVESTOR RELATIONS

|                      |                      |
|----------------------|----------------------|
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| Managing Director    | Finance Director     |
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| Fax +358 2071 53510  | Fax +358 2071 54713  |

Katri Sundström  
Investor Relations Manager  
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### ANALYSTS FOLLOWING LEMMINKÄINEN

The banks and brokerage firms listed below regularly follow Lemminkäinen on their own initiative. Lemminkäinen takes no responsibility for their opinions.

|                           |                         |
|---------------------------|-------------------------|
| eQ Bank                   |                         |
| Tomi Tiilola              |                         |
| Tel. +358 9 6817 8675     | Enskilda Securities AB, |
|                           | Helsinki Branch         |
| Evli Bank Plc             | Mika Koskinen           |
| Mika Karppinen            | Tel. +358 9 6162 8718   |
| Tel. +358 9 4766 9643     |                         |
| Handelsbanken             | Glitnir Bank            |
| Ari Järvinen              | Jari Westerberg         |
| Capital Markets, Helsinki | Tel. +358 9 6134 6217   |
| Tel. +358 10 444 2406     | Danske Markets Equities |
|                           | Robin Johansson         |
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| Matias Rautionmaa         |                         |
| Tel. +358 10 252 4408     |                         |

### ANNUAL GENERAL MEETING

Shareholders of Lemminkäinen Corporation are summoned to attend the Annual General Meeting, which will be held at 3.00 p.m. on Friday, 14 March 2008 at the Palace Hotel, 10th floor, Eteläranta 10, Helsinki.

#### Registration

Shareholders wishing to attend the AGM must inform the Company by 2 p.m. on Tuesday, 11 March 2008 at the latest. Notice of intention to attend the meeting may be given by telephoning Maritta Laitinen (+358 2071 53303). Written notices may be mailed to Lemminkäinen Corporation, Maritta Laitinen, P.O. Box 23, 00241 Helsinki, or sent by fax (+358 2071 53510), or e-mailed to [maritta.laitinen@lemminkainen.fi](mailto:maritta.laitinen@lemminkainen.fi)

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.

The full Summons to the Annual General Meeting can be seen on the Company's website at [www.lemminkainen.com/AGM](http://www.lemminkainen.com/AGM)

### DIVIDEND PROPOSAL

The Board of Directors of Lemminkäinen Corporation will propose to the Annual General Meeting that a dividend of EUR 1.80 (1.50) per share, i.e. a total of EUR 30,638,250.00 (25,531,875.00), be paid for the accounting period 1 January – 31 December 2007. 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. 19 March 2008. The dividend payment date will be 28 March 2008.



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## Lemminkäinen in brief

Lemminkäinen is a Finnish construction group operating in Finland and on the international market.

Lemminkäinen has business operations in all areas of the construction sector. Its key business sectors are building construction, infrastructure construction, technical building services and building products.

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.

### BUSINESS DEVELOPMENT IN 2007

| Group key figures                         | 2007           | 2006 change, % |      |
|---|----------------|----------------|------|
| Net sales, EUR million,                   | <b>2,174.1</b> | 1,795.9        | 21.1 |
| of which operations abroad, EUR million   | <b>581.6</b>   | 530.3          | 9.7  |
| Operating profit, EUR million             | <b>126.3</b>   | 108.1          | 16.8 |
| Profit for accounting period, EUR million | <b>80.6</b>    | 72.9           | 10.6 |
| Operating margin, %                       | <b>5.8</b>     | 6.0            |      |
| Return on investment, %                   | <b>20.7</b>    | 20.6           |      |
| Return on equity, %                       | <b>27.5</b>    | 30.2           |      |
| Equity ratio, %                           | <b>32.7</b>    | 31.2           |      |
| Earnings per share, EUR                   | <b>4.29</b>    | 3.87           | 10.9 |
| Dividend per share <sup>1)</sup> , EUR    | <b>1.80</b>    | 1.50           | 20.0 |
| Gross investments, EUR million            | <b>61.4</b>    | 48.7           | 26.1 |
| Order book, EUR million                   | <b>1,414.1</b> | 1,326.7        | 6.6  |
| Personnel (average)                       | <b>9,201</b>   | 8,418          | 9.3  |

<sup>1)</sup> Board of Directors' proposal to the AGM

### LEMMINKÄINEN OPERATES GLOBALLY



### BUSINESS BREAKDOWN ACCORDING TO THE GROUP STRUCTURE IN EFFECT IN 2007

|                               | Paving and Mineral<br>Aggregates Division | Building<br>Materials Division | Lemcon Ltd           | Oy Alfred A.<br>Palmberg Ab | Tekmanni Oy          |
|-------------------------------|---|--------------------------------|----------------------|-----------------------------|----------------------|
| 2007 (2006)                   |   |                                |                      |                             |                      |
| Net sales, EUR million        | <b>636.3</b> (559.0)                      | <b>133.8</b> (104.4)           | <b>389.9</b> (344.0) | <b>837.0</b> (637.5)        | <b>230.2</b> (191.7) |
| Operating profit, EUR million | <b>40.9<sup>1)</sup></b> (35.5)           | <b>11.1</b> (5.0)              | <b>13.0</b> (12.5)   | <b>70.2</b> (52.4)          | <b>11.9</b> (6.9)    |
| Order book, EUR million       | <b>171.4</b> (185.1)                      | <b>37.7</b> (23.4)             | <b>346.7</b> (361.9) | <b>746.4</b> (681.5)        | <b>111.9</b> (74.9)  |
| Personnel (average)           | <b>2,952</b> (2,733)                      | <b>749</b> (609)               | <b>1,043</b> (993)   | <b>2,425</b> (2,165)        | <b>1,918</b> (1,812) |

<sup>1)</sup> Excluding the non-recurring EUR 14 million infringement fine imposed by the Market Court

# Lemminkäinen in brief

New Group structure 1.1.2008

**Lemminkäinen was reorganised on 1.1.2008 into four business sectors: building construction, infrastructure construction, technical building services, and building products**

## • BUILDING CONSTRUCTION

Lemminkäinen is Finland's most experienced building construction company and one of the largest. The business sector is the responsibility of Lemminkäinen Talo Oy and its subsidiaries. Its operations include residential construction, commercial and office construction, industrial and logistics construction, and sports-related construction.

## • INFRASTRUCTURE CONSTRUCTION

Lemminkäinen is Finland's biggest and most international infrastructure construction company. The business sector is the responsibility of Lemminkäinen Infra Oy and its subsidiaries. Its operations include the construction and upkeep of road, street and rail networks as well as rock and foundation engineering. The company has its own asphalt, concrete and mineral aggregates production.

## • TECHNICAL BUILDING SERVICES

Tekmanni Oy with its subsidiaries is Finland's second biggest technical building services company in terms of revenue generation. The company's business areas are technical building and facilities services and industrial services. The company also provides installation and contracting services as well as servicing and maintenance.

## • BUILDING PRODUCTS

Lemminkäinen manufactures and sells roofing and waterproofing products as well as concrete and urban environment products and their related contracting services. Sports-related construction also belongs to the business sector. Business operations in this sector are handled by subsidiaries Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy and Omni-Sica Oy, which are all significant actors in their own business areas.

### BUSINESS BREAKDOWN ACCORDING TO THE GROUP STRUCTURE EFFECTIVE 1.1.2008 (PRO FORMA FIGURES)

|   | <b>Building<br/>Construction</b> | <b>Infrastructure<br/>Construction</b> | <b>Technical<br/>Building Services</b> | <b>Building<br/>Products</b> |
|---|----------------------------------|--|--|------------------------------|
| <b>2007 (2006)</b>                      |                                  |  |  |                              |
| Net sales, EUR million                  | <b>1,042.9</b> (839.3)           | <b>820.3</b> (701.2)                   | <b>230.2</b> (191.7)                   | <b>133.8</b> (104.4)         |
| share of Group net sales, %             | <b>48.0</b> (46.7)               | <b>37.7</b> (39.0)                     | <b>10.6</b> (10.6)                     | <b>6.2</b> (5.8)             |
| International operations, , EUR million | <b>196.1</b> (203.3)             | <b>366.7</b> (310.3)                   | <b>9.7</b> (9.6)                       | <b>10.7</b> (7.7)            |
| share of business sector net sales, %   | <b>18.8</b> (24.2)               | <b>44.7</b> (44.3)                     | <b>4.2</b> (5.0)                       | <b>8.0</b> (7.4)             |
| Operating profit, EUR million           | <b>71.5</b> (58.5)               | <b>52.6<sup>1)</sup></b> (41.9)        | <b>11.9</b> (6.9)                      | <b>11.1</b> (5.0)            |
| Order book, EUR million                 | <b>938.0</b> (893.5)             | <b>326.5</b> (334.9)                   | <b>111.9</b> (74.9)                    | <b>37.7</b> (23.4)           |
| Personnel                               | <b>3,055</b> (2,819)             | <b>3,365</b> (3,072)                   | <b>1,918</b> (1,812)                   | <b>749</b> (609)             |
| -of whom abroad                         | <b>672</b> (593)                 | <b>1,841</b> (1,596)                   | <b>52</b> (46)                         |                              |

<sup>1)</sup> Excluding the non-recurring EUR 14 million infringement fine imposed by the Market Court

### LEMMINKÄINEN GROUP

| <b>BUILDING<br/>CONSTRUCTION</b><br><b>Lemminkäinen Talo Oy</b>   | <b>INFRASTRUCTURE<br/>CONSTRUCTION</b><br><b>Lemminkäinen Infra Oy</b>  | <b>TECHNICAL BUILDING<br/>SERVICES</b><br><b>Tekmanni Oy</b>                      | <b>BUILDING PRODUCTS</b><br><b>Lemminkäinen<br/>Building Products</b>   |
|---|---|---|---|
| Real estate development<br>Contracting services<br>Project management and management<br>contracting<br>Telecom network construction | Paving<br>Mineral aggregates<br>Ready-mix concrete<br>Civil engineering | Technical building services<br>Technical facility services<br>Industrial services | Production, sales and contracting of<br>roofing and waterproofing products<br>Production, sales and contracting<br>of concrete and urban environment<br>products<br>Sports-related construction |



## Key events in 2007

### IN FINLAND

- In April an agreement was made with Oy Gustav Paulig Ab concerning the construction of a new roastery in Vuosaari, Helsinki. The new plant will be completed in summer 2009.
- Also in April a new type of service agreement was made with the Finnish Road Administration whereby Lemminkäinen assumes responsibility for the upkeep of Highways 3, 9 and 10 for a period of 12 years. The contract ends in 2018 and is worth approx. EUR 40 million. This service agreement is the first of its kind in Finland. It provides Lemminkäinen with an opportunity to integrate design, construction and maintenance into a single service entity.
- In June an agreement concerning the phase I concrete works of the Talvivaara nickel mine project was signed. The contract is worth approx. EUR 15 million. A contract worth approx. EUR 4 million for concrete deliveries to the entire mine project was made earlier.
- In July an agreement was made with Oy Teboil Ab for the servicing and maintenance of technical systems at service stations belonging to the company's distribution network. Approximately 500 service stations fall within the scope of the contract.
- In October an agreement was signed with the Finnish Road Administration concerning improvement works on Highway 6. The total value of the contract is approx. EUR 101 million.
- In autumn, work started on the construction of a shopping centre in Oulu. The complex will include a Bauhaus home improvement store, an interior decoration department store as well as a home appliance and furnishing outlets. The shopping centre will be completed by Christmas 2008.

### INTERNATIONAL PROJECTS

- In January, work started on the construction of a logistics centre for Nokia in Chennai, India. The EUR 17 million contract included both design and construction works. Project management service agreements had already been made earlier with the Finnish mobile phone industry in the Chennai area.
- Also in January a tunnel construction contract worth EUR 43 million was received in Sweden. The new railway tunnel will be built on a section of track that is being upgraded between Härnösand and Veda on the Ådalsbana line and will be finished in 2009. The contract is Lemminkäinen's 12th tunnel construction project in the country.
- In April Lemminkäinen won yet another tunnel construction contract on the Ådalsbana line in Sweden. The contract is worth EUR 54 million. When completed, the 4.5-km-long Kroksberg tunnel will be the longest tunnel on the Ådalsbana line. The strategically important EUR 100 million contract package strengthens Lemminkäinen's position on the Swedish rock engineering market.
- In August new construction contracts were started in Russia. In the St. Petersburg area a lightweight concrete production plant is being built for the Danish company H+H International A/S, and technical construction works are being carried out for the enlargement of Nokian Tyres Plc's St. Petersburg production plant. In Moscow an office and logistics centre is being built for Tikkurila Oy. The combined value of the contracts is approx. EUR 40 million. The construction work will be finished in 2008.
- A more than 500-unit apartment building is being built in St. Petersburg. Construction work on the 17-storey building in the district of Obuhovo is scheduled to last two years. The total value of the project is approx. 50 million.
- In September a contract was made with UPM Raflatac concerning the construction of a labelstock factory near the city of Wrocław in Poland. The total value of the investment is EUR 90 million. The construction work will be completed in December 2008.



- In October an agreement concerning the servicing of the technical building systems of two Sokos hotels and the Holiday Club spa resort in downtown St. Petersburg was signed. This contract is a first for Lemminkäinen, which is seeking to establish the Finnish preventative facility servicing model on the Russian market.
- Lemminkäinen's industrial park project is making progress in Russia. In November an investment and co-operation agreement was signed with the provincial authorities of Kaluga. The 135-hectare industrial park is located in Vorotynsk, about 200 kilometres south-west of Moscow. The industrial park offers companies investing in Russia a fast and low-risk way to establish themselves in the growing Russian market.
- In December two significant road building contracts were received from the Latvian road administration. The total value of the contracts is EUR 18.2 million. The works to be carried out on the A2 and A6 main roads include basic improvement of the road structure from road base to asphalt wearing course. The partially EU-funded projects are a continuation of the transport infrastructure projects that Lemminkäinen has carried out in Latvia in recent years with funding provided by the World Bank and the EU.

#### PROPERTY DEVELOPMENTS

- Foreign real estate investors continued to show good interest in Finland and the investment return requirements remained unchanged.
- In July Lemminkäinen's 50% stake in Phase I of the Polaris Business Park, a new development being built at Leppävaara in Espoo, was sold to the German real estate investment company Oppenheim.
- In November the Galleria Shopping Centre in Lappeenranta was sold to the Nordic Retail Fund, which is managed by the international company Protego Real Investors. The shopping centre was opened at the beginning of November.
- In December the Elovainio shopping centre under construction in Ylöjärvi was sold to the real estate investment company Sponda Plc. The selling price was EUR 62 million. The shopping centre will be completed in spring 2009.

#### ACQUISITIONS AND DIVESTMENTS

- In February Lemminkäinen acquired K.M. Repo Oy, a manufacturer of pre-cast concrete units and ready-mix concrete in Savonlinna.
- Lemminkäinen sold its Swedish asphalt paving subsidiary Kvalitetsasfalt i Mellansverige AB to Peab Asfalt AB of Sweden.

- In June Lemminkäinen acquired the business operations of the construction company Rakennusliike Sulo Lipsanen Oy. The acquisition strengthens the Group's building construction capabilities in the Imatra area and in Russia.

#### MARKET COURT'S DECISION IN THE ASPHALT CARTEL CASE

- In December the Market Court ordered seven asphalt industry companies to pay competition infringement fines totalling EUR 19.4 million, of which EUR 14 million was imposed on Lemminkäinen.
- Lemminkäinen, some other asphalt industry companies and the Finnish Competition Authority have appealed the decision to the Supreme Administrative Court.

#### OTHER EVENTS

- In February Lemminkäinen donated EUR 100,000 to the Clean Baltic Sea project. It is only natural that the Company should be interested in Baltic Sea conservation work, since the countries of the Baltic Rim region are its key markets.
- Finland's oldest construction company, Oy Alfred A. Palmberg Ab, celebrated its centenary in February. The company has been part of Lemminkäinen Group since 1975.

#### REVISION OF THE STRATEGY

- Lemminkäinen's strategy was revised in February 2007. The Group's strategic goals remain 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, local knowledge, strong market position, and the ability to foresee demand changes and react quickly to them.

#### RESTRUCTURING OF THE GROUP

- In June Lemminkäinen announced that the Group would be restructured with effect from 1 January 2008 into four business sectors instead of the previous five. The new business sectors are building construction, infrastructure construction, technical building services and building products. The new structure's business model answers the needs of the Group's broad customer base and improves Lemminkäinen's competitiveness. The new structure conforms to the conventional dividing lines of the construction sector and clarifies the Group's position in the infrastructure and building construction markets.

## Review by the Managing Director

### FAVOURABLE BUSINESS DEVELOPMENT, POSITIVE OUTLOOK FOR 2008

The 2007 accounting period overall was a positive one for Lemminkäinen. The good result was strongly influenced by brisk activity in office and commercial construction and profitable property developments. The growth of infrastructure construction was sustained by major on-going projects. Demand for technical building services, refurbishment contracting and building materials was also good.

Lemminkäinen's net sales rose by 21% to EUR 2,174.1 million (1,795.9). Net sales in Finland grew by as much as 26%, whereas the growth rate of the construction market as a whole was 6%. International operations accounted for a full quarter of the Company's total net sales.

The operating profit was EUR 126.3 million (108.1). The result in Q4 was significantly impacted by a EUR 14 million infringement fine imposed by the Market Court, which found that Lemminkäinen had participated in activities contravening competition legislation on the Finnish asphalt paving market. Excluding this non-recurring item, the comparable operating profit was EUR 140.3 million, representing 6.5% (6.0) of net sales.

Lemminkäinen does not, under any circumstances, approve of the use of illegal procedures in its operations. For several years now, the Group has paid particular attention to training and guidance in the area of competition law.

### OUTLOOK FOR 2008

Commercial, office and logistics construction in Finland will continue to be active, but may slow down towards the end of the year. The selling times of housing units have grown longer and the number of own-development housing starts will decline. The construction projects started by Lemminkäinen in 2007 and already planned for 2008 will keep the company's construction volume at a good level this year.

In Russia, demand for industrial, residential and commercial construction is still good and the outlook for Lemminkäinen in the country over the next few years is promising.

A 530-unit apartment building is under construction in St. Petersburg. The total value of the project is approx. EUR 50 million. Another significant new project in Russia is the development of a 135-hectare industrial park concept. The idea is to offer companies investing in Russia a fast and low-risk way to establish themselves in the growing Russian market. The industrial park is located about 200 kilometres south-west of Moscow in the province of Kaluga. Twenty or so production plants and logistics centres will set up in the park in the next few years.

In infrastructure construction in Finland, 2008 is not expected to be as busy as last year due mainly to reduced activity in the rock engineering segment. The postponement of some major projects will weaken the market situation. Lemminkäinen's ongoing, long-term transport infrastructure projects will ensure that the Company has a reasonable stock of work for 2008 and 2009.

The volume of asphalt paving work is expected to remain at the same level as in 2007. Demand for crushing contracting and ready-mix concrete is expected to remain good due to ongoing infrastructure projects and the sustained level of relatively active building construction. The infrastructure construction markets in the Baltic states are expected to grow.

Demand for the servicing, maintenance and repair of technical building and facility systems is expected to remain brisk in Finland. Demand for industrial maintenance services is expected to increase both in Finland and abroad.

The market situation for building materials will remain good on the whole in the near future, although the slowdown in housing production will contribute towards weaker demand for products and services. Urban environment construction will grow steadily.

The outlook for other international operations, e.g. in Poland, India and China, is expected to remain good. Major forest-industry projects that are of interest to Lemminkäinen are being planned in various parts of the world. Demand for 3G-network construction will continue to grow.



### **LEMMINKÄINEN'S NEW STRUCTURE**

Lemminkäinen Group was reorganised on 1 January 2008 into four business sectors. The business sectors are building construction, infrastructure construction, technical building services and building products. The new structure supports the revised strategy approved for Lemminkäinen in February 2007 and clarifies the Group's position in the infrastructure and building construction markets. The new structure's business model meets the needs of the Group's customers and will improve Lemminkäinen's competitiveness.

### **CHALLENGES IN HUMAN RESOURCES**

It has been estimated that by 2020 the construction sector will need 25,000 new workers in addition to replacements for natural wastage. The industry's training does not correspond to its needs, and competition for skilled human resources is fierce. In spite of rapid growth, Lemminkäinen has been very successful in its recruiting efforts. The Company is well known as a good and reliable employer.

### **NEAR-TERM RISKS AND UNCERTAINTY FACTORS**

Market risk poses the most significant threat to Lemminkäinen in the near future. Disturbances on international financial markets could spread to Finland and may be reflected in housing demand and other investments.

Operating in a number of business sectors with differing cyclical behaviours is a cornerstone of Lemminkäinen's strategy. Fluctuating demand for new construction in Finland is counterbalanced by international operations, maintenance and refurbishment contracting. Business abroad accounts for a full quarter of the Group's net sales and it is expected to grow in the long run. Maintenance and refurbishment contracting make up about 40% of Lemminkäinen's business. Infrastructure construction, which exhibits little sensitivity to fluctuations in economic activity, generates about 40% of the Group's net sales. Lemminkäinen's own housing developments account for only about 10%, which is a much lower percentage than in other large construction companies.

### **FINALLY**

On the whole, the Group's order book is good and the prerequisites for favourable business development in 2008 are in place.

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

A handwritten signature in dark ink, reading "Juhani Sormaala".

**JUHANI SORMAALA**  
*Managing Director*



## Strategy

### LEMMINKÄINEN'S BUSINESS SECTORS AND MARKETS

Lemminkäinen operates in all areas of the construction sector. Its key business sectors are building construction, infrastructure construction, technical building services and building products.

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 building products reduces the Group's dependence on domestic demand for new construction and its cyclical fluctuations. Refurbishment contracting and operations abroad also serve 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 Lemminkäinen Talo Oy'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 sectors as well. Examples of this are Lemminkäinen's expansion into technical building services, facility servicing and telecommunications network construction.

Lemminkäinen emphasises the importance of speed of reaction and adaptability in its business operations. 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.

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

### FINANCIAL TARGETS

The Group's key 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% over 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 accounts 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 international 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. Especially in Russia, the market outlook for building construction over the next few years is promising.

## **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.

## **Construction markets**

The construction sector in Finland has enjoyed a sustained period of favourable economic conditions. The total volume of construction grew by approximately 6% in 2007, but growth is expected to slow down and settle at about 3% in 2008.

Approximately 32,000 housing starts were made last year, which was slightly fewer than in 2006 (34,000). The housing market remains stable, although the selling times of housing units have clearly become longer. There are large regional differences.

The positive development in the construction business in 2007 was above all due to active commercial, office and logistics construction. The long-subdued industrial construction market appears to be growing once again. Some major industrial projects as well as the construction work on the fifth nuclear power plant unit and the Talvivaara nickel mine will continue for a long time yet. Furthermore, infrastructure construction continued to grow due to major ongoing projects. Significant new projects will also be starting up in the coming years.

Refurbishment contracting grew by 2-3% and the growth rate is expected to remain the same in 2008. Also, the production of the building materials industry grew considerably. Basic products, most notably cement, were in greater demand, mainly due to considerable production growth in the concrete industry.

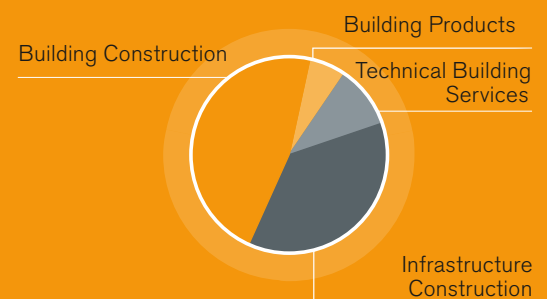
The economies of our neighbouring countries and their construction markets developed favourably. In Sweden, the rock engineering market continues to be good and is expected to remain at least at the same level for the next few years. In the Baltic states, the infrastructure market is still growing, and international funding is being allocated for new projects.

Finnish industry had many investments in progress in Russia, China, India and Eastern Europe. The construction of 3G networks continues in the United States and Latin America. The deployment of second generation GSM networks continues in the developing countries.

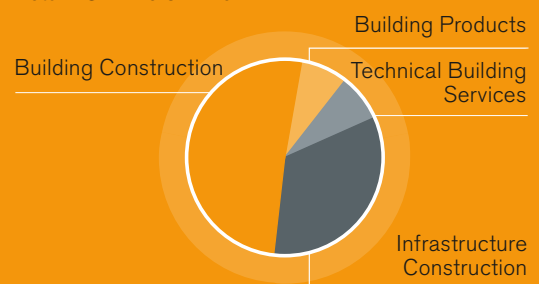




**NET SALES BY BUSINESS SECTOR IN 2007  
ACCORDING TO THE NEW GROUP STRUCTURE**  
Total EUR 2,174.1 million

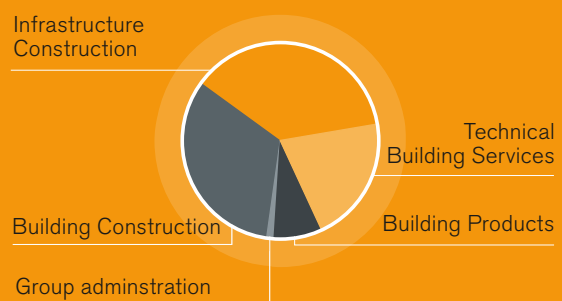


**OPERATING PROFIT BY BUSINESS SECTOR IN 2007  
ACCORDING TO THE NEW GROUP STRUCTURE**  
Total EUR 140.3 million<sup>1)</sup>



<sup>1)</sup>Excluding the non-recurring EUR 14 million infringement fine imposed by the Market Court.

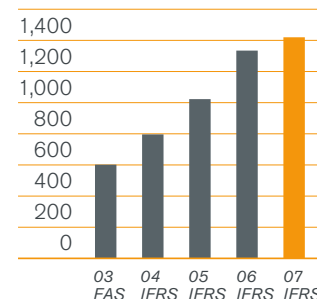
**PERSONNEL BY BUSINESS SECTOR IN 2007  
ACCORDING TO THE NEW GROUP STRUCTURE**





| NET SALES<br>BY MARKET 2007 | %    |
|-----------------------------|------|
| Finland                     | 73.3 |
| Other Nordic Countries      | 14.0 |
| Baltic States               | 5.7  |
| Russia and Eastern Europe   | 3.0  |
| Other Countries             | 4.0  |

ORDER BOOK  
EUR million



## REVIEW OF LEMMINKÄINEN'S BUSINESS SECTORS

### A clear picture of Lemminkäinen emerges

**Lemminkäinen Group operates in all areas of the construction sector. The Group's parent company is Lemminkäinen Corporation. The Group's four business sectors with effect from 1 January 2008 are building construction, infrastructure construction, technical building services, and building products.**

Lemminkäinen's operations in the building construction and infrastructure construction business sectors are now the responsibility of two newly established companies: Lemminkäinen Talo Oy and Lemminkäinen Infra Oy, respectively. Tekmanni Oy and its subsidiaries are responsible for operations in the technical building services business sector. The building products business sector comprises Lemminkäinen Corporation's subsidiaries Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy and Omnisica Oy.

Lemminkäinen Talo Oy was formed by combining the Palmberg Group and the operations of Lemcon Ltd, except for Lemcon Infra. Lemminkäinen Infra Oy was formed by combining the businesses of Lemminkäinen Corporation's Paving and Mineral Aggregates Division and Lemcon Ltd's infrastructure construction business (Lemcon Infra). The structures and operations of the technical building services and building products business sectors remain as they were prior to the reorganisation.

Lemminkäinen focuses on those markets in which it commands leading or significant positions. The new structure clarifies Lemminkäinen's position in the building construction and infrastructure construction markets.

Building construction accounts for almost a half of Lemminkäinen's business. In addition to Finland the Company operates in Russia, Estonia, Hungary, Poland and Sweden. Lemminkäinen also operates globally as a specialist international project contractor.

Lemminkäinen is the Finnish market leader in the asphalt paving and mineral aggregates business as well as in rock engineering. The Company is also the second biggest paving contractor in the Nordic countries and a significant infrastructure builder throughout the Baltic Rim region.

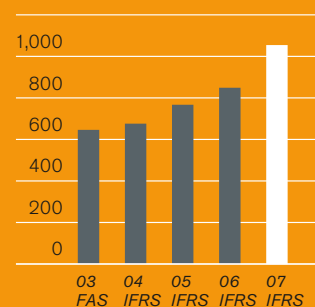
Lemminkäinen's technical building services and building products business sectors are significant actors in their respective fields.

#### REPORTING

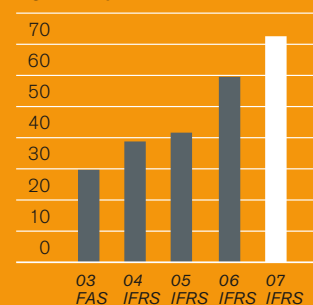
*Lemminkäinen Corporation is reporting its year-end financial statements for the 2007 accounting period in accordance with the group structure in effect prior to 1 January 2008. However, in this review of Lemminkäinen's business sectors the business development and future outlook for Lemminkäinen Group and its business sectors are described in accordance with the group structure that came into force from the beginning of this year.*

## KEY FIGURES ACCORDING TO THE NEW GROUP STRUCTURE

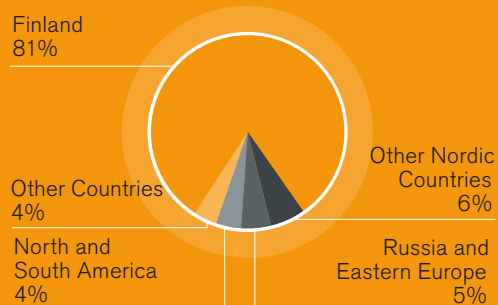
### NET SALES EUR million



### OPERATING PROFIT EUR million



### NET SALES BY MARKET 2007





Juha Nurmi  
Managing Director of Lemminkäinen Talo Oy  
from 1.1.2008

## BUILDING CONSTRUCTION

### Lemminkäinen Talo Oy

**Lemminkäinen Talo Oy began operating on 1 January 2008. All of the Group's building construction operations are concentrated in the company. Building construction accounted for almost a half of Lemminkäinen Group's net sales in 2007.**

Lemminkäinen Talo engages in building construction and property-related business through its subsidiaries in Finland and abroad. The company also operates globally as a specialist international project contractor.

Lemminkäinen Talo employs about 3,000 construction industry professionals.

Lemminkäinen Talo's business operations include building construction, commercial and office construction, industrial and logistics construction, and sports-related construction. Lemminkäinen Talo Oy's subsidiaries have solid experience in new construction, refurbishment contracting and developer contracting, as well as broad-based expertise in project management both in Finland and internationally.

Concentrating the different areas of building construction in a single company clarifies Lemminkäinen's strong position as a building contractor and supports its growth opportunities both in Finland and in developing foreign markets such as Russia. The local and independent business model enables fast and flexible decision-making and provides an opportunity to offer clients first-class project construction expertise, regardless of the location of the construction site.

#### FINLAND'S MOST INTERNATIONAL BUILDING CONTRACTOR

Lemminkäinen Talo operates locally through its 12 independent subsidiaries in Finland. These subsidiaries cover the whole country and command strong market positions in their own areas.

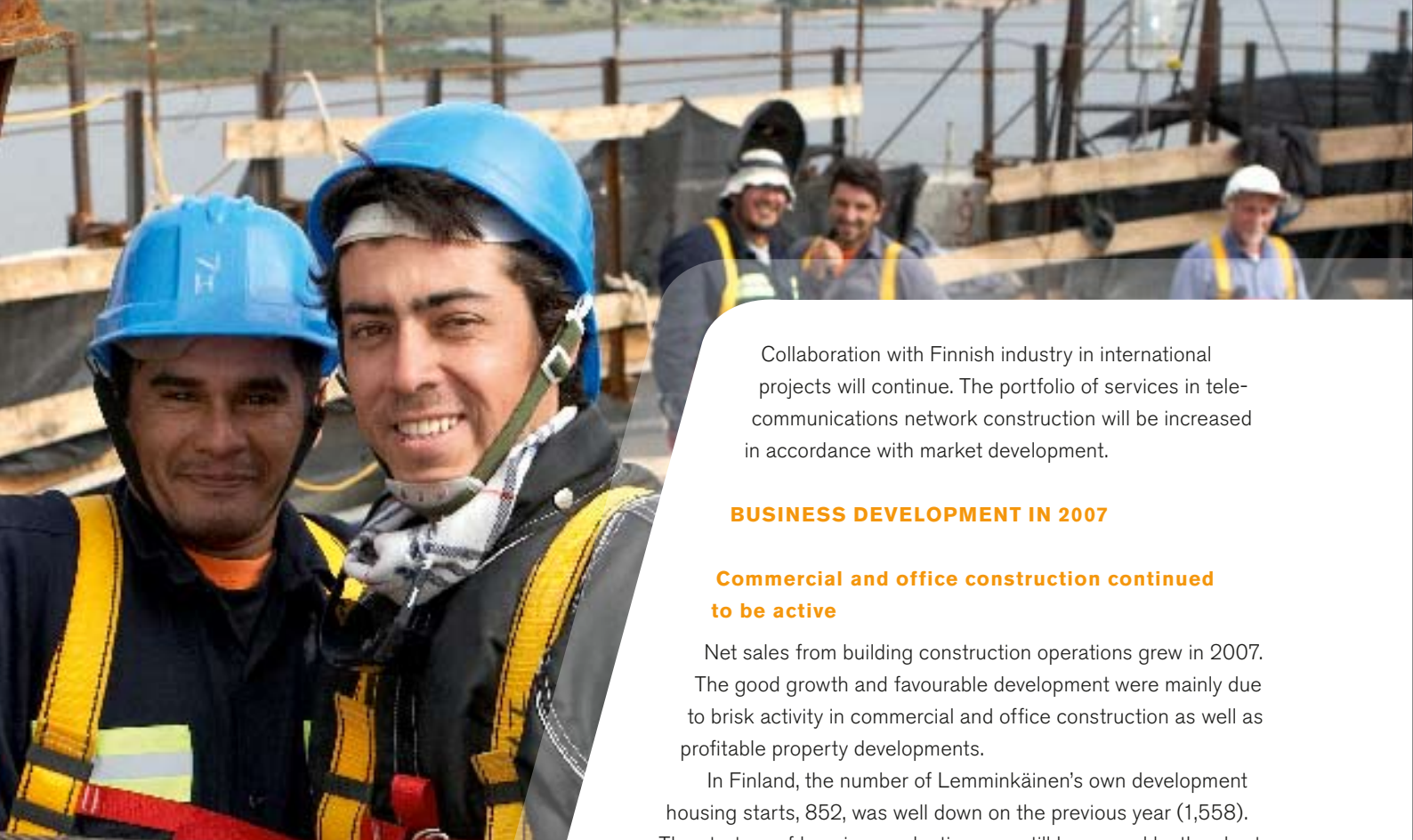
Lemminkäinen Talo is Finland's most experienced building construction company and one of the largest. Oy Alfred A. Palmberg, Finland's oldest construction company, celebrated its centenary in 2007. During its long history, Lemminkäinen has built thousands of buildings for residential, industrial and commercial use.

International operations account for about 20% of Lemminkäinen Talo Oy's net sales. In addition to providing full coverage of the Finnish market, the company operates in Russia, Estonia, Hungary, Poland and Sweden. Lemminkäinen Talo has 15 fixed service points around the world in locations such as Atlanta, Rio de Janeiro, Cairo, Shanghai, Chennai and Singapore. As a specialist international project contractor the company has experience of operating on all the continents of the world.

Lemminkäinen Talo's goal is to preserve its position as one of Finland's biggest building construction companies and to further strengthen its local and regional market positions.

Developing its own housing production in Russia is one of the ways in which Lemminkäinen is seeking to boost the proportional share of international operations in its business.





*Industrial construction is the most important segment for Lemminkäinen Talo Oy's international operations, and the company is involved in the plant construction projects of Finnish industrial companies around the world. At the end of the year Botnia's pulp mill in Fray Bentos, Uruguay was completed. The total value of the mill investment was approx. EUR 830 million. The contract also included the construction of a harbour and other infrastructure necessary for the production plant.*



Collaboration with Finnish industry in international projects will continue. The portfolio of services in telecommunications network construction will be increased in accordance with market development.

## **BUSINESS DEVELOPMENT IN 2007**

### **Commercial and office construction continued to be active**

Net sales from building construction operations grew in 2007. The good growth and favourable development were mainly due to brisk activity in commercial and office construction as well as profitable property developments.

In Finland, the number of Lemminkäinen's own development housing starts, 852, was well down on the previous year (1,558). The start-up of housing production was still hampered by the shortage of building plots in the metropolitan area, prolonged building permit processes, and in some cases local demand factors. The market situation was good, but the selling times of housing units became longer. There are large regional differences.

The commercial construction market was very active. A number of projects were completed and others launched during the year. The most important project to be completed was the Galleria Shopping Centre in Lappeenranta.

Foreign real estate investors continued to show good interest in Finland and the investment return requirements remained unchanged. The developments sold by Lemminkäinen to foreign real estate investors in 2007 included three shopping centres and several Tokmanni shops.

Office construction is not expected to grow, but Lemminkäinen has several major construction projects underway in the metropolitan area. These include an office complex for Varma Mutual Pension Insurance Company in Salmisaari, Helsinki, an office building for Fennia Mutual Insurance Company in Pasila, Helsinki, and the Polaris Business Park in Espoo.

In Finland, demand for project management services was reasonably good due to active commercial and office construction. The Bauhaus home improvement store in Espoo and the Maritime Museum Centre in Kotka were completed in 2007. Construction work started on Oy Gustav Paulig Ab's new roastery in Vuosaari, Helsinki.

Logistics construction continued to be active, especially in south-eastern Finland. The most significant of Lemminkäinen's projects was the large Tokmanni logistics centre in Mäntsälä. Other sites under construction included logistics facilities in Hamina and Tuusula. Nanso's logistics building in Hämeenlinna was completed.

Industrial construction, which has been subdued for a long time, returned to growth thanks to the start-up of some major long-term investment projects. Lemminkäinen signed agreements with Finland's biggest industrial investment, Talvivaara's nickel mine project, for a number of concrete work contracts. The contracts are worth approx. EUR 15 million.



## LEMMINKÄINEN TALO OY'S SUBSIDIARIES ACCORDING TO THE NEW GROUP STRUCTURE

### Operations in Finland

|  |       |  |       |
|--|-------|--|-------|
| <b>Oy Alfred A. Palmberg Ab</b>              |       | <b>Lemcon Oy</b>                             |       |
| Net sales, EUR million                       | 152.5 | Net sales, EUR million                       | 66.3  |
| Share of Lemminkäinen Talo Oy's net sales, % | 14.6  | Share of Lemminkäinen Talo Oy's net sales, % | 6.4   |
| Personnel                                    | 248   | Personnel                                    | 86    |
| <b>Palmberg-Urakoitsijat Oy</b>              |       | <b>Palmberg-Rakennus Oy</b>                  |       |
| Net sales, EUR million                       | 36.7  | Net sales, EUR million                       | 51.5  |
| Share of Lemminkäinen Talo Oy's net sales, % | 3.5   | Share of Lemminkäinen Talo Oy's net sales, % | 4.9   |
| Personnel                                    | 42    | Personnel                                    | 213   |
| <b>Palmberg TKU Oy</b>                       |       | <b>Byggnads Ab Forsström Rakennus Oy</b>     |       |
| Net sales, EUR million                       | 35.8  | Net sales, EUR million                       | 29.5  |
| Share of Lemminkäinen Talo Oy's net sales, % | 3.4   | Share of Lemminkäinen Talo Oy's net sales, % | 2.8   |
| Personnel                                    | 127   | Personnel                                    | 172   |
| <b>Rakennustoimisto Palmberg Oy</b>          |       | <b>Oy Konte Ab</b>                           |       |
| Net sales, EUR million                       | 68.3  | Net sales, EUR million                       | 67.1  |
| Share of Lemminkäinen Talo Oy's net sales, % | 6.5   | Share of Lemminkäinen Talo Oy's net sales, % | 6.4   |
| Personnel                                    | 240   | Personnel                                    | 290   |
| <b>Rakennus-Otava Oy</b>                     |       | <b>Oka Oy</b>                                |       |
| Net sales, EUR million                       | 27.5  | Net sales, EUR million                       | 245.3 |
| Share of Lemminkäinen Talo Oy's net sales, % | 2.6   | Share of Lemminkäinen Talo Oy's net sales, % | 23.5  |
| Personnel                                    | 85    | Personnel                                    | 516   |
| <b>Savocon Oy</b>                            |       | <b>Rakennusliike A. Taskinen Oy</b>          |       |
| Net sales, EUR million                       | 29.2  | Net sales, EUR million                       | 36.0  |
| Share of Lemminkäinen Talo Oy's net sales, % | 2.8   | Share of Lemminkäinen Talo Oy's net sales, % | 3.5   |
| Personnel                                    | 117   | Personnel                                    | 187   |

### International Operations

|  |      |
|--|------|
| <b>Lemcon Oy</b>                             |      |
| Net sales, EUR million                       | 80.4 |
| Share of Lemminkäinen Talo Oy's net sales, % | 7.7  |
| Personnel                                    | 161  |
| <b>Lemcon Networks Oy</b>                    |      |
| Net sales, EUR million                       | 62.6 |
| Share of Lemminkäinen Talo Oy's net sales, % | 6.0  |
| Personnel                                    | 383  |
| <b>Oy Konte Ab / Rekab Entreprenad AB</b>    |      |
| Net sales, EUR million                       | 56.5 |
| Share of Lemminkäinen Talo Oy's net sales, % | 5.4  |
| Personnel                                    | 188  |

Hotel construction in Finland has been concentrated in northern Finland and the metropolitan area. Lemminkäinen was involved in major hotel construction projects in Sotkamo and Oulu and new projects were launched in Kittilä and Kuopio.

Refurbishment contracting continued to grow steadily in spite of labour shortages. The most important refurbishment contract was the City Center commercial building in downtown Helsinki.

The shortage of skilled foremen and construction workers in the industry continued, but Lemminkäinen was successful in its recruitment efforts.

### Housing production grew in Russia and Sweden

In Russia demand for residential, office, commercial and industrial construction was good in 2007 thanks to robust economic growth in the country. Lemminkäinen started up a number of residential and commercial construction projects in Russia.

Lemminkäinen acquired the business operations of construction company Rakennusliike Sulo Lipsanen Oy, which has experience of housing construction in Russia, especially in the Svetogorsk and St. Petersburg areas. The acquisition strengthens Lemminkäinen's building construction capabilities in the Imatra area of eastern Finland and in Russia.

A decision was made to construct a 530-unit apartment building in St. Petersburg. The total value of the project is approx. EUR 50 million.

In Sweden Lemminkäinen's housing production grew in the Umeå area, where some thirty housing units were completed and a similar number are under construction.

### Strong partner in industry's international investment projects

The emphasis in project management services internationally was on industrial construction, and Lemminkäinen was actively involved in the plant construction projects of Finnish industrial companies around the world.

The development of a 135-hectare industrial park concept in Russia is an important new project. The idea is to offer companies investing in Russia a fast and low-risk way to establish themselves in the growing Russian market. The industrial park is located in the province of Kaluga, about 200 kilometres south-west of Moscow. Twenty or so production plants and logistics centres will set up in the park in the next few years.

Other significant projects in Russia included Stora Enso's corrugated board mill in Lukhovitsy, the construction of a lightweight concrete production plant for the Danish company H+H International A/S, and the enlargement of Nokian Tyres Plc's production plant. An office and logistics centre is under construction in the Moscow area for Tikkurila Oy. The three latter contracts are worth approx. EUR 40 million.

The Botnia S.A. pulp mill in Uruguay and a hotel project in Tallinn were completed at the end of the year. In Hungary a logistics centre was built for Nokia. A contract worth EUR 90 million was signed with UPM Raflatac for the construc-



## LEMMINKÄINEN TALO OY'S PRODUCTS AND SERVICES

### Real estate development

- housing production
- commercial and office construction
- property development

### Contracting services

- residential construction
- commercial and office construction
- industrial and logistics construction
- sports-related construction
- refurbishment and modernisation

### Project management and contracting

- project management contracting
- construction project planning services

### Telecommunications network construction

- project management and contracting services
- technical expert and consulting services

## KEY FIGURES

### ACCORDING TO THE NEW GROUP STRUCTURE

|                               | 2007    | 2006  | change, % |
|-------------------------------|---------|-------|-----------|
| Net sales, EUR million        | 1,042.9 | 839.3 | 24.3      |
| Operating profit, EUR million | 71.5    | 58.5  | 22.2      |
| Order book, EUR million       | 938.0   | 893.5 | 5.0       |
| Personnel                     | 3,055   | 2,819 | 8.4       |

tion of a labelstock factory in Poland. Lemminkäinen completed its first ever construction projects in India, where a logistics centre and production plant were built in Chennai for Nokia and Perlos, respectively. The contract is worth EUR 17 million.

Lemminkäinen maintained its position as a global supplier of project management, contracting and technical expertise services in the field of telecommunications network construction. In addition to Europe, the company won new business in Asia, South America and Africa.

## **EFFICIENCY IN PROJECT MANAGEMENT AND THE CONSTRUCTION PROCESS**

Lemminkäinen aims to be a leader in project management and data modelling. The project management and production control of building construction contracts in Finland are based on data modelling technology, which improves process efficiency, construction quality and information management from the design stage right through to project completion.

Lemminkäinen was part of a working group that developed the Finnish contract model for project management contracting. The contract model, which specifies the practices of the project management industry, was completed and a Building Information File on the topic was published by the Building Information Foundation (RTS) towards the end of the year. The industry actors participating in the joint project also develop project implementation models and influence the operating environment of the industry.

The management and monitoring software for telecommunications network projects was further developed. The software is designed for use especially in large international projects. It enables easier and faster communications by mobile phone or the Internet. The software is currently being used in Brazil, the USA, Sweden and Indonesia.

## **OUTLOOK FOR 2008**

Commercial, office and logistics construction in Finland will continue to be quite active, but may slow down towards the end of the year. The number of own-development housing starts will decline and selling times of housing units will become longer. Industrial construction is growing and the major projects now in progress will continue for a long time to come. The volume of refurbishment contracting will grow steadily.

The construction projects started by Lemminkäinen in 2007 and already planned for 2008 will keep the company's construction volume at a good level this year.

In Sweden, housing production will continue to be quite stable. In Russia the positive development of the economy is clearly evidenced by growing consumption demand by the middle class. Foreign investments are increasing rapidly, and housing construction is active. The outlook for Lemminkäinen in Russia over the next few years is promising.

The outlook for other international operations, e.g. in Poland, India and China, is expected to remain good. Major forest-industry projects that are of interest to Lemminkäinen are being planned in various parts of the world.

Demand for 3G-network construction will continue to grow, and the deployment of second-generation GSM networks will continue in the developing countries.

## **BUILDING CONSTRUCTION Lemminkäinen Talo Oy**



## **THE MARKET SITUATION IN HOUSING PRODUCTION IS STILL REASONABLY GOOD**

*The good result of the Palmberg Group was mainly influenced by brisk activity in office construction and profitable building developments. Palmberg had a number of major projects in progress in the Helsinki Metropolitan Area, a notable example being Varma Mutual Pension Insurance Company's office complex in the Salmisaari district of the city. Lemminkäinen will move its head office from Pasila to new premises on the site in June 2009. Commercial construction was also active. The most important project completed in 2007 was the Galleria Shopping Centre in Lappeenranta.*

*The market situation in housing production is still reasonably good, but selling times of housing units have become longer.*

*Mr. Risto Bono, M.Sc.(Eng.), M.Sc.(Econ.) has been in the service of Lemminkäinen Group since 1981. He retired from his position as the Managing Director of Oy Alfred A. Palmberg Ab on 31 December 2007.*

*Mr. Bono is a member of the Board of Directors of Lemminkäinen Talo Oy.*



## **INTERNATIONAL PROJECT CONTRACTOR LEMCON EXPANDED ITS OPERATIONS INTO NEW COUNTRIES**

*International project contractor Lemcon expanded its operations into new countries, most notably India, Tanzania, Australia, Paraguay, Bolivia and El Salvador. Lemcon was involved in many foreign plant projects of Finnish industrial companies. Among the projects completed during the year were Botnia's pulp mill in Uruguay and Nokia's logistics centre in India.*

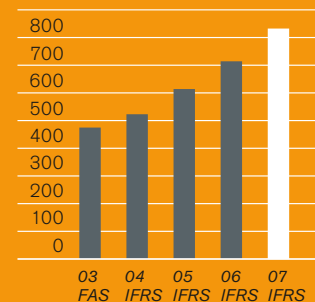
*New residential and office construction projects were launched in Russia. A 135-hectare industrial park being built in the province of Kaluga to meet the needs of companies investing in Russia is a new concept.*

*Mr. Matti A. Mantere, M.Sc.(Eng.) has been in the service of Lemminkäinen Group since 1975. He retired from his position as the Managing Director of Lemcon Ltd on 31 December 2007.*

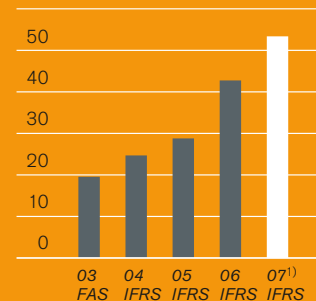
*Mr. Mantere is a member of the Board of Directors of Lemminkäinen Infra Oy.*

## KEY FIGURES ACCORDING TO THE NEW GROUP STRUCTURE

### NET SALES EUR million



### OPERATING PROFIT EUR million



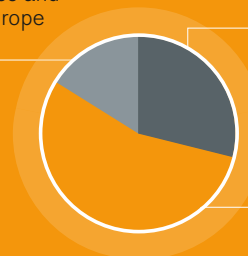
<sup>1)</sup>Excluding the non-recurring EUR 14 million infringement fine imposed by the Market Court.

### NET SALES BY MARKET 2007

Baltic States and  
Eastern Europe  
16%

Other Nordic Countries  
29%

Finland  
55%





Timo Kohtamäki  
Managing Director of Lemminkäinen Infra Oy  
from 1.1.2008

## INFRASTRUCTURE CONSTRUCTION

### Lemminkäinen Infra Oy

**Lemminkäinen Infra Oy started operating on 1 January 2008. All operations of the Group's infrastructure construction business sector, i.e. asphalt paving, mineral aggregates and ready-mix concrete, civil engineering, in Finland and internationally, are concentrated in the company. Infrastructure construction accounted for 37.7% of Lemminkäinen Group's total net sales in 2007.**

Lemminkäinen Infra's business operations include the construction and upkeep of road, street and rail networks, as well as rock and foundation engineering. The company also has its own asphalt, concrete and mineral aggregates production.

#### LEADING INFRASTRUCTURE CONSTRUCTION COMPANY IN THE BALTIC RIM REGION

Lemminkäinen Infra Oy is Finland's biggest and most international infrastructure construction company, and a significant actor in its key markets of the Baltic Rim region. In addition to business in Finland, Lemminkäinen Infra and its subsidiaries operate in Norway, Denmark, Sweden, Estonia, Latvia, Lithuania and Russia. The company generates about a half of its net sales from international operations.

Lemminkäinen Infra's strong market position is based on the ability to combine local knowledge, specialist contracting and internationally recognised project know-how. Work with clients is based on local presence and independent decision-making.

Lemminkäinen Infra's goal is to maintain its leading position on the Finnish infrastructure construction market and to become the biggest player in the whole Baltic Rim region. Lemminkäinen's market position in Finland is already significant, so growth will be sought primarily on international markets, mainly in the Baltic states and Russia.

Maintenance of the strong position in Finland will be achieved primarily by focusing on cost effectiveness and expanding the service portfolio. Success on the international market is based on strong core competence in asphalt paving, rock engineering and foundation engineering.

#### BUSINESS DEVELOPMENT IN 2007

Lemminkäinen Infra Oy's business areas with effect from 1 January 2008 are asphalt paving, mineral aggregates and ready-mix concrete, civil engineering, and international operations.

#### Asphalt paving

Net sales from asphalt paving operations continued to grow and the result was good, considering the state of the market. Lemminkäinen maintained its position as Finland's leading asphalt paving contractor. A total of 5.4 (5.3) million tonnes of asphalt was produced. In Finland the volume of





#### **SERVICE TUNNEL IN DOWNTOWN HELSINKI**

*Lemminkäinen has been building an underground service tunnel in downtown Helsinki since 2006. More than a kilometre long and located at a depth of 30-40 metres below street level, the tunnel is an exceptionally challenging project. The contract is worth just under EUR 22 million and will be completed in summer 2008. When the tunnel is opened the city centre of Helsinki will be significantly quieter thanks to the elimination of service traffic from the streets.*

#### **GROWING INFRASTRUCTURE MARKETS OF THE BALTIC STATES**

*The infrastructure markets in Latvia and Lithuania are growing thanks to increased government funding for roads and the availability of financing for new projects from international sources. Lemminkäinen received two significant, partly EU-funded road construction contracts from the Latvian road administration at the end of the year. Last summer the Via Baltica highway north of Riga was rehabilitated.*



asphalt paving contracting remained at the 2006 level, but competition in the industry continued to be intense and prices were forced down to weak levels.

Invitations to tender for the first long-term road maintenance contracts of the Finnish Road Administration's new procurement strategy were received. Lemminkäinen made an agreement with the Finnish Road Administration, according to which the Company assumes responsibility for the upkeep of main roads in the road districts of Uusimaa and Turku for a period of 12 years. The contract was the first of its kind in Finland and is worth approx. EUR 40 million.

#### **Mineral aggregates and ready-mix concrete**

Net sales from the mineral aggregates and ready-mix concrete business grew in 2007. Brisk construction activity kept demand for mineral aggregates and ready-mix concrete at a good level. Lemminkäinen produced a total of 16.5 (16.6) million tonnes of mineral aggregate in 2007. Lemminkäinen subsidiary Forssan Betoni Oy broke its earlier record for ready-mix concrete production by producing 250,000 cubic metres. Among other contracts, the company supplied concrete to the Talvivaara nickel mine investment project. The contract is worth approx. EUR 4 million.

There were occasional problems with the availability of mineral aggregate in the metropolitan area as well as periodic and local shortages of the cement used for concrete production.

Demand for crushing contracting and ready-mix concrete is expected to remain good due to ongoing infrastructure projects and the continuation of relatively active building construction.

#### **Civil engineering**

In civil engineering contracting Lemminkäinen achieved its financial targets well in all areas (rock engineering, foundation engineering, concrete construction and transport infrastructure engineering). The string of major transport infrastructure engineering projects carried out by Lemminkäinen, such as the E18 Muurla-Lohja motorway project that will be completed this year, was extended by the Highway 6 upgrade contract between Lappeenranta and Imatra. The road will be opened to traffic at the end of 2010. The project is worth EUR 101 million. Other work in progress includes the fitting out of Vuosaari Harbour railway tunnel and the construction of a service tunnel beneath the streets of downtown Helsinki. The challenging foundation engineering works for Lemminkäinen's new head

office building were completed in June. Lemminkäinen Infra's order book is good and its on-going contracts are of long durations.

### International operations

The volume of asphalt paving contracting grew in the Baltic Rim region as a whole.

In Denmark the asphalt paving market was stable and the price level reasonable. New motorway contracts in Jutland and Zealand boosted volume and moderated the seasonal variation that is typical for the asphalt paving business. In the Nordic countries, volume growth was greatest in Norway, and the asphalt price level remained good.

Lemminkäinen's position is also strong in the markets of the Baltic states, where more and more investments are being made in the transport infrastructure. In Latvia and Lithuania, government funding for roads has been increased, and new road construction and upgrade projects are being launched with the support of foreign funding sources. At the end of the year the Latvian road administration awarded Lemminkäinen two significant, partly EU-funded road building contracts, worth EUR 18.2 million. In Estonia, pavement upgrade works continued at Tallinn International Airport.

In Russia, Lemminkäinen had paving operations underway in St. Petersburg, Moscow and several other locations. For example, Ufa Airport in Bashkiria was paved. The opportunities for business expansion in Russia are being investigated.

In the mineral aggregates business Lemminkäinen sought to strengthen its position in Estonia. Lõhketööd OÜ, an Estonian construction company specialising in quarrying, blasting and demolition work, was acquired for the purpose of expanding Lemminkäinen's quarrying operations and developing its processing of mineral aggregates in Estonia.

In Sweden the main emphasis in Lemminkäinen's infrastructure business was on rock and foundation engineering

### KEY FIGURES

#### ACCORDING TO THE NEW GROUP STRUCTURE

|                               | 2007                     | 2006  | change, % |
|-------------------------------|--------------------------|-------|-----------|
| Net sales, EUR million        | <b>820.3</b>             | 701.2 | 17.0      |
| Operating profit, EUR million | <b>52.6<sup>1)</sup></b> | 41.9  | 25.5      |
| Order book, EUR million       | <b>326.5</b>             | 334.9 | -2.5      |
| Personnel                     | <b>3,365</b>             | 3,072 | 9.5       |

<sup>1)</sup>Excluding the non-recurring EUR 14 million infringement fine imposed by the Market Court.

works. The volume of Lemminkäinen's business in the Swedish rock engineering market almost doubled during 2007, and the Company is now one of Sweden's biggest tunnel builders. Two large tunnels are under construction on the Ådalsbana line, both of which will be completed by spring 2010. The contracts are worth approx. EUR 97 million. A section of track between Torbacken and Hede and its tunnels are under construction on the west coast of the country. The Norrbro bridge foundation engineering contract is underway in downtown Stockholm.

Lemminkäinen aims to further strengthen its position on the foundation and rock engineering markets of the Nordic countries.

### INFRASTRUCTURE INDUSTRY DEVELOPER

As a leading infrastructure industry company, Lemminkäinen Infra Oy wishes to play an active role in developing the industry's operating models and practices and in promoting more open collaboration between clients, designers and contractors. Among other projects, Lemminkäinen Infra is involved in the Finnish Association of Building Owners and Construction Clients, RAKLI's procurement clinic project, the aim of which is to develop innovative procurement and project models for the real estate and construction sector.

The construction of infrastructure always changes the living environment. Lemminkäinen Infra aims to produce solutions and services that minimise negative environmental

### SUBSIDIARIES

|                           | Country   | Net Sales 2007,<br>EUR million | Share of Lemminkäinen<br>Infra Oy's net sales, % | Personnel<br>(average) |
|---------------------------|-----------|--------------------------------|--|------------------------|
| Lemminkäinen Norge AS     | Norway    | 101.5                          | 12.4   | 347                    |
| LMK VEJ A/S               | Denmark   | 77.9                           | 9.5  | 308                    |
| UAB Lemminkäinen Lietuva  | Lithuania | 47.7                           | 5.8  | 550                    |
| AS Talter                 | Estonia   | 47.5                           | 5.8  | 331                    |
| Forssan Betoni Oy         | Finland   | 27.0                           | 3.3  | 53                     |
| Lemcon Latvija SIA        | Latvia    | 21.5                           | 2.6  | 99                     |
| ZAO Lemminkäinen Dorstroi | Russia    | 10.3                           | 1.3  | 58                     |
| Lõhketööd OÜ              | Estonia   | 0.8                            | 0.1  | 18                     |



## LEMMINKÄINEN INFRA OY'S PRODUCTS AND SERVICES

### Asphalt paving

- Asphalt paving and foundation structures
- Production of asphalt and light-weight pavements, stabilisation, waterproofing and milling
- Production of reclaimed asphalt pavements as well as products and services related to environmental protection and urban environment construction

### Mineral aggregates

- Quarrying, crushing and screening of mineral aggregates
- Sales of mineral aggregates for both delivery and pick-up

### Ready-mix concrete

- Production and sales of ready-mix concrete

### Civil engineering

- Rock engineering: rock caverns, e.g. parking caverns, underground sports facilities, civil defence shelters, road and railway tunnels, multi-purpose tunnels
- Foundation engineering: foundation reinforcement, special piled foundations, deep stabilisation
- Concrete construction: power plants, technical building works on rock caverns
- Transport infrastructure engineering: roads, railways, airports, harbours





impacts and support sustainable development and environment-conserving construction. The company has its own R&D function and is involved in many industry-wide joint development projects. Lemminkäinen Infra is also participating in the development of new business models for the long-duration contracts now being introduced in transport infrastructure engineering and asphalt paving. Lemminkäinen Infra is an industry leader in the technical development and maintenance of plant and equipment.

Lemminkäinen's Central Laboratory is one of the leading construction industry laboratories in Finland and the Nordic countries. It offers testing, product development and consulting services to the Group's units and also to outside customers.

#### OUTLOOK FOR 2008

Lemminkäinen Infra's major long-term transport infrastructure projects now in progress will ensure that it has a reasonable stock of work for 2008 and 2009.

In infrastructure construction in Finland, 2008 is not expected to be as busy as last year due mainly to reduced activity in the rock engineering segment. The postponement of some major projects will weaken the market situation. The downturn in building construction will also be reflected in infrastructure construction. The volume of asphalt paving work in Finland in 2008 is expected to remain at the same level as last year.

In rock engineering, the capacity acquired for the Vuosaari tunnels and the E18 motorway project will be partly under-utilised in 2008 and 2009. The situation is expected to be rectified if the large Western Metro, Helsinki Ring Railway and Highway 51 Kirkkonummi-Kivenlahti projects start up as planned in 2009-2010.

The municipal economy is still weak and local authorities are seeking new procurement models for construction and maintenance.

Demand on the Norwegian paving market will continue to be reasonably good. The outlook for the rock and foundation engineering markets in Sweden is also favourable. The volume of paving works in Denmark will fall slightly once the major motorway projects come to an end. Demand for infrastructure construction in the Baltic states will increase.



#### LEMMINKÄINEN MAINTAINED ITS POSITION AS FINLAND'S LEADING ASPHALT PAVING CONTRACTOR

*The Paving and Mineral Aggregates Division's net sales continued to grow in 2007 and its result was good, considering the market conditions.*

*The company also has strong market positions in Norway, Denmark and the Baltic states. Lemminkäinen strengthened its own asphalt production by investing in a new asphalt plant that will be completed in Tuusula in 2008.*

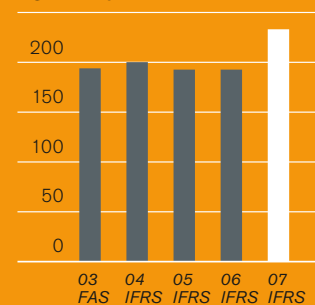
*The sustained level of active construction also kept demand for mineral aggregates at a good level. The Finnish Road Administration, VR and asphalt producers were the main customers for deliveries of mineral aggregates in 2007.*

*Mr. Henrik Eklund, M.Sc.(Eng.) has served as the Head of the Paving and Mineral Aggregates Division since 2005. Since the beginning of 2008 he has acted as the Deputy Managing Director of Lemminkäinen Infra Oy with responsibility for the company's paving business and international operations.*

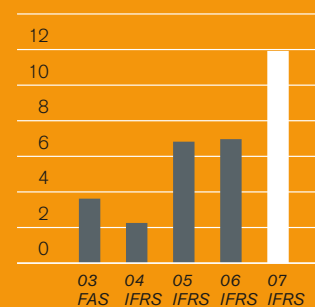




### NET SALES EUR million



### OPERATING PROFIT EUR million



### NET SALES BY MARKET 2007

Finland  
96%



Other Countries  
4%



Antero Huhta  
Managing Director of Tekmanni Oy

## TECHNICAL BUILDING SERVICES Tekmanni Oy

**Tekmanni Oy is Finland's second-biggest supplier of technical building services in terms of net sales. The company's business areas are technical building service, technical facility services, and industrial services.**

Tekmanni Oy's net sales and operating profit developed very favourably in all areas of its business. Brisk activity in commercial and office construction kept demand for the company's services at a good level. Demand for maintenance, servicing and repair work on technical building and facility systems was brisk. The net sales of Tekmanni Service Oy, which specialises in these services, rose profitably by almost 40%. Demand for industrial services remained steady.

### REGIONAL SERVICE CAPABILITIES STRENGTHENED

The favourable development of Tekmanni's business was influenced by the restructuring operation that involved acquisitions and the corporatisation of local units to improve regional service capabilities.

Tekmanni strengthened its regional service capabilities in electrical contracting and electrical servicing by acquiring a majority interest in the Pietasaari-based company Instel Ab Oy and full ownership of Sähköraisio Oy. Expertise in HVAC installation work and the maintenance of technical building systems was strengthened by acquiring Uudenkaupungin Rakennus-Putkitus Oy. In June 2007 the company broadened its expertise in refrigeration technology by acquiring the Vantaa-based company Jäähdytystaito Oy, which merged with Tekmanni Service Oy at the end of the year. Also in June 2007 the business operations of Tekmanni's technical building service units in Hyvinkää, Porvoo, Lohja, Kerava, Hämeenlinna and Forssa were corporatised to form a new company called Tekmanni Uusimaa Oy, which operates as a multi-skilled supplier of installation and contracting services in the Uusimaa and Kanta-Häme regions.

### SEVERAL NATIONWIDE SERVICE AGREEMENTS

Tekmanni's installation, contracting, servicing and maintenance services are available nationwide. With service points

### BUSINESS AREAS

|                                   | Net sales<br>EUR million | Personnel<br>(average) |
|-----------------------------------|--------------------------|------------------------|
| 2007 (2006)                       |                          |                        |
| Technical building services       | <b>155.9</b> (133.6)     | <b>1,176</b> (1,166)   |
| Technical facility services       | <b>51.0</b> (32.3)       | <b>517</b> (406)       |
| Industrial services               | <b>25.3</b> (25.7)       | <b>225</b> (240)       |
| Technical Building Services total | <b>230.2</b> (191.7)     | <b>1,918</b> (1,812)   |



#### **MAINTENANCE AGREEMENT WITH HOTELS IN ST. PETERSBURG**

*Tekmanni Service Oy made an agreement with two Sokos hotels and the Holiday Club spa resort in St. Petersburg for the maintenance of their technical building systems. The company will carry out scheduled servicing and repair work on the HVAC, automation, fire alarm and sprinklers system of the new, centrally located facilities.*

*The agreement marks the introduction of the Finnish preventative maintenance concept to the Russian market – a first for Tekmanni. The company is also training Russian fitters in Finland to carry out maintenance and servicing work in Russia.*



in 30 locations around the country, Tekmanni is also able to serve its nationally operating customers. The company has a number of nationwide service agreements. In July 2007, Tekmanni Service made an agreement with Oy Teboil Ab for the servicing and maintenance of technical systems at approximately 500 service stations of its Finnish distribution network.

International business accounted for 5.7% of Tekmanni's order book. Tekmanni is introducing its own preventative facility servicing model to the Russian market. In October 2007 Tekmanni Service made an agreement with two Sokos hotels and the Holiday Club spa resort in St. Petersburg for the scheduled servicing and repair of their technical building systems.

A significant modernisation project in the industrial services segment was SCA Packaging's production plant in Sweden. The contract included building and process electrification works in the soda boiler plant as well as an HVAC system delivery.

#### **MORE TRAINING**

Tekmanni aims to increase project management training as well as apprentice training for newly qualified fitters. The company was involved in the TASKE project that ended in late spring 2007. The purpose of the project was to develop safe and less arduous working methods, tools and protective equipment for fitters. The project was carried out by the Finnish Institute of Occupational Health, and Fitters and equipment suppliers also participated in the development work.

Tekmanni Service is developing the use of mobile phone technology in facility maintenance control and reporting.

## OUTLOOK FOR 2008

Demand for maintenance, servicing and repair work on technical building and facility systems is expected to remain active in Finland. The market in this business sector is expected to slow down slightly towards the end of the year. In 2007 Tekmanni Service expanded its business into Russia, where the company believes there is demand for its services. Demand for industrial maintenance services is expected to grow in Finland and abroad.

## KEY FIGURES

|                               | 2007         | 2006  | change, % |
|-------------------------------|--------------|-------|-----------|
| Net sales, EUR million        | <b>230.2</b> | 191.7 | 20.1      |
| Operating profit, EUR million | <b>11.9</b>  | 6.9   | 72.5      |
| Order book, EUR million       | <b>111.9</b> | 74.9  | 49.4      |
| Personnel                     | <b>1,918</b> | 1,812 | 5.8       |

## SUBSIDIARIES

- Tekmanni Tampere Oy
- Tekmanni Pohjanmaa Oy
- Sähköliike Tekno Oy
- Instel Ab Oy
- Sähköraisio Oy
- Tekmanni Service Oy
  - subsidiaries Uudenkaupungin Rakennus-Putkitus Oy and OOO Tekmen SPb in St. Petersburg.
- Tekmanni Uusimaa Oy
- Oulun LVI-Ykkönen Oy
- Turun Rakennusputki Oy

## TEKMANNI OY'S PRODUCTS AND SERVICES

### Technical building services

- HVAC contracting
- Fire protection and alarm systems
- Cooling, telecom, security and automation systems
- Installation services included in partial and full deliveries of technical building systems, as well as design and project management services

### Technical facility services

- Maintenance and servicing
- Repair and modernisation
- Expert services
- Control room services and emergency call-outs

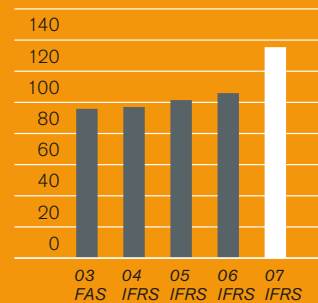
### Industrial services

- Process and building electrification
- Instrumentation and installations of automation systems
- Delivery and installation of ventilation and fire extinguishing systems
- Delivery and installation of data networks and security systems
- Delivery and installation of industrial HVAC systems
- Maintenance services

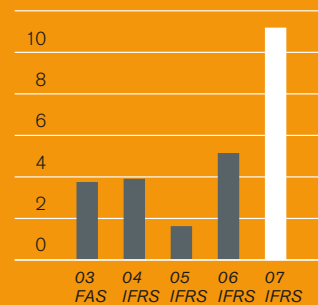




### NET SALES EUR million

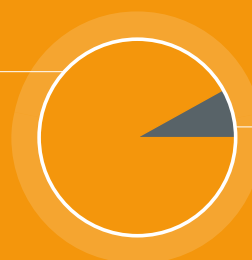


### OPERATING PROFIT EUR million



### NET SALES BY MARKET 2007

Finland  
92%



Other Countries  
8%



Erkki Lönnrot  
Director of Lemminkäinen Building Products

## BUILDING PRODUCTS

### Lemminkäinen Building Products

**Lemminkäinen manufactures and sells roofing and waterproofing products as well as concrete and urban environment products and their related contracting services. Sports construction and its related products also belong to the business sector. Lemminkäinen also offers design, installation and maintenance services for all of the products that it manufactures and imports. If required, customers are be provided with turn-key packages of products and services.**

The operations of the building products business sector are handled by Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy and Omni-Sica Oy. Lemminkäinen's principal market for building products is Finland, but the business sector's international business is growing steadily.

#### DEMAND FOR BUILDING PRODUCTS REMAINED BRISK

The result for Lemminkäinen's building products business sector in 2007 was good. Net sales rose by approximately 30%. Brisk demand that continued throughout the contracting season as well as corporate acquisitions made during the year both contributed towards the good result.

Demand for roofing materials continued to grow. Increased imports of roofing materials, especially from Russia and some Central European countries, sustained the fierce level of competition in Finland. Exports of Lemminkäinen's roofing materials mainly to Russia and the coun-

tries of the Baltic Rim region increased steadily.

There was a shortage of professionally skilled roofers in 2007. Roofing contracting was also hampered periodically by long delivery times for rigid mineral wool insulation.

Although the number of roofing contracts was slightly down on the previous year at 1,314 (1,500), the average size of the contracts was larger. A roofing contract carried out by Lemminkäinen received an award for sound construction and high-quality workmanship in the Roof of the Year 2007 competition, which is organised annually by the Finnish Roofing Association. The prize-winning roofing contract involved the reconstruction of a tiled roof on an apartment building in downtown Tampere.

Demand for pre-cast concrete staircase and wall units increased in commercial and office construction. In addition to domestic supply, staircase units were delivered to Sweden and Norway. Demand for the types of staircase units used in low-density residential construction also increased. The cement availability problems that beset the industry did not have a significant effect on Lemminkäinen's production of pre-cast concrete units.



### **TILED ROOF REBUILT BY LEMMINKÄINEN KATTO OY**

*The refurbishment of the tiled roof of an almost 100-year-old apartment building in downtown Tampere won the Finnish Roofing Association's Roof of the Year 2007 competition in November. The roof structures were modernised and, according to the competition judges, the standard of workmanship was good. The difficulty of the work was exacerbated by the steepness of the roof, the complexity of the roof geometry, and variability in the quality of the roof structures.*

*Lemminkäinen has won the Roof of the Year competition five times.*



Demand for urban environment products and related installation services has grown steadily in recent years. A two-year pedestrian precinct rehabilitation contract was completed in Rovaniemi. Typical installation sites for urban environment contracting are pedestrian precincts, metro and railway station platforms, and terrazzo floors in shopping centres. The contracts are both new construction and refurbishment works.

Investments continue to be made in the construction of new sports and athletics facilities and the refurbishment of old ones. New sports surfacings were installed at athletics facilities in Naantali, Maaninka and other venues around the country. Watering systems were delivered to a number of golf courses.

### **EXPANDED RANGE OF SERVICES**

In February 2007 Lemminkäinen strengthened its market position by acquiring full ownership of K.M. Repo Oy in Savonlinna. The company manufactures and sells pre-cast concrete units and ready-mix concrete and its net sales in 2007 were EUR 12.9 million. Since the acquisition, the company has been operating under the name Elemento Oy Savonlinna.

New innovations are continuously being sought in order to develop the business. In 2007 the range of services was expanded. A new maintenance service developed by Lemminkäinen Katto Oy is intended to extend the service life of roofs. The RoofSafe service takes account of the roof's entire life cycle and includes damage prevention as well as the budgeting, planning and execution of maintenance and repair works.

Lemminkäinen Betonituote Oy is involved in projects aimed at developing products for the construction of accessible environments. The Ministry of Transport and Communications' three-year ELSA project ended in autumn 2007. The accessible products developed in the project were used in an exhibition area in a children's

| Location   | Products  |
|------------|---|
| Suonenjoki | Pre-cast concrete staircase units                 |
| Savonlinna | Prefabricated facade, balcony and staircase units |
| Savonranta | Prefabricated facade, balcony and staircase units |
| Tuusula    | Concrete pavers and slabs, staircase units        |
| Orimattila | Concrete pavers and curb stones                   |
| Tampere    | Concrete pavers, lightweight building blocks      |
| Lohja      | Bituminous roofing materials                      |

driving park in Helsinki. The aim was to teach urban environment designers and builders how to make the urban environment more accessible for the disabled and other groups.

Lemminkäinen Building Products has production plants in seven locations.

The business sector has 15 other service points in Finland and two abroad. The service points in Tallinn and Warsaw have concentrated on selling the business sector's products, mainly roofing products and waterproof membrane systems.

### MAINTAINING STRONG MARKET POSITIONS IS THE AIM

The overall market situation of the building products business sector will remain good for some time. The slowdown in housing construction will weaken demand for products and services. Urban environment construction will grow steadily. An increase in demand is expected in both imports and exports of building materials.

The companies of Lemminkäinen's building products business sector are all significant actors of their respective markets in Finland. The aim is to maintain strong market positions in all business areas in Finland and to increase exports to Russia and the countries of the Baltic Rim region.

### KEY FIGURES

|                               | 2007         | 2006  | change, % |
|-------------------------------|--------------|-------|-----------|
| Net sales, EUR million        | <b>133.8</b> | 104.4 | 28.2      |
| Operating profit, EUR million | <b>11.1</b>  | 5.0   | over 100  |
| Order book, EUR million       | <b>37.7</b>  | 23.4  | 61.1      |
| Personnel                     | <b>749</b>   | 609   | 23.0      |

### SUBSIDIARIES

| 2007 (2006)                 | Net sales,<br>EUR million | Personnel,<br>(average) |
|-----------------------------|---------------------------|-------------------------|
| Lemminkäinen Katto Oy       | 72.5 (63.3)               | 402 (382)               |
| Lemminkäinen Betonituote Oy | 52.3 (33.3)               | 321 (205)               |
| Omni-Sica Oy                | 9.4 (8.4)                 | 26 (22)                 |
| Building Products<br>total  | 133.8 (104.4)             | 749 (609)               |

### PRODUCTS AND SERVICES OF THE BUILDING PRODUCTS BUSINESS SECTOR

#### Production, sales and contracting of roofing and waterproofing products

- Bituminous roofing materials and waterproofing products
- Bituminous, tiled, and steel roofing contracting
- Waterproofing of roof-top terraces and bridge decks
- Roof maintenance and consulting services

#### Production, sales and contracting of concrete and urban environment products

- Concrete and granite urban environment products
- Concrete wall and staircase units
- Installation contracting of concrete, terrazzo and natural stone products
- Design and consulting services

#### Sports-related construction

- Installation contracting and sales of sports-related and urban environment construction products







## Values

**Lemminkäinen Group has founded its responsible business on common values and the principles and rules approved by its management.**

### THE VALUES GUIDING LEMMINKÄINEN'S BUSINESS ARE:

#### 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 committed 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.

As a broad-based construction company and influential actor in the industry, Lemminkäinen promotes sustainable development in all of its business sectors. The aim is to offer customers products and services that embody the attributes of affordability, customer satisfaction, quality, safety and environmental well-being.

Lemminkäinen observes the legislation, recommendations and programmes pertaining to its business operations both in Finland and abroad.



## 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.

Accepted principles supporting sustainable development are observed in the Group. Acting in accordance with these principles, Lemminkäinen

- complies with environmental legislation applicable to its operations
- assesses the environmental risks of its operations, strives to eliminate them, and develops measures aimed at controlling them
- uses recyclable materials and products and reduces the harmful environmental effects of its operations by means of developmental improvements in products, production processes and operating models
- requires subcontractors and partners to operate in a manner that supports the implementation of its environmental policy
- instructs its employees to be responsible in environmental questions by means of consistent training and guidance
- continuously improves the standard of its environmental stewardship
- actively disseminates information on environmental issues and engages in open debate on environmental questions arising from its operations.

### ENVIRONMENTAL RESPONSIBILITY IN BUSINESS AND MANAGEMENT

Environmental responsibility is an integral part of the Group's management, decision-making and business. As an environmentally responsible company, Lemminkäinen knows the environmental risks and impacts of its operations as well as its obligations under environmental legislation, and takes them into consideration when selecting products and providing services. Environmental protection issues are included in the Group's safety programme.

The Group's environmental protection work in Finland is guided by the Environmental Protection Act, which requires the prevention and minimisation of harmful effects, caution and carefulness, the use and promotion of the best available technology, the adoption of best environment practices, and the acceptance of responsibility for damages caused.

Lemminkäinen operates in accordance with the principles of the ISO 14001 environmental management system. The systems used in Lemminkäinen Infra Oy, the Building Products business sector and Lemminkäinen Talo Oy's subsidiary Lemcon Ltd are all certificated to this standard.

The BAT (Best Available Technology) principle is observed in plant and machinery procurements. BAT means technically and economically feasible production and cleaning techniques that are as efficient and advanced as possible, as well as design, construction, maintenance and operating methods that can prevent or most effectively reduce environmental pollution caused by business operations.

BEP (Best Environmental Practice) is also taken into consideration in Lemminkäinen's operations. BEP means the most appropriate and cost-effective means of preventing pollution of the environment. They are the best methods and procedures from the perspective of environmental protection and emissions reduction.

The operations of most of the Group's production plants require an environment permit. At new sites, permits are applied for in accordance with action plans. Production plant operation is monitored and reports are submitted to the authorities in accordance with the conditions of the operating permit.

### ENVIRONMENTAL ISSUES IN 2007

A groundwater remediation project has been launched at Sammonmäki industrial area in Tuusula to clean up solvents detected on the site. The studies conducted did not reveal the actual timing and cause of the emission. The site's geology and groundwater chemistry was studied in order to find the most appropriate remediation technique. The results of

the study led to the selection of an in-situ cleaning technology based on the use of nano-iron, which breaks down the pollutants into an environmentally harmless form. The clean-up operation will not produce any waste that would have to be treated elsewhere. The remediation technique has been tested in laboratory conditions.

Airborne emissions and energy consumption were 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 uses natural gas in its asphalt production at five locations: Lahti, Lappeenranta, Imatra, Hämeenlinna and Lohja. The Group's latest natural-gas-fired asphalt plant will be completed at the Sammonmäki industrial area in Tuusula towards the end of 2008. The value of the investment is approx. EUR 12 million.

New asphalt plants are fitted with the equipment necessary to produce recycled asphalt. Roughly 10 per cent of Lemminkäinen's total asphalt production is made using RAP (reclaimed asphalt paving). The solvents used in the production process are being replaced with environmentally friendly alternatives.

Tekmanni Service Oy decided to take part in a new training programme in 2008. On completion of the training programme the company will be entitled to issue energy certificates. A new law and statute concerning energy certificates for buildings and facilities came into force on 1 January 2008. The amount of energy needed to operate the building for its intended purpose is stated on the energy certificate, which enables energy efficiency to be assessed and compared with other similar buildings.

Lemminkäinen Betonituote Oy is taking part in an energy saving initiative based on an agreement between the Ministry of Trade and Industry and the Confederation of Finnish Industry and Employers. The purpose of the agreement is to promote energy saving in industry, and participation in the initiative is voluntary. Energy reviews were carried out at Lemminkäinen's production plants in Tampere and Savonlinna

during 2007. As a result of the findings the efficiency of the plants' energy consumption has been improved.

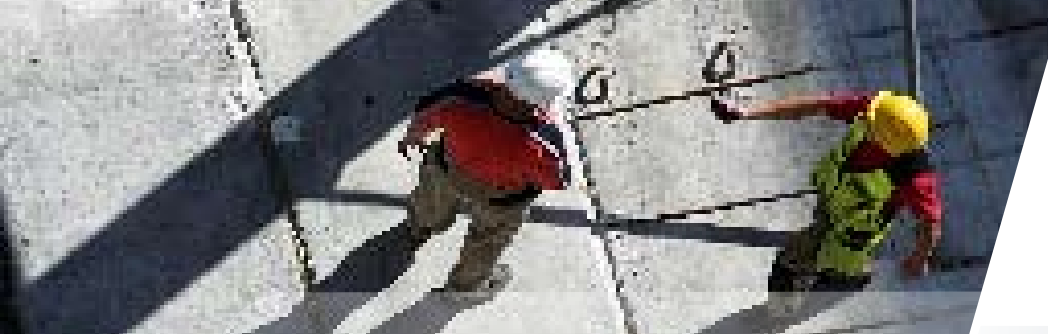
Use of the Group's on-line procurement system was expanded in 2007. Lemminkäinen aims to create a uniform practice across the whole Group with regard to the selection of material suppliers. The criteria used when choosing a contract supplier include delivery reliability, product and service quality, warranties, and ethical issues with regard to the origin of products.

#### ENVIRONMENTAL GOALS IN 2008

Due consideration is given to the principles of sustainability and continuous improvement in the further development of the Group's business. Lemminkäinen's new organisational structure supports co-operation and the adoption and application of good environment practices in the Group's business sectors.

The Group will step up its efforts to prevent the occurrence of environmental damages. Greater attention will be paid to areas such as the storage of chemicals, the siting of storage facilities, chemical pollution, energy consumption, and the organisation and cleanliness of production areas and construction sites. In addition, a research project concerning the effects of building dust will be launched and emergency exercises will be held. Emissions of water used for fire-fighting will be studied in connection with the latter.





## Personnel

The goals and development of Lemminkäinen's personnel work are based on the Group's business strategy. The aim is to ensure the availability, retention and development of professionally qualified personnel. Particular attention is paid to employee retention, personal development, achieving the right balance between work and leisure time, and occupational health and safety issues.

The scope and international reach of Lemminkäinen's business are characteristic features of personnel work. The aim of the HR function at Group level is to anticipate and comprehensively identify business support needs.

Ensuring the availability of human resources as well as personnel development and administration are controlled and co-ordinated at Group level. Services relating to pay and service conditions, occupational health and safety, and fitness for work are also handled at Group level. Lemminkäinen's various companies and their extensive networks of service points have different needs. The companies themselves together with long-standing partners are responsible for providing a nationwide service for their employees in accordance with Group-level recommendations and guidelines.

Personnel administration is guided by the principle of equality. In a large group it is important to promote gender equality and to ensure that all employees have equal access to the same standard of healthcare and other services.

The needs of Lemminkäinen's different business sectors will be surveyed in an international HR system specification project to be carried out in 2008. The system will assemble information such as the number of employees, age distribution, gender, type of employment contract, time use and turnover. The aim of the programme is to develop equality among employees working in different business sectors in 27 countries.

### CORPORATE CULTURE AND JOB SATISFACTION

Lemminkäinen's corporate culture is outstanding: freedom and responsibility are combined in a way that is exceptional for a large company.

According to the results of a questionnaire survey entitled "Finland's Best Workplaces 2007", job satisfaction among Lemminkäinen's employees is higher than the average for the construction sector. 84 per cent of the respondents thought that Lemminkäinen was a good place to work and nine out of ten regarded the team spirit as being good. The results testify to the fact that Lemminkäinen's employees are proud of the work they do.

### TRAINING AND DEVELOPMENT

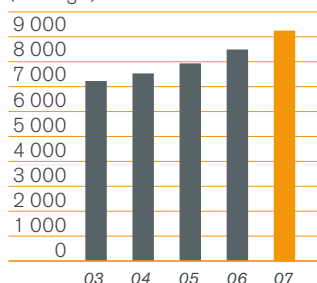
Extensive management training programmes are underway and Lemminkäinen's management systems are being tailored to the Group's corporate culture. Intra-group knowledge and collaboration networks are being developed by internal job rotation, and efforts are made to identify future leaders inside the organisation.

Expertise in project-based work is a common area of development in Lemminkäinen. Training in project work is continuous. The demanding and diverse HRD project management training programme continued in 2007 and it is now being developed to cover more and more of the Group's business sectors and business areas.

The LeMBA management training programme for key personnel, which is jointly planned and implemented by Lemminkäinen and Helsinki University of Technology, continued in 2007. The aim of the programme is to familiarise the participants with different sectors 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 parts of the Group is emphasised in the LeMBA training programme.

**PERSONNEL**

(average)



The average number of employees in Lemminkäinen Group in 2007 was 9,201.

Co-operation is also promoted by regular meetings of Group management and the elected representatives of personnel groups covered by different collective bargaining agreements.

Lemminkäinen trains its personnel for demanding specialist professions in collaboration with different parties. For example, professional training for rock engineering specialists is given in partnership with North Karelia Adult Education College.

Because of the strong growth of refurbishment contracting, Lemminkäinen has started to provide special training for demanding refurbishment projects. This kind of training simply cannot be done in the traditional classroom setting.

Lemminkäinen also organises its own apprentice-based training or comparable professional training in all of its business sectors. Especially in the case of building materials production, installation and maintenance work, there is often no other training channel available. At the beginning of 2007 Lemminkäinen launched an apprentice-based refrigeration training programme, in which the trainees are taught how to install and service refrigeration equipment. The training is provided in partnership with the Aduita Adult Education Institute, and in 2008 it will be broadened to cover other specialist professional qualifications too.

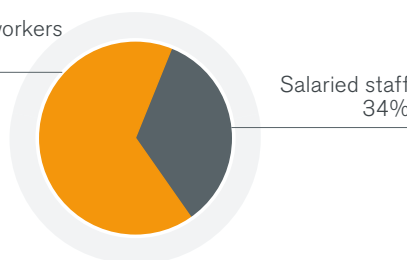
Lemminkäinen collaborates on an on-going basis with colleges of different educational levels as well as other actors. Influencing the content of and materials used in training and providing students with trainee placements and summer vacation work is essential when training the professionals of the future.

In the autumn of 2007 a new master builder training programme was launched in Finland's vocational training colleges. 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 is offered. The students are able to do on-the-job course components as well as work experience and summer work periods in Lemminkäinen's different business sectors.

**LEMMINKÄINEN GROUP PERSONNEL IN 2007**

Hourly paid workers  
66%

Salaried staff  
34%

**LEMMINKÄINEN GROUP PERSONNEL BY MARKET AREA IN 2007**

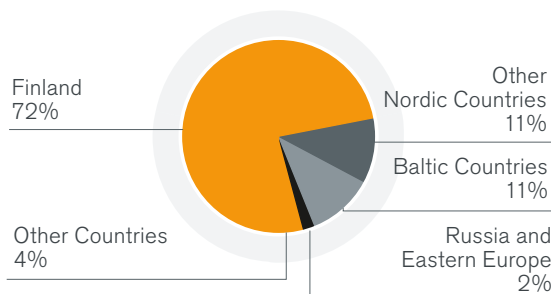
Finland  
72%

Other  
Nordic Countries  
11%

Baltic Countries  
11%

Other Countries  
4%

Russia and  
Eastern Europe  
2%

**LEMMINKÄINEN GROUP PERSONNEL BY BUSINESS SECTOR IN 2007**

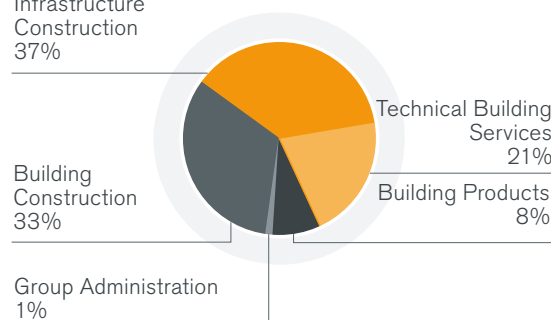
Infrastructure  
Construction  
37%

Technical Building  
Services  
21%

Building  
Construction  
33%

Building Products  
8%

Group Administration  
1%



## SAFETY

Lemminkäinen's safety programme is concerned with safety management, risk management and measures supporting the positive development of safety work. The key principles, aims, actions and methods of monitoring occupational health and safety are documented in the annually revised safety programme, which is appended to Lemminkäinen's management systems.

### Occupational safety

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

The principles governing safety work support purposeful, preventative and development-oriented activity:

- safety risks are evaluated systematically using reliable risk analyses
- Lemminkäinen has the programmes, plans and instructions necessary to ensure safety
- the employees use tools, equipment and personal protective equipment as per their instructions
- employees are given the safety training and guidance needed in their work
- safety work is done jointly by the employer and the employees
- Lemminkäinen participates in safety development work of the construction sector
- safety work is continuously improved on the basis of internal assessments and the feedback obtained from them
- applicable safety, health and environmental legislation is observed
- accident risks are insured in accordance with the insurance plan.

### Administration of safety issues

Responsibility for operational safety resides with the management of the Group's business sectors. The task of ensuring safety as well as responsibility for its implementation are shared by management, employees, safety managers and the industrial safety organisation.

Lemminkäinen's management systems meet the requirements of standardised occupational health and safety systems.

Safety certificates:

- Lemminkäinen Talo Oy's subsidiary Lemcon Ltd
- Lemminkäinen Infra Oy
- Lemminkäinen Katto Oy of the building products business sector

An annual safety report and monthly safety reports have been collected from the business units since 2006. The annual report contains information such as the previous year's most significant actions and consequences, dangerous situations, personnel safety training, and the action plan for the following year. The monthly report includes information such as details of workplace accidents and the development of the safety level. In connection with the "Safe Tar Boy" campaign that was launched in 2006, an internal safety competition has been arranged annually in the Group, and communications material such as a safety magazine, safety notebook and personal safety guide have been produced. The Group has been a member of Zero Accident Forum since 2005.

Actions implemented in 2007 in support of occupational safety included a video on the ergonomics of lifting, the "Golden Helmet" safety competition, training in various areas of safety, and safety measurements specific to individual business sectors.

### Continuous development of occupational safety

The Group aims to reduce the number of accidents by approximately 10 per cent each year. The number of recorded accidents in Lemminkäinen Group has been reduced in recent years. The accident statistics are compiled in accordance with counting principles of the Zero Accident Forum and those generally used in the industry. All accidents resulting in at least one full day's absence from work are counted in the statistics.

The actions by which occupational safety is developed are

- increased intervention in dangerous situations
- the development of investigation procedures for accidents and dangerous situations
- increased safety training
- increased use of personal protective gear
- continuation of the "Safe Tar Boy" campaign, the arrangement of theme days, and the production of training and communications material
- expansion of safety certification in the Group.

### Occupational health

The aim of Lemminkäinen's occupation healthcare service is to promote employee wellbeing and the healthiness and safety of the work environment. The occupational healthcare service strives to support the Group's business in a new and creative way by identifying, averting and controlling risks to the employees' fitness for work.

In Finland, occupational healthcare services are provided to all the Group's employees nationwide on a uniform basis. The emphasis is on the prevention, early detection and prompt treatment of illnesses impairing fitness for work. All of the Group's employees have equal access to comprehensive GP-

level medical services as well as specialist physician and additional services. Key issues concerning occupational healthcare are included in the Group's internal safety programme.

### Wellbeing and fitness for work

Lemminkäinen strives to influence the individual employee's overall physical condition and fitness for work. The most important way of maintaining an individual's general health and fitness is preventative work aimed at reducing not only the adverse impacts of illness, accidents, unfitness for work, but also premature retirement. The absences of Lemminkäinen's employees are slightly below the industry average.

### Actions aimed at supporting employee wellbeing will be expanded in 2008

- a health questionnaire will be introduced in the parent company, in Lemminkäinen Infra Oy and in the companies of the building products business sector in connection with regular check-ups and stage-of-life examinations starting at 20 years of age and continuing at three-year intervals
- early rehabilitation work will be continued
- exercise activation will be developed as part of rehabilitation work
- the fitness test will be continued and other measurements describing the condition of the musculoskeletal system will be taken regularly
- return to work will be supported by developing a sickness absence monitoring method and a model for early intervention
- in the Salmisaari project the personnel will be familiarised with the open-plan environment of the new Group's new head office building that will be completed in 2009 as well as the ergonomic office furniture and equipment that will be used in it.

### Exercise programme

Lemminkäinen Group's exercise programme has been developing since 2001. An exercise barometer survey conducted every other year indicates that in six years the physical activity level of Lemminkäinen's employees has risen from 47% to 54%, and that the proportion of employees taking part in exercise services supported by the Group has grown from 31% to 53%.

The aim of the exercise programme is to develop the employees' physical activity and to foster a spirit of community. Especially employees who exercise too little to maintain themselves in good health are actively encouraged to join the programme. Lemminkäinen also encourages its employees to join in group exercise events, and supports mass exercise events. The organised forms of activity include exercise activation groups, professionally oriented early rehabilitation, a walking test and muscle condition tests at locations around Finland, physical workouts for site workers, and weight control groups.

### HR CHALLENGES IN THE CONSTRUCTION SECTOR

Construction is a growth industry. By 2020 the construction sector will need 25,000 new workers in addition to replacements for those leaving the industry. In order to increase the attractiveness of the construction sector, employers must develop their businesses to better accommodate the changes and demands that the sector faces as a consequence of sustainable development, ethical issues, new technologies and other factors. The declining number of young people entering the labour market affects the availability of potential recruits, but striking the right balance in post-secondary education is also crucial. The Confederation of Finnish Industry EK estimates that almost 70% of the employee needs of its member companies can be met by young people graduating from trade schools or technical colleges rather than universities.

Lemminkäinen aims to be the best and most dependable Finnish construction company. The Company wants to recruit people who will fit in with its corporate culture and its own way of doing things differently. This target group must be approached in a way that interests them and draws attention to Lemminkäinen's image, profile and reputation as a first-class employer.

Lemminkäinen collaborates systematically with building industry companies and other organisations in order to improve the appeal of construction as a career path. Active collaboration with organisations such as the Construction and Real Estate Service Sector's Vetovoima Association and dialogue with trade unions aims to ensure the present and future supply of professional and motivated employees.

## Shares and shareholders

### LEMMINKÄINEN'S SHARE AND SHARE CAPITAL

Lemminkäinen Corporation's share is quoted on the Main List of the OMX Nordic Exchange Helsinki under the Industrials sector. The company has one share class, and its trading code is LEM1S. Each share carries one vote at a general meeting of shareholders, and confers an equal right to 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 is EUR 20,000,000 and the 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.

The Board of Directors proposes to the Annual General Meeting that the current Articles of Association be amended by removing the regulations concerning the Company's minimum and maximum share capital and the nominal share value (Bulletin 14.2.2008).

### SHARE PRICE AND TURNOVER

The year-end price of Lemminkäinen's share was EUR 31.50 (36.10). The highest quoted price during 2007 was EUR 55.61 (39.34) and the lowest EUR 31.03 (28.38). The average price was EUR 44.88 (34.00).

The year-end market capitalisation was EUR 536.2 million (614.5). Share turnover in 2007 was 5,203,588 shares (4,113,868) and the turnover value was EUR 233.6 million (139.9). At the end of the year the Company had 3,643 shareholders (3,535).

Lemminkäinen has a liquidity providing (LP) agreement with Nordea Bank Finland Plc. 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 on the Main List in OMX Nordic Exchange Helsinki'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 the security.

### AGREEMENTS BETWEEN SHAREHOLDERS AND AUTHORISATIONS

The Company is not aware of any agreements between shareholders that would have a significant bearing on voting behaviour at general meetings of shareholders.

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

The Board of Directors does not have any current authorisations with regard to the issuance of shares, convertible promissory notes or bonds with equity warrants.

### MANAGEMENT SHAREHOLDINGS

As of 31 December 2007, the members of the Board of Directors and the Managing Director held a total of 3,832,256 shares, representing 22.5% of the Company's shares and their conferred voting rights.

### DIVIDEND PAYOUT

The Company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.80 per share be paid for 2007 accounting period, representing 42.0% of earnings per share.



**OWNER GROUPS 31 DEC 2007**

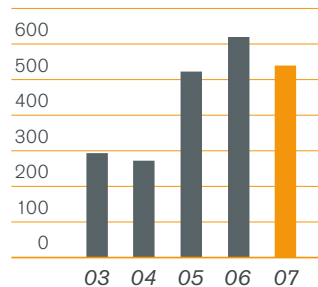
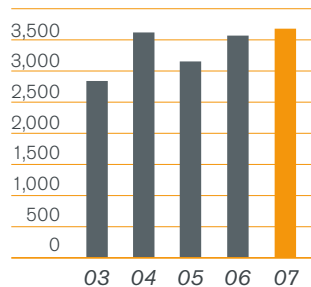
|  | Number of<br>shareholders | % of<br>shareholders | Number of<br>shares | % of<br>total stock |
|--|---------------------------|----------------------|---------------------|---------------------|
| Corporations                             | 257                       | 7.05                 | 585,109             | 3.44                |
| Financial and insurance corporations     | 17                        | 0.47                 | 403,652             | 2.37                |
| Public institutions                      | 11                        | 0.30                 | 775,820             | 4.56                |
| Non-profit institutions                  | 68                        | 1.87                 | 292,209             | 1.72                |
| Households                               | 3,264                     | 89.60                | 12,955,630          | 76.11               |
| Foreign countries and nominee registered | 26                        | 0.71                 | 1,998,095           | 11.74               |
| In joint accounts                        |                           |                      | 10,735              | 0.06                |
| <b>Total</b>                             | <b>3,643</b>              | <b>100.00</b>        | <b>17,021,250</b>   | <b>100.00</b>       |

**SHARE OWNERSHIP DISTRIBUTION 31 DEC 2007**

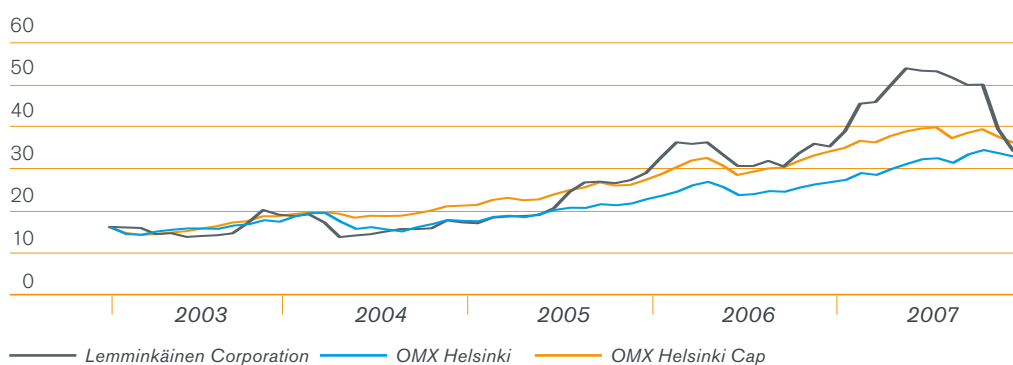
|                   | Number of<br>shareholders | % of<br>shareholders | Number of<br>shares | % of<br>total stock |
|-------------------|---------------------------|----------------------|---------------------|---------------------|
| 1-100             | 1,262                     | 34.64                | 73,292              | 0.43                |
| 101-1,000         | 1,969                     | 54.05                | 748,005             | 4.39                |
| 1,001-10,000      | 361                       | 9.91                 | 1,007,636           | 5.92                |
| 10,001-100,000    | 40                        | 1.10                 | 993,202             | 5.84                |
| 100,001-1,000,000 | 8                         | 0.22                 | 3,026,515           | 17.78               |
| 1,000,001-        | 3                         | 0.08                 | 11,161,865          | 65.58               |
| In joint accounts |                           |                      | 10,735              | 0.06                |
| <b>Total</b>      | <b>3,643</b>              | <b>100.00</b>        | <b>17,021,250</b>   | <b>100.00</b>       |

## MAJOR SHAREHOLDERS 31 DEC 2007

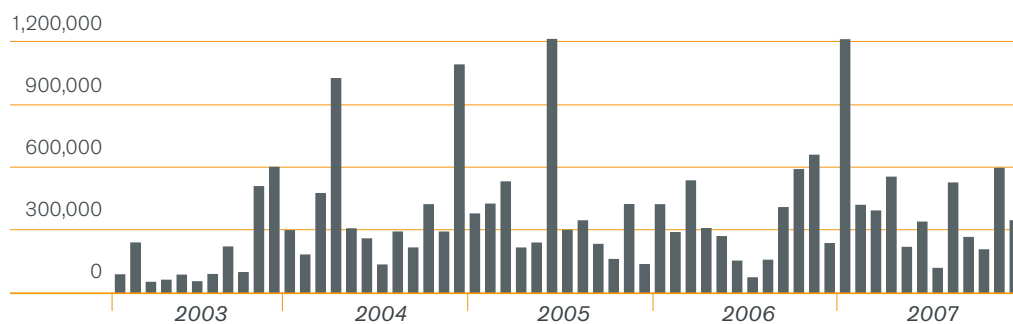
| Name of shareholder                        | Number of shares  | % of total stock |
|--|-------------------|------------------|
| Pentti Heikki                              | 3,813,956         | 22.41            |
| Pentti Erkki Juhani estate                 | 3,673,956         | 21.58            |
| Pentti Olavi                               | 3,673,953         | 21.58            |
| Varma Mutual Pension Insurance Company     | 503,000           | 2.96             |
| Odin Finland                               | 214,316           | 1.26             |
| Tukinvest Oy                               | 201,600           | 1.18             |
| Etera Mutual Pension Insurance Company     | 164,600           | 0.97             |
| Aktia Capital Mutual Fund                  | 132,384           | 0.78             |
| OP-Suomi Arvo                              | 110,000           | 0.65             |
| Laakkonen Mikko Kalervo                    | 92,350            | 0.54             |
| Ilmarinen Mutual Pension Insurance Company | 80,000            | 0.47             |
| Aktia Secura Mutual Fund                   | 56,600            | 0.33             |
| Esr Eq Pikkujättiläiset                    | 50,000            | 0.29             |
| Sorvari Jaakko Olavi                       | 40,989            | 0.24             |
| Jääsalo Matti                              | 40,000            | 0.24             |
| Nominee registered                         | 1,752,559         | 10.30            |
| Other                                      | 2,420,987         | 14.22            |
| <b>Total</b>                               | <b>17,021,250</b> | <b>100.00</b>    |

MARKET  
CAPITALISATION, EUR millionNUMBER OF  
SHAREHOLDERS

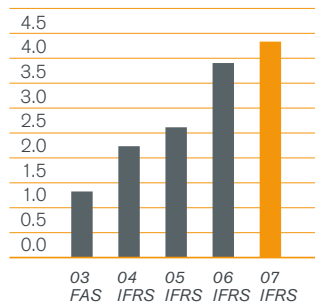
## SHARE PRICE TREND



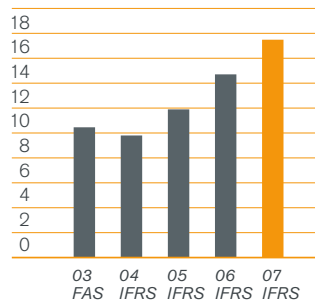
## SHARE TRADING



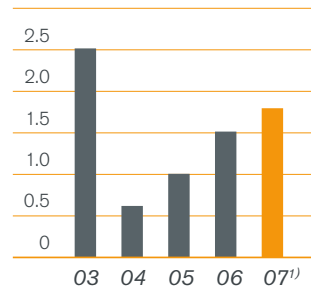
## EARNINGS PER SHARE EUR



## SHAREHOLDERS' EQUITY PER SHARE EUR



## DIVIDEND PER SHARE EUR



<sup>1)</sup> Board of Directors' proposal to the Annual General Meeting

# Corporate Governance

## GROUP STRUCTURE

Lemminkäinen Group was reorganised on 1 January 2008 into four business sectors instead of the previous five. The business sectors are building construction, infrastructure construction, technical building services and building products.

The Group's parent company, Lemminkäinen Corporation, is responsible for the Group's management as well as financing, financial management, HR management, legal affairs and corporate communications. The group-level functions direct the corresponding functions in the business sectors.

Lemminkäinen Talo Oy engages in building construction through its subsidiaries. Infrastructure construction is the business sector of Lemminkäinen Infra Oy and its subsidiaries. Tekmanni Oy and its subsidiaries are contractors and suppliers of technical building and facility services. Operations in the building products business sector are handled by Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy and Omni-Sica Oy.

## CORPORATE GOVERNANCE AND ITS PRINCIPLES

Lemminkäinen Corporation observes the recommendation of OMX, 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 1 July 2004.

## GENERAL MEETING OF SHAREHOLDERS

Lemminkäinen's Annual General Meeting is held annually within six months of the end of each accounting period on a date to be determined by the Board of Directors. The AGM decides on matters as required in the provisions of the Companies Act, such as adoption of the year-end financial statements, profit distribution, and discharging the Managing Director and the members of the Board of Directors from liability. The AGM also elects the members of the Board of Directors and the auditors and decides on the fees that will be paid to them.

A summons to attend a general meeting of shareholders must be published in at least one newspaper appearing in Helsinki no earlier than two months and no later than 17 days prior to the meeting. The right to attend a general meeting of shareholders is restricted to those shareholders who are registered on the Company's list of shareholders kept by the Finnish Central Securities Depository Ltd at least ten days prior to the meeting. Nominee-registered shareholders can be included on the Company's list of shareholder temporarily for the purpose of attending a general meeting of shareholders.

Lemminkäinen's Board of Directors shall ensure that the shareholders are provided in advance with adequate information on the matters to be dealt with at a general meeting of shareholders. This information is contained in the summons

## LEMMINKÄINEN GROUP

| <b>BUILDING<br/>CONSTRUCTION</b><br><b>Lemminkäinen Talo Oy</b>  | <b>INFRASTRUCTURE<br/>CONSTRUCTION</b><br><b>Lemminkäinen Infra Oy</b>  | <b>TECHNICAL BUILDING<br/>SERVICES</b><br><b>Tekmanni Oy</b>                      | <b>BUILDING PRODUCTS</b><br><b>Lemminkäinen<br/>Building Products</b>  |
|--|---|---|--|
| Real estate development<br>Contracting services<br>Project management and management contracting<br>Telecom network construction | Paving<br>Mineral aggregates<br>Ready-mix concrete<br>Civil engineering | Technical building services<br>Technical facility services<br>Industrial services | Production, sales and contracting of roofing and waterproofing products<br>Production, sales and contracting of concrete and urban environment products<br>Sports-related construction |

to the general meeting, in other bulletins and releases, and on the Company's website.

Lemminkäinen Corporation's Annual General Meeting 2007 was held on 16 March 2007. The AGM adopted the year-end financial statements for 2006 and discharged the members of the Board of Directors and the Managing Director from liability.

## BOARD OF DIRECTORS

### 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. The Board of Directors elects the Chairman and Vice Chairman from among the members.

### Order of business

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.

In accordance with its order of business, the Board of Directors confirms Lemminkäinen Corporation's values, strategy and business policies, and monitors their implementation and topicality. 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. It decides on the salary, fees and other benefits received by the Managing Director and his/her immediate subordinates on the basis of a proposal made by the Remuneration and Appointments Committee. The Board of Directors also decides on the principles of the Group's incentive pay schemes.

At meetings of the Board of Directors the Managing Director presents his review of the Group's different business sectors as well as financial reports on the Group.

### Members of the Board of Directors

The Annual General Meeting held in spring 2007 elected the following five persons to serve as members of the Board of Directors:

- Heikki Pentti, b. 1946, Chairman of the Board, non-independent board member
- Teppo Taberman, b. 1944, Vice Chairman of the Board, independent board member
- Berndt Brunow, b. 1950, independent board member
- Kristina Pentti, b. 1978, non-independent board member and
- Sakari Tamminen, b. 1953, independent board member.

### Meetings

Lemminkäinen Corporation's Board of Directors generally convenes once a month. There were 11 board meetings in 2007 and the attendance rate of the board members was 100 per cent.

### Fees

The 2007 Annual General Meeting decided that the Chairman would be paid a fee of EUR 11,000 per month and the board members would each receive a fee of EUR 2,700 per month.

### Self-assessment

The Board of Directors makes an annual internal self-assessment 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. All members of the Board of Directors may take part in the meetings of the Remuneration and Appointments Committee and the Audit Committee.

As the number of members serving on the Board of Directors is small and the Board meets often, it is well able to handle matters relating to supervision, appointments and remuneration while sitting in full session.

The Board of Directors may deal with matters belonging to the order of business of the Remuneration and Appointment Committee and the Audit Committee by decision of the Chairman of the Board.

### 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 fees that should be paid to them. Since February 2007 Mr. Berndt Brunow has served as the Chairman of the Nominating Committee, with Messrs. Teppo Taberman



and Sakari Tamminen serving as committee members.

The Nominating Committee convened once in 2007. All the members of the Committee attended the meeting.

### Audit Committee

The role of the Board of Directors' Audit Committee is to scrutinise the contents of the year-end financial statements and interim financial reviews and to assess the adequacy of the Group's risk management, internal controls and internal auditing systems. The Audit Committee also deals with internal auditing reports and plans. Furthermore, the Audit Committee assesses the work of the auditor from the perspectives of quality, independence and costs, and carries out preparatory work on the election of the auditor for the Board of Directors' consideration. 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 Audit Committee convened twice in 2007. All the members of the Committee attended the meetings. The Board of Directors, sitting in full session, dealt with matters concerning internal controls, year-end financial statements and interim financial reviews at four board meetings in 2007.

### 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.

The Remuneration and Appointments Committee convened once in 2007. All the members of the Committee attended the meeting. The Board of Directors, sitting in full session, dealt with matters concerning appointments and remuneration at five board meetings in 2007.

## GROUP MANAGEMENT

### Managing Director

The Managing Director of Lemminkäinen Corporation is responsible for the day-to-day 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 appropriate and in accordance with the law. Mr. Juhani Sormaala, b. 1950, 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. In 2007 the Managing Director was paid a total of EUR 706,436, which included a performance-related bonus of EUR 115,200 and a retention bonus of EUR 150,036, making a total bonus package of EUR 265,236.

The Managing Director's contract of employment may be terminated at six months' notice. 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

Lemminkäinen's senior executives are the Managing Director and his immediate subordinate directors and managing directors, i.e. the managing directors of Lemminkäinen Talo Oy, Lemminkäinen Infra Oy and Tekmanni Oy, the director of Lemminkäinen Building Products, and Lemminkäinen Corporation's directors of finance, legal affairs and human resources. The Company has no separate management body at Group level.

The members of the boards of directors of subsidiaries are generally senior executives employed in Lemminkäinen Group. The managing directors of Lemminkäinen's major subsidiaries act as presenters in meetings of their respective boards of directors, which are all chaired by Lemminkäinen Corporation's Managing Director. No separate remuneration is paid to employees of the Group in respect of subsidiary board membership.

### PERFORMANCE-RELATED PAY

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 executives comprises an annual bonus based on the Company's result, and a long-term retention plan based on the creation of economic value added.

Lemminkäinen's Board of Directors confirms the parameters of performance-related pay scheme annually on the basis of a proposal from the Remuneration and Appointments Committee.

The result-based annual bonus is determined on the basis of

the operating profit or return on investment in the relevant business sector and can be a maximum of 30% of annual salary.

The payment of retention bonuses is based on Lemminkäinen's consolidated financial statements and the economic value added calculated on the basis of them. Initially, the retention bonus accrues over a three-year period. The first third of the accumulated total is paid at the beginning of the third year. Thereafter the accumulated bonus accrues annually and a third of the total is paid each year. A retention bonus may be a maximum of six month's salary.

The Managing Director of Lemminkäinen Corporation and his immediately subordinate directors and managing directors are entitled to retire on reaching 60 years of age. As a consequence of the supplementary pension insurance provided by the Company, their pensions at that time will be 60 per cent of pensionable salary. If the employment contract of a person within the scope of this scheme is terminated before he or she reaches sixty years of age, he or she shall not be the beneficiary of a paid-up free policy.

## AUDITING

Lemminkäinen Corporation's auditor for the 2007 accounting period was PricewaterhouseCoopers Oy, a firm of authorised public accountants, with Jan Holmberg, A.P.A. acting as the chief auditor. The auditor's fee is paid on the basis of an approved invoice.

In 2007 Lemminkäinen Corporation's auditors were paid EUR 436,551.75 for their auditing work and EUR 292,385.00 in consulting fees.

## INTERNAL CONTROLS AND AUDITING

### Internal controls

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 external bodies such as certification organisations.

### Internal auditing

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 audit findings to the Chairman of the Board of Directors, the Chairman of the Audit Committee

and the Managing Director. The internal audit function reports biannually to the Board of Directors' Audit Committee on its audit findings, plan and activities.

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 checks to ensure that financial information is correct and adequate, that 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, the Audit Committee or senior management.

## 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 the insider rules drawn up by OMX, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. The latest update of Lemminkäinen's insider guidelines was made on 3 January 2008.

Lemminkäinen's public insiders are Lemminkäinen Corporation's board members, the Managing Director and the assigned chief auditor. In addition, certain management personnel are defined by the Company as insiders subject to the disclosure obligation. They are the managing directors and deputy managing directors of Lemminkäinen Talo Oy, Lemminkäinen Infra Oy and Tekmanni Oy, the director of Lemminkäinen Building Products, Lemminkäinen Corporation's directors of finance, legal affairs and human resources, and certain members of the boards of directors of the above-mentioned subsidiaries.

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 Lemminkäinen Group.

The period preceding the publication of results 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](http://www.lemminkainen.com)

## Risk management

### 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 domestic construction. This risk is managed structurally and operationally. Unlike most other construction companies, the structure of the Lemminkäinen Group is such that business areas sensitive to the cyclical nature of domestic building construction make up only about a half of its business. 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 structured so that the average contract size is quite small. 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. 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, great attention is continuously paid to project management and its development. The sales risk associated with own housing and commercial developments 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 clear plans as to when construction could 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 the cash flow that they would generate and their potential 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 its 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 safe storage and handling of oils, lubricants 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 monitoring 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 and safety.

## Parent Company Board of Directors



### HEIKKI PENTTI

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



### TEPPO TABERMAN

- Born 1944
- M.Sc.(Econ.)
- Vice Chairman of the Board of Directors, 1998–
- Independent Member of the Board of Directors, 1997–
- Professional board member and economic advisor, 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, Ålandsbanken Abp, Ingman Group Oy Ab, Larox Oyj and SKS Group Oy
- 2,500 Lemminkäinen Corporation shares



### BERNDT BRUNOW

- Born 1950
- B.Sc.(Econ.)
- Independent Member of the Board of Directors, 2002–
- Managing Director of Oy Karl Fazer Ab, 2002–2007; Managing Director of Sanitec Oyj, 2000–2002; Over 20 years of experience in executive positions in the forest industry both in Finland and abroad
- Vice Chairman of the Board of Directors of UPM Kymmene Corporation; Member of the Board of Directors of Oy Karl Fazer Ab, Cloetta Fazer AB (publ.) and Oy Nautor Ab
- 10,000 Lemminkäinen Corporation shares



### KRISTINA PENTTI

- Born 1978
- M.Sc.(Econ.), M.Pol.Sc.
- Non-independent Member of the Board of Directors, 2007–
- Work experience placements in the Ministry for Foreign Affairs of Finland as well as in various positions in personnel management and the financial services industry for companies such as Mandatum Stockbrokers Ltd and Fortum Corporation, 1999–2006



### SAKARI TAMMINEN

- Born 1953
- M.Sc.(Econ.)
- Independent Member of the Board of Directors, 2003–
- Managing Director of Rautaruukki Oyj, 2004–
- Occupied executive positions in Metso Oyj, Rauma Oy and Rauma-Repola Oy, 1987–2003
- Member of the Board of Directors of SanomaWSOY Oyj, the Finnish Foundation for Share Promotion, and Varma Mutual Pension Insurance Company; 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
- 400 Lemminkäinen Corporation shares

Shareholdings as of 31 December 2007

## Management of Lemminkäinen Group



### **JUHANI SORMAALA**

- Born 1950
- M.Sc.(Eng.), B.Sc.(Econ.)
- Managing Director, 1994–
- Managing Director of Oy Alfred A. Palmberg Ab, 1986–93
- Development Director of Lemminkäinen Corporation, 1985–86
- Group employee since 1981
- Chairman of the Board of Directors of Lemminkäinen Talo Oy, Lemminkäinen Infra Oy, Tekmanni Oy, Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy
- Member of the Board of Directors of the Confederation of Finnish Construction Industries (RT)
- Member of the Supervisory Board of Tapiola Mutual Insurance Company
- 5,400 Lemminkäinen Corporation shares



### **JUHA NURMI**

- Born 1955
- M.Sc.(Eng.)
- Managing Director of Lemminkäinen Talo Oy, 2008–
- Managing Director of Lemcon Networks Oy, 2001–2007
- Rakennus Oy Lemminkäinen, Head of Project Management Unit, 1992–2001
- Group employee since 1985
- WPL-System Oy, construction manager, project manager, project planning manager and project engineer, 1985–1991
- Member of the Board of Directors of Tekmanni Oy
- 300 Lemminkäinen Corporation shares



### **ANTERO HUHTA**

- Born 1947
- B.Sc.(Eng.)
- Managing Director of Tekmanni Oy, 2000–
- Group employee 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 Lemminkäinen Talo Oy
- Member of the Board of Directors of the Technical Building Services Association and LVI-TU ry
- 2,500 Lemminkäinen Corporation shares



### **TIMO KOHTAMÄKI**

- Born 1963
- Lic.Tech.
- Managing Director of Lemminkäinen Infra Oy, 2008–
- Lemcon Ltd, Head of Lemcon Infra, 2000–2007
- Lemcon Ltd, Construction Manager, 1996–1999
- Group employee since 1996
- Viatek Yhtiöt Oy/Geosinöörit Oy, geotechnical designer, 1989–1996
- Chairman of the Board of Directors of the Infra Association since 2007–
- 97 Lemminkäinen Corporation shares



### **ERKKI LÖNNROT**

- Born 1954
- Construction engineer
- Director of Lemminkäinen Building Products, 2002–
- Managing Director of Lemminkäinen Katto Oy, 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
- 500 Lemminkäinen Corporation shares

Shareholdings as of 31 December 2007





### **JUKKA OVASKA**

- Born 1950
- Graduate in business studies
- Finance Director, 1994–  
Group employee since 1979
- Deputy Member of the Board of Directors of Etera Mutual Pension Insurance Company, 2007–
- Member of the Board of Directors of Lemminkäinen Talo Oy, Lemminkäinen Infra Oy, Tekmanni Oy, Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy
- 900 Lemminkäinen Corporation shares



### **MARIA NEOVIUS**

- Born 1966
- M.Pol.Sc., MBA
- Director, Human Resources, 2005–
- Personnel Manager, 2002–2005  
Group employee since 2002
- City of Helsinki, Public Works Department, Personnel Manager, 1997–2002
- City of Helsinki, specialist assignments, 1989–1997
- Member of the Board of Directors of Tekmanni Oy
- Member of the Board of Directors of the Construction and Real Estate Service Sector's Vetovoima Association, 2005–



### **TIINA MIKANDER**

- Born 1967
- Master of Laws
- Director, Corporate Legal Affairs and Communications, 2005–
- Legal Counsel, 1998–2005  
Group employee since 1998
- City of Kauniainen, city clerk and administration manager, 1997–1998
- Loviisa District Court, judicial trainee and locum district court judge, 1994–1996
- Member of the Board of Directors of Lemminkäinen Infra Oy

Shareholdings as of 31 December 2007

# Board of Directors' report

## 1.1.–31.12.2007

### OPERATING ENVIRONMENT

The construction sector in Finland has enjoyed a sustained period of favourable economic conditions. The total volume of construction grew by approximately 6% in 2007, but growth is expected to slow down and settle at about 3% in 2008.

Approximately 32,000 housing starts were made last year, which was slightly fewer than in 2006 (34,000). The housing market remains stable, although the selling times of housing units have clearly become longer. There are large regional differences.

The positive development in the construction business in 2007 was above all due to active commercial, office and logistics construction. The long-subdued industrial construction market appears to be growing. Some major industrial projects as well as the construction work on the fifth nuclear power plant unit and the Talvivaara nickel mine will continue for a long time yet. Furthermore, infrastructure construction continued to grow due to major ongoing projects. Significant new projects will also be starting up in the coming years.

Refurbishment contracting grew by 2-3% and the growth rate is expected to continue to be the same in 2008. Also, the production of the building materials industry grew considerably. Basic products, most notably cement, were in greater demand, mainly due to considerable production growth in the concrete industry.

The economies of our neighbouring countries and their construction markets developed favourably. In Sweden, the rock engineering market continues to be good and is expected to remain at least at the same level for the next few years. In the Baltic states, the infrastructure market is still growing, and international funding is being allocated for new projects. Finnish industry had many investments in progress in Russia, China, India and Eastern Europe. The construction of 3G networks continues in the United States and Latin America. The deployment of second-generation GSM networks continues in the developing countries.

### GROUP NET SALES, EARNINGS AND BALANCE SHEET

The 2007 accounting period overall was a positive one for Lemminkäinen.

Net sales rose 21.1% to EUR 2,174.1 million (1,795.9). 73.3% of net sales was generated in Finland, 14.0% in other Nordic countries, 3.0% in Russia and Eastern Europe, 5.7% in the Baltic states, and 4.0% in other countries.

The operating profit rose 16.8% and was EUR 126.3 million (108.1). The result in Q4 was significantly impacted by a EUR 14 million infringement fine imposed by the Market Court when it found that Lemminkäinen had participated in activities contravening competition legislation. Excluding the EUR 14 million non-recurring item, the comparable operating profit was EUR 140.3 million, representing 6.5% of net sales. The operating margin (operating profit/net sales) was 5.8% (6.0).

Earnings per share were up by 10.9% at EUR 4.29 (3.87). The return on investment was 20.7% (20.6), and the return on equity 27.5% (30.2). The equity ratio was 32.7% (31.2).

Liquid funds at the end of the accounting period were EUR 78.5 million (60.6), and interest-bearing liabilities totalled EUR 357.0 million (343.6). Gearing was 87.2% (105.7).

| GROUP KEY FIGURES            | 2007               | 2006    | 2005    |
|------------------------------|--------------------|---------|---------|
| EUR million                  |                    |         |         |
| Net sales, of which          | 2,174.1            | 1,795.9 | 1,601.7 |
| operations abroad            | 581.6              | 530.3   | 499.6   |
| Operating profit             | 126.3              | 108.1   | 72.5    |
| Operating margin, %          | 5.8                | 6.0     | 4.5     |
| Profit before taxes          | 111.2              | 94.2    | 65.9    |
| Profit for accounting period | 80.6               | 72.9    | 48.5    |
| Profit share of parent       |                    |         |         |
| company's shareholders       | 72.9               | 65.8    | 43.7    |
| Earnings per share, EUR      | 4.29               | 3.87    | 2.57    |
| Dividend per share, EUR      | 1.80 <sup>1)</sup> | 1.50    | 1.00    |
| Return on investment, %      | 20.7               | 20.6    | 16.5    |
| Return on equity, %          | 27.5               | 30.2    | 24.5    |
| Equity ratio, %              | 32.7               | 31.2    | 31.0    |
| Gearing, %                   | 87.2               | 105.7   | 102.9   |
| Liquid funds                 | 78.5               | 60.6    | 42.4    |
| Interest-bearing liabilities | 357.0              | 343.6   | 264.0   |

<sup>1)</sup> 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 by 13.8% to EUR 636.6 million (559.0). The Division generated 50.5% of its net sales in Finland, 29.2% in other Nordic countries, and 20.3% in the Baltic states and Russia.

The Division's operating profit was EUR 26.9 million (35.5). Excluding the EUR 14 million infringement fine imposed on Lemminkäinen by the Market Court, the Division's comparable operating profit was EUR 40.9 million. The order book fell by 7.4% and at the end of the accounting period was EUR 171.4 million (185.1), of which operations abroad accounted for EUR 93.0 million (129.8).

#### PAVING AND MINERAL AGGREGATES DIVISION

| EUR million                 | 2007  | 2006  | 2005  |
|-----------------------------|-------|-------|-------|
| Net sales, of which         | 636.3 | 559.0 | 514.7 |
| operations abroad           | 314.9 | 276.6 | 239.9 |
| Operating profit            | 26.9  | 35.5  | 25.2  |
| Operating margin, %         | 4.2   | 6.3   | 4.9   |
| Order book at end of period | 171.4 | 185.1 | 130.2 |
| Personnel (average)         | 2,952 | 2,733 | 2,579 |

The net sales of the Paving and Mineral Aggregates Division continued to grow, and, considering the market situation, its profit was good. The volume of paving work in Finland remained at the same level as in 2006. Competition in the asphalt paving industry remained fierce, which forced prices down to a poor level.

Lemminkäinen retained its position as the leading paving contractor in Finland. The Company also has strong market positions in Norway, Denmark and the Baltic states.

In the Nordic countries, the strongest growth in paving works was in Norway, and the price of asphalt remained at a good level. In Denmark, the market was stable and the price level reasonable. In Sweden, Kvalitetsasfalt i Mellansverige AB was sold. The transaction became effective on 7 August 2007 and had no essential bearing on the Division's profits.

In the Baltic states, EU funding increased the number of road projects. Government funding for roads is on the increase in both Latvia and Lithuania in particular.

During the contracting season, a total of 5.4 (5.3) million tonnes of asphalt was produced at 96 (95) production plants. More than half of the total was produced abroad.

The sustained level of active construction work kept demand for mineral aggregate at a good level. The Division

produced 16.5 million tonnes (16.6) of mineral aggregates in 2007. Lemminkäinen acquired Lõhketööd OÜ, an Estonian construction company that specialises in quarrying, blasting and demolition work. With this transaction, Lemminkäinen aims to expand its quarrying operations and to develop the processing of mineral aggregates in Estonia.

The ready-mix concrete producer Forssan Betoni Oy achieved a new production record, almost 250,000 cubic metres, and significantly increased its net sales. Among other contracts, the company was the concrete supplier for Talvivaara's nickel mine investment.

There were occasional shortages of both mineral aggregate in Helsinki metropolitan area and the cement that is used for concrete production.

The total volume of paving work in Finland this year should remain at the same level as in 2007. Demand for crushing contracting and ready-mix concrete is expected to remain good, mainly due to ongoing infrastructure projects and relatively active building construction.

The situation on the Norwegian paving market continues to be reasonably good. The volume of paving works in Denmark will fall slightly once the major motorway projects come to an end. The demand for infrastructure construction will increase in the Baltic states.

### Building Materials Division

Three Lemminkäinen subsidiaries (Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy and Omni-Sica Oy) are responsible for the business operations of the Building Materials Division.

The net sales of the Building Materials Division rose by 28.2% to EUR 133.8 million (104.4). The Division generated 8.0% of its net sales abroad, mainly in Russia and the countries of the Baltic Rim region. The Division's operating profit was 11.1 million (5.0). The order book grew by 61.1% and at the end of the accounting period was EUR 37.7 million (23.4).

#### BUILDING MATERIALS DIVISION

| EUR million                 | 2007  | 2006  | 2005  |
|-----------------------------|-------|-------|-------|
| Net sales, of which         | 133.8 | 104.4 | 100.3 |
| operations abroad           | 10.7  | 7.7   | 6.4   |
| Operating profit            | 11.1  | 5.0   | 1.5   |
| Operating margin, %         | 8.3   | 4.8   | 1.5   |
| Order book at end of period | 37.7  | 23.4  | 13.3  |
| Personnel (average)         | 749   | 609   | 599   |

The profitability of the Building Materials Division in 2007 was good. The good demand that continued throughout the contracting season and the corporate acquisitions that were made both contributed towards the good result. Demand for roofing materials continued to grow. Increased imports of roofing materials, especially from some European countries and Russia, sustained the fierce level of competition on the roofing materials market in Finland. Exports of Lemminkäinen's roofing materials mainly to Russia and the countries of the Baltic Rim region increased steadily. Roofing contracting experienced a lack of skilled labour and was impacted periodically by long delivery times for rigid mineral wool insulation.

Demand for pre-cast concrete staircase and wall units increased in commercial and office construction. In addition to domestic supply, staircase units were delivered to Sweden and Norway. Demand for the types of staircase units used in low-density residential construction also increased. The cement availability problems that beset the industry did not have a significant effect on Lemminkäinen's production of pre-cast concrete units.

Demand for urban environment products and related installation services has grown steadily in recent years. Investments continue to be made in the construction of new sports and athletics facilities and the refurbishment of old ones.

Lemminkäinen strengthened its market position by acquiring full ownership of K.M. Repo Oy in Savonlinna in February 2007. The company manufactures and sells concrete units and ready-mix concrete. Since the acquisition, the company has been operating under the name Elemento Oy Savonlinna.

The overall market situation of the building products business sector will remain good for some time. The slowdown in housing construction will weaken demand for products and services. Urban environment construction will grow steadily. An increase in demand is expected in both imports and exports of building materials. Higher prices for raw materials such as bitumen and cement will raise production costs.

The aim of the Building Materials Division is to maintain its strong market position in all of its business sectors in Finland and to grow its export business with Russia and the countries of the Baltic Rim region.

### Lemcon Ltd

Lemcon's net sales rose to EUR 389.9 million (344.0). The company generated 50.9% of its net sales in Finland, 13.8% in other Nordic countries, 13.5% in Eastern Europe and the

Baltic states, 12.0% in North and South America, and 9.8% in other countries. The company expanded its business into a number of new countries, most notably India, Tanzania, Australia, Paraguay, Bolivia and El Salvador.

Lemcon's operating profit was satisfactory, EUR 13.0 million (12.5), and the profit before taxes was EUR 10.2 million (11.1). The order book decreased by 4.2% and at the end of the accounting period was EUR 346.7 million (361.9), of which operations abroad accounted for 46.0% (48.1).

| LEMCON LTD                  | 2007  | 2006  | 2005  |
|-----------------------------|-------|-------|-------|
| EUR million                 |       |       |       |
| Net sales, of which         | 389.9 | 344.0 | 328.8 |
| operations abroad           | 191.4 | 191.6 | 210.6 |
| Operating profit            | 13.0  | 12.5  | 15.3  |
| Operating margin, %         | 3.3   | 3.6   | 4.6   |
| Profit before taxes         | 10.2  | 11.1  | 16.7  |
| Order book at end of period | 346.7 | 361.9 | 439.5 |
| Personnel (average)         | 1,043 | 993   | 893   |

Lemcon's order book for domestic infrastructure construction was good and its ongoing contracts are of long durations. Major transport infrastructure projects helped the company to achieve profitable volume growth.

In Sweden, Lemcon's position as a tunnel and rock engineering contractor was further strengthened by the award of some major tunnel construction contracts.

In Finland, demand for Lemcon's project management services was reasonably good due to active commercial and office construction. Abroad, the focus was on industrial construction, and the company was actively involved in the plant projects of Finnish industrial companies around the world, including India for the first time. A number of major projects were completed towards the end of the year.

In accordance with Lemcon's revised Russian strategy, the company started up its own developments in the housing and office segments. A decision was made to start the construction of a 530-unit apartment building in St. Petersburg. In the province of Kaluga, a project for a 135-hectare industrial park was launched. The aim is to offer companies investing in Russia a fast and low-risk way to establish themselves in the growing Russian market.

Lemcon also won several significant contracts in Russia. A contract for the construction of a lightweight concrete production plant was signed with the Danish company H+H International A/S as well as a contract for the construction of a production plant for Nokian Tyres Plc. Both projects are in the

St. Petersburg area. A contract for an office and logistics centre in the Moscow area was signed with Tikkurila Oy.

Proceedings are underway at the court of arbitration in Stockholm concerning Lemcon's contract for the construction of the MEGA shopping centre in St. Petersburg, which IKEA terminated.

The Botnia S.A. pulp mill in Uruguay and a hotel project in Tallinn were completed at the end of the year. In Hungary, a logistics centre was built for Nokia. A contract was signed with UPM Raflatac for the construction of a labelstock factory in Poland. In the Chennai region of India, Lemcon built a logistics centre for Nokia and a production plant for Perlos.

Lemcon Networks maintained its position as a global supplier of project management, contracting and technical expertise services in the field of telecommunications network construction. In addition to Europe, the company won new business in Asia, South America and Africa.

Lemcon's ongoing, long-term transport infrastructure projects will ensure that it has a reasonable stock of work for 2008 and 2009. Due mainly to reduced activity in rock engineering, however, infrastructure construction in Finland is not expected to be as active in 2008 as it was in 2007. The postponement of some major projects will weaken the market situation. Moreover, the slowdown in housing construction will be reflected in infrastructure construction.

The positive developments in the Russian economy are reflected strongly in the consumption demand of the middle class. Foreign investments are increasing rapidly, and housing construction is active. The prospects for Lemminkäinen in Russia over the next few years are promising.

The prospects for other international operations are expected to remain good in Poland, India and China. Major forest industry projects that are of interest to Lemminkäinen are being planned in various parts of the world. The growth of telecommunications network and 3G network construction is expected to continue.

### Oy Alfred A. Palmberg Ab

The net sales of Palmberg Group rose by 31.3% to EUR 837.0 million (637.5), of which 6.8% was generated in Sweden. The operating profit was up by 34.0% at EUR 70.2 million (52.4). The profit before taxes was EUR 65.5 million (46.0). The order book grew by 9.5% and at the end of the accounting period was EUR 746.4 million (681.5). International operations accounted for 3.3% (3.8) of the order book.

| <b>OY ALFRED A. PALMBERG AB</b> | <b>2007</b> | <b>2006</b> | <b>2005</b> |
|---------------------------------|-------------|-------------|-------------|
| EUR million                     |             |             |             |
| Net sales, of which             | 837.0       | 637.5       | 517.3       |
| operations abroad               | 56.5        | 45.4        | 30.8        |
| Operating profit                | 70.2        | 52.4        | 28.3        |
| Operating margin, %             | 8.4         | 8.2         | 5.5         |
| Profit before taxes             | 65.5        | 46.0        | 25.2        |
| Order book at end of period     | 746.4       | 681.5       | 366.9       |
| Personnel (average)             | 2,425       | 2,165       | 1,984       |

The good result was mainly due to the sustained level of active office construction as well as profitable property developments.

The shortage of skilled foremen and construction workers in the industry continued, but Palmberg was very successful in its recruitment efforts.

The interest of foreign real estate investors in Finland remained good and the investment return requirements remained unchanged. New investors also entered the market. Palmberg sold, amongst others, three shopping centres and several Tokmanni shops to foreign real estate investors.

In Finland, the number of Palmberg's own development housing starts, 852, was well down on the previous year (1,558). The start-up of housing production was still hampered by the lack of sites in the metropolitan area, prolonged building permit processes, and in some cases local demand factors. The market situation is still relatively good, but the selling times of housing units have become longer.

| Palmberg's private-sector housing production in Finland |             |             |             |
|---|-------------|-------------|-------------|
|   | <b>2007</b> | <b>2006</b> | <b>2005</b> |
| Housing starts  | 852         | 1,558       | 1,249       |
| Housing units sold                                      | 883         | 1,156       | 1,258       |
| Unsold completed units                                  | 283         | 83          | 74          |
| Completed   | 1,488       | 1,173       | 1,068       |
| Under construction                                      |             |             |             |
| 31.12.2007  | 1,063       | 1,698       | 1,313       |

Most of the unsold completed units were located outside the metropolitan area.

At the end of the accounting period Palmberg owned a total of 851,000 m<sup>2</sup> of unused building rights, of which about 590,000 m<sup>2</sup> were residential building rights. The company also has binding or conditional co-operation and zoning agreements for about 607,000 m<sup>2</sup>, of which about 285,000 m<sup>2</sup> 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. The balance-sheet



value of the building plots is EUR 80.5 million. At the present rate of production, the company owns enough unused building rights to meet its needs for more than four years.

Palmberg's housing production in Russia is expanding. Palmberg acquired the business operations of construction company Rakennusliike Sulo Lipsanen Oy. The company has experience in housing construction in Russia, in Svetogorsk and St. Petersburg in particular. New projects have been launched in the St. Petersburg region.

The commercial construction market was very active. A number of projects were completed and others launched during the year. The most important project to be completed was the Galleria Shopping Centre in Lappeenranta.

Office construction is not expected to grow, but Palmberg has several major projects underway in the metropolitan area. These include an office complex for Varma Mutual Pension Insurance Company in Salmisaari, Helsinki, an office building for Fennia Mutual Insurance Company in Pasila, Helsinki, and the Polaris Business Park in Espoo.

Logistics construction continued actively, in south-eastern Finland in particular. The most significant project was the large Tokmanni logistics centre in Mäntsälä.

Industrial construction, which has been subdued for a long time, began to grow due to major long-term investment projects. Palmberg signed contracting agreements with Talvivaara's nickel mine project for several concrete contracts.

Hotel construction in Finland has concentrated in northern Finland and the metropolitan area. Last year saw the completion of the hotel construction projects built by Palmberg in Sotkamo and Oulu, and new projects were launched in Kittilä and Kuopio.

In Finland, commercial, office and logistics construction will continue on quite an active level, but may slow down towards the end of the year. The decrease in the number of Palmberg's own development housing starts and the longer selling times of housing units are the clearest indications that the peak of the economic cycle has passed.

The new projects that Palmberg launched in 2007 will ensure that the company's construction volume will remain at a good level in 2008.

### Tekmanni Oy

Tekmanni Oy's business areas are technical building services, technical facility services and industrial services.

Tekmanni Oy's net sales rose by 20.1% to EUR 230.2 million (191.7), of which 4.2% was generated in Sweden and Russia.

The operating profit was EUR 11.9 million (6.9) and the profit before taxes was EUR 13.6 million (7.8). The order book grew by 49.4% to EUR 111.9 million (74.9). International operations accounted for 5.7% (2.7) of the order book.

| TEKMANNI OY                 | 2007  | 2006  | 2005  |
|-----------------------------|-------|-------|-------|
| EUR million                 |       |       |       |
| Net sales, of which         | 230.2 | 191.7 | 191.1 |
| operations abroad           | 9.7   | 9.6   | 11.8  |
| Operating profit            | 11.9  | 6.9   | 6.8   |
| Operating margin %          | 5.2   | 3.6   | 3.5   |
| Profit before taxes         | 13.6  | 7.8   | 7.4   |
| Order book at end of period | 111.9 | 74.9  | 61.5  |
| Personnel (average)         | 1,918 | 1,812 | 1,745 |

Net sales and operating profit developed very favourably in all business areas. Active commercial and office construction maintained the demand for Tekmanni's services at a good level. In technical building and facility services, the demand for maintenance, servicing and repair work was high. The net sales of Tekmanni Service Oy, which specialises in these services, rose profitably by 40%. Demand for industrial services remained stable.

The implemented structural reorganisation at Tekmanni, in which acquisitions and the corporatisation of local units were used to improve regional service capabilities, had a positive impact on the favourable development of the company's business.

Tekmanni strengthened its regional service capabilities in electrical contracting and electrical maintenance by acquiring a majority interest in Instel Ab Oy in Pietarsaari and full ownership of Sähköraisio Oy. Tekmanni's HVAC expertise was strengthened by acquiring Uudenmaan Rakennus-Putkitus Oy. In June 2007 the company expanded its expertise into the area of refrigeration technology by acquiring Jäähdytystaito Oy in Vantaa, which was merged into Tekmanni Service Oy at the end of the year.

In June 2007 the business operations of the technical building services units of Hyvinkää, Porvoo, Lohja, Kerava, Hämeenlinna and Forssa were corporatised to form a new company named Tekmanni Uusimaa Oy. It acts as a multi-skilled installation and contracting service provider in the provinces of Uusimaa and Kanta-Häme.

With service points in 30 locations around the country, Tekmanni is also able to serve its nationally operating customers. In July 2007, Tekmanni Service made an agreement

with Oy Teboil Ab for the servicing and maintenance of technical systems at approximately 500 service stations in Finland.

In technical building services, demand for maintenance, servicing and repair work is expected to remain active in Finland. The market in this business sector is expected to slow down slightly towards the end of the year. In 2007 Tekmanni Service expanded its business into Russia, where the company believes there is demand for its services. There the company plans to introduce the preventative facility servicing model that it has developed. Demand for industrial maintenance services is expected to grow in Finland and abroad.

### THE GROUP'S ORDER BOOK

The Group's order book grew to EUR 1,414.1 million (1,326.7). The market breakdown of the order book was Finland 79.9%, other Nordic countries 11.0%, the Baltic states 3.4%, Russia and Eastern Europe 3.4% and other countries 2.3%.

#### ORDER BOOK BY BUSINESS SECTOR

| EUR million                   | 2007    | 2006    | 2005    |
|-------------------------------|---------|---------|---------|
| Paving and Mineral Aggregates |         |         |         |
| Division                      | 171.4   | 185.1   | 130.2   |
| Building Materials Division   | 37.7    | 23.4    | 13.3    |
| Lemcon Ltd                    | 346.7   | 361.9   | 439.5   |
| Oy Alfred A. Palmberg Ab      | 746.4   | 681.5   | 366.9   |
| Tekmanni Oy                   | 111.9   | 74.9    | 61.5    |
| Group total, of which         | 1,414.1 | 1,326.7 | 1,011.3 |
| international orders          | 284.0   | 331.8   | 343.4   |

### SIGNIFICANT ORDERS RECEIVED IN 2007

Lemcon built a logistics centre for Nokia in Chennai, India. The EUR 17 million contract includes both design and construction works. (Bulletin 8.1.2007)

Lemcon was awarded a tunnel construction contract worth EUR 43 million in Sweden. The new railway tunnel will be built on a section of track that is being upgraded between Härnösand and Veda and forms part of the Ådalsbana line. (Bulletin 10.1.2007)

Lemcon is building Oy Gustav Paulig Ab's new roastery in Vuosaari, Helsinki. With a gross floor area of approx. 35,000 m<sup>2</sup>, the building comprises office, warehousing and production facilities. (Bulletin 5.4.2007)

Lemminkäinen Corporation and the Finnish Road Administration signed a service agreement whereby the Company assumes responsibility for 12 years for the condition of the main roads in the Häme, Uusimaa and Turku road districts of

Finland. This service agreement is the first of its kind in Finland. The contract is worth approx. EUR 40 million. (Bulletin 19.4.2007)

Lemcon won yet another tunnel construction contract on the Ådalsbana line. When completed, the 4.5-km-long Kroksberg tunnel will be the longest tunnel on the Ådalsbana line. The contract is worth EUR 54 million. (Bulletin 26.4.2007)

Palmberg signed an agreement concerning concrete work of the Talvivaara nickel mine project. The contract is worth about EUR 15 million. Forssan Betoni Oy had already earlier made a contract for the concrete deliveries for the entire mine project. (Bulletin 26.6.2007)

Lemcon won significant new construction contracts in Russia. Lemcon and H+H International A/S, a Danish manufacturer of lightweight concrete elements, signed an agreement to build a lightweight concrete production plant some 75 kilometres south-west of St. Petersburg in the Volosovo district. An office and logistics centre is to be built in Moscow for Tikkurila. Lemcon will also carry out the technical construction works for the enlargement of Nokian Tyres Plc's production plant in St. Petersburg. The combined value of the new construction contracts is approx. EUR 40 million. (Bulletin 1.8.2007)

Lemminkäinen will construct a 530-unit apartment building in St. Petersburg. The building schedule of the 17-storey building in the district of Obuhovo is two years. The total value of the project is approx. EUR 50 million. (Bulletin 6.9.2007)

A construction consortium formed by Lemcon Ltd and Kesälähden Maansiirto Oy will carry out the Highway 6 improvement work for the Finnish Road Administration. The road will be widened to four lanes on the Kärki-Mattila and Mattila-Muukko sections of the Lappeenranta bypass. The contract is worth EUR 101 million in total. The road will be paved by Lemminkäinen's Paving Unit (Bulletin 9.10.2007)

Tekmanni Oy signed an agreement for the servicing of the technical building systems of the Sokos hotels in St. Petersburg. The company will carry out the scheduled servicing and necessary repair work on these new hotels' technical building systems. The hotels will open by spring 2008. (Bulletin 5.10.2007)

Lemcon Ltd will build a labelstock factory for UPM Raflatac in Poland. The total value of UPM Raflatac's investment is EUR 90 million. The construction works will be completed in December 2008. (Bulletin 26.9.2007)

Lemminkäinen will build a shopping centre in Oulu. The complex will include a Bauhaus home improvement store, an

interior decoration department store as well as a home appliance and furnishing outlets. The gross floor area is 31,000 m<sup>2</sup>. The total value of the project is EUR 40 million. The construction works started in the autumn of 2007, and the shopping centre will be completed by Christmas 2008.

## FINANCING

According to the cash flow statement, the cash flow from operating activities was EUR 79.6 million (-7.2), the cash flow from investing activities EUR -29.5 million (-14.4) and the cash flow from financing activities EUR -32.0 million (40.4). The cash flow for the accounting period includes dividends paid in 2006 totalling EUR 27.4 million (18.5). The EUR 14 million infringement fine imposed by the Market Court has been recorded as a short-term, non-interest-bearing liability.

Interest-bearing liabilities at the end of the accounting period were EUR 357.0 million (343.6) and liquid funds were EUR 78.5 million (60.6). Interest-bearing net debt was EUR 278.5 million (283.0).

The Company applies hedge accounting to interest rate swap contracts used to hedge variable-rate loans tied to six-month euribor with a nominal value of EUR 74.3 million. The hedges have been made effective and the change in fair value of the interest rate swap agreements is recognised directly in equity in the revaluation reserve in accordance with the accounting principles for the financial statements.

Net financing expenses were EUR -16.0 million (-14.9), representing 0.7% (0.8) of net sales. The equity ratio was 32.7% (31.2) and gearing 87.2 % (105.7).

## SHARES AND SHARE CAPITAL

The listed price of Lemminkäinen Corporation's share was EUR 36.10 (30.50) at the beginning of the accounting period and EUR 31.50 (36.10) at the end of the accounting period. The market capitalisation at the end of the accounting period was EUR 536.2 million (614.5). Altogether 5,203,588 shares (4,113,868) were traded during the accounting period. The total value of the turnover was EUR 233.6 million (139.9). At the end of the accounting period the Company had 3,643 (3,535) shareholders.

Lemminkäinen's share capital is EUR 34,042,500. 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 61.4 million (48.7). The investments were mainly purchases of pav-

ing, crushing and excavation equipment, production equipment for building materials, and building construction equipment. The investments also include some acquisitions of businesses and enterprises.

## PERSONNEL

The average number of employees in the Group during the accounting period was 9,201 (8,418), of whom 72% (73) worked in Finland, 11% (11) in other Nordic countries, 11% (10) in the Baltic states and 6% (6) in other countries.

| PERSONNEL<br>(average)   | 2007           | 2006           | 2005           |
|--|----------------|----------------|----------------|
| Hourly paid workers  | 6,084          | 5,480          | 5,162          |
| Salaried staff   | 3,117          | 2,938          | 2,750          |
| Total personnel, of whom<br>working abroad   | 9,201<br>2,565 | 8,418<br>2,235 | 7,912<br>1,965 |
| Personnel at end of period   | 8,718          | 8,087          | 7,112          |
| Total wages, salaries and other rewards<br>for the accounting period,<br>EUR million | 327.2          | 288.0          | 268.5          |

## MARKET COURT'S DECISION IN THE ASPHALT INDUSTRY CARTEL CASE (Bulletins 19.12.2007)

In December the Market Court ordered seven asphalt industry companies to pay a total of EUR 19.4 million in infringement fines for contravention of competition laws, EUR 14 million of which was imposed on Lemminkäinen. The Finnish Competition Authority had proposed to the Market Court that Lemminkäinen be fined EUR 68 million.

The Market Court found that the companies had contravened competition laws in road paving operations in Finland. The first infringements were considered to have taken place in 1994 and the last in 2001. Road paving operations in Finland accounted for approximately 10% of Lemminkäinen Group's net sales in 2001.

Lemminkäinen acknowledges that the proceedings at the Market Court have, as such, shown that the conduct of business by Lemminkäinen in the Finnish road paving market has, to some extent, included aspects that are in contravention of competition legislation. Lemminkäinen disagrees, however, with the Market Court on both the extent of the geographical area and the period of time concerned, and Lemminkäinen has appealed the decision to the Supreme Administrative Court. Lemminkäinen also considers the amount of the infringement

fine imposed on it to be excessive both in the light of the evidence produced and the accepted legal practice.

Lemminkäinen does not, under any circumstances, approve of the use of illegal procedures in its operations. For several years now, particular attention has been given within the Group to training and guidance in issues concerning competition law.

In addition to Lemminkäinen, the Finnish Competition Authority and some asphalt industry companies have appealed the decision to the Supreme Administrative Court. Irrespective of these proceedings, the competition infringement fine of EUR 14 million imposed on Lemminkäinen by the Market Court was recognised as an expense in the fourth quarter of 2007. Since the decision has been appealed, the total amount of the fine may change.

## **RISKS AND UNCERTAINTIES IN THE NEAR FUTURE**

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

Market risk poses the most significant threat to Lemminkäinen in the near future. Disturbances on international financial markets could spread to Finland and may be reflected in housing demand and other investments.

Operating in a number of business sectors with differing cyclical behaviours is a cornerstone of Lemminkäinen's strategy. Fluctuating demand for new construction in Finland is counterbalanced by international operations, maintenance and refurbishment contracting. The Group's international business operations account for more than a quarter of its net sales and the percentage is on the increase. Maintenance and refurbishment contracting make up about 40 % of the Group's business.

The Company's website provides more information on Lemminkäinen's risk management.

## **RESEARCH AND DEVELOPMENT**

Lemminkäinen's research and development work focuses on the development of operational prerequisites and the quality assurance of products and services. Taking into account safety issues and environmental effects are important principles in 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 2007 the Group's research and development expenditure accounted for 0.4% of net sales.

## **THE ENVIRONMENT**

Environmentally responsible construction is one of Lemminkäinen's values. Lemminkäinen Group takes life-cycle and environmental perspectives into account when developing its operations, products and services. The management of environmental affairs and the effects of the Group's operations on the environment are continuously monitored by means of internal monitoring and control programmes.

Lemminkäinen Corporation donated EUR 100,000 to the John Nurminen Foundation Clean Baltic Sea project. Lemcon Ltd also donated its project-management expertise to the project. The project has improved the chemical removal of phosphorous at St. Petersburg's largest wastewater treatment plants, and thus helped to reduce eutrophication of the Baltic Sea (Bulletin 1.2.2007).

The Company's website provides more information on Lemminkäinen's environmental issues.

## **DECISIONS OF THE ANNUAL GENERAL MEETING AND CORPORATE GOVERNANCE**

The Annual General Meeting of Lemminkäinen Corporation held on 16 March 2007 adopted the 2006 annual financial statements and discharged the Board of Directors and the Managing Director from liability. In accordance with the Board of Directors' proposal, the Annual General Meeting decided to pay a dividend of EUR 1.50 per share, i.e. a total dividend of EUR 25,531, 875.00. The record date of the dividend payment was 21 March 2007 and the date of dividend payment was 28 March 2007.

Messrs. Berndt Brunow, Heikki Pentti, Teppo Taberman and Sakari Tamminen were re-elected to serve as members of the Board of Directors. Ms. Kristina Pentti, M.Sc., was elected to serve as a new member of the Board of Directors.

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 chief auditor

The Board of Directors, at their organising meeting, elected Heikki Pentti to serve as the Chairman and Teppo Taberman to serve as the Vice Chairman.

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. Since February 2007, Mr. Berndt Brunow has been the Chairman of the Nominating Committee, with Messrs. Teppo Taberman and Sakari Tamminen serving as Committee members.

The role of the Audit Committee is to scrutinise the contents of the year-end financial statements and interim financial reviews as well and to assess the adequacy of the Company's risk management and internal audit and control systems. It also deals with internal auditing reports and plans. Furthermore, the Audit Committee assesses the work of the auditor from the perspectives of quality, independence and costs, and carries out preparatory work on the election of the auditor for the Board of Directors' consideration. The meetings of the Audit Committee shall be attended by the Company's 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.

As the number of members serving on the Board of Directors is small and the Board convenes often, it is well able to handle matters relating to supervision, appointments and remuneration while sitting in full session. The Board of Directors may deal with matters belonging to the order of business of the Remuneration and Appointment Committee and the Audit Committee by decision of the Chairman of the Board.

## THE GROUP'S STRATEGY

The Board of Directors revised the Group's business strategy and strategic target levels (Bulletin 15.2.2007). The key stra-

tegic objectives are profitable growth and the maintenance of good solvency. Good profitability is regarded as a long-term average return on investment exceeding 18%. In 2007, the return on investment was 20.7% (20.6). Good solvency is equated with an equity ratio exceeding 35%. In 2007, the equity ratio was 32.7% (31.2).

The Company's website provides more information on the strategy.

## LEMMINKÄINEN'S NEW STRUCTURE EFFECTIVE 1.1.2008

Lemminkäinen Group was reorganised into four business sectors with effect from 1 January 2008. The business sectors are building construction, infrastructure construction, technical building services, and building products.

The new structure supports the revised strategy approved for Lemminkäinen in February 2007 and clarifies the Group's position in the infrastructure and building construction markets. The new structure's business model meets the needs of the Group's customers and will improve Lemminkäinen's competitiveness.

The parent company, Lemminkäinen Corporation, is responsible for the Group's management as well as financing, financial management, personnel administration, legal affairs and corporate communications at Group level. The Group-level functions also direct the corresponding functions of the business areas.

Building construction and infrastructure construction are the responsibility of two new companies: Lemminkäinen Talo Oy and Lemminkäinen Infra Oy.

Lemminkäinen Talo Oy was formed from the Palmberg Group and the operations of Lemcon Ltd except for its infrastructure business (Lemcon Infra). Lemminkäinen Talo Oy has building construction and property development businesses through its local subsidiaries in Finland, Russia, Estonia and Sweden. It also serves customers globally as a specialist project contractor. Combining the expertise of Lemcon and Palmberg strengthens Lemminkäinen's opportunities for growth especially on the Russian housing construction and commercial construction markets. Building construction accounted for 48 % (46.7) of Lemminkäinen Group's net sales in 2007. The Managing Director of Lemminkäinen Talo Oy is Juha Nurmi.

Lemminkäinen Infra Oy was formed from Lemminkäinen Corporation's Paving and Mineral Aggregates Division and Lemcon Ltd's infrastructure business (Lemcon Infra). In addi-



tion to asphalt, mineral aggregate and concrete production, the company engages in the construction and maintenance of road, street and rail networks as well as rock and foundation engineering. Lemminkäinen Infra Oy is Finland's biggest infrastructure contractor and a major actor in the infrastructure sector throughout the entire Baltic Rim region. Infrastructure construction accounted for 37.7 % (39) of Lemminkäinen Group's net sales in 2007. The Managing Director of Lemminkäinen Infra Oy is Timo Kohtamäki.

Tekmanni Oy is a supplier of technical building and facility services as well as industrial services. The technical building services business sector's share of the Group's net sales in 2007 was 10.6 % (10.6). The company's Managing Director is Antero Huhta.

Lemminkäinen's building products business sector comprises Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy and the sports building contractor Omni-Sica Oy. The business sector's share of the Group's net sales in 2007 was 6.2% (5.8). The Director of Lemminkäinen Building Products is Erkki Lönnrot.

The restructuring of Lemminkäinen Group brought units engaged in related businesses under the same management also organisationally, thus enabling better exploitation of internal synergies. The local business model and the flexibility of regional operation will remain key values of the Group.

## OUTLOOK FOR 2008

The construction projects started by Lemminkäinen in 2007 and already planned for 2008 will keep the Company's construction volume at a good level this year.

The outlook for the Company in Russia is promising. Lemminkäinen's ongoing, long-term transport infrastructure projects will ensure that the Company has a reasonable stock of infrastructure construction work for the next couple of years. Demand for the Company's technical building services and building products will remain good.

The Group's order book overall is good, and the prerequisites for favourable business development in 2008 are in place.

## BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable shareholders' equity shown on the consolidated balance sheet 31 December 2007 amounts to EUR 238,399,846.06. The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, on 31 December 2007 amounts to EUR 31,378,058.07, consisting of EUR 45,052,647.82 in retained earnings from previous years and EUR 13,674,589.75 in losses for the accounting period.

The Board of Directors of Lemminkäinen Corporation proposes to the Annual General Meeting that the Company pay a dividend of EUR 1.80 (1.50) per share for the 2007 accounting period, i.e. a total of EUR 30,638,250.00 (25,531,875.00)

Helsinki, 13 February 2008  
LEMMINKÄINEN CORPORATION  
Board of Directors

## BUSINESS DEVELOPMENT IN 2007 (2006 comparison figures)

by business sector of the new organisation (proforma figures, excluding the EUR 14 million infringement fine imposed by the Market Court).

| 2007 (2006)                                   | Building Construction |         | Infrastructure Construction |         | Technical Building Services |         | Building Products |         |
|---|-----------------------|---------|-----------------------------|---------|-----------------------------|---------|-------------------|---------|
| Net sales, EUR million                        | 1,042.9               | (839.3) | 820.3                       | (701.2) | 230.2                       | (191.7) | 133.8             | (104.4) |
| Share of Group net sales, %                   | 48.0                  | (46.7)  | 37.7                        | (39.0)  | 10.6                        | (10.6)  | 6.2               | (5.8)   |
| International operations, EUR million         | 196.1                 | (203.3) | 366.7                       | (310.3) | 9.7                         | (9.6)   | 10.7              | (7.7)   |
| Share of whole industry's net sales, %        | 18.8                  | (24.2)  | 44.7                        | (44.3)  | 4.2                         | (5.0)   | 8.0               | (7.4)   |
| Operating profit, EUR million                 | 71.5                  | (58.5)  | 52.6                        | (41.9)  | 11.9                        | (6.9)   | 11.1              | (5.0)   |
| Net investments, EUR million                  | 7.8                   | (4.5)   | 32.1                        | (33.7)  | 1.6                         | (5.3)   | 9.3               | (2.0)   |
| Order book, EUR million                       | 938.0                 | (893.5) | 326.5                       | (334.9) | 111.9                       | (74.9)  | 37.7              | (23.4)  |
| -of which international operations, EUR mill. | 106.9                 | (97.8)  | 170.2                       | (231.6) | 6.4                         | (2.0)   | 0.4               | (0.3)   |
| Share of whole industry's order book, %       | 11.4                  | (10.9)  | 52.1                        | (69.2)  | 5.7                         | (2.7)   | 1.1               | (1.3)   |
| Personnel                                     | 3,055                 | (2,819) | 3,365                       | (3,072) | 1,918                       | (1,812) | 749               | (609)   |
| -of whom abroad                               | 672                   | (593)   | 1,841                       | (1,596) | 52                          | (46)    |                   |         |

## Consolidated income statement (IFRS)

| EUR 1,000  | Note | 1.1.2007-<br>31.12.2007 | 1.1.2006-<br>31.12.2006 |
|--|------|-------------------------|-------------------------|
| NET SALES  | 1, 2 | <b>2,174,117</b>        | 1,795,900               |
| Other operating income   | 5    | <b>13,231</b>           | 17,063                  |
| Increase or decrease in stocks of finished goods and work in progress    |      | <b>39,186</b>           | 37,158                  |
| Production for own use   |      | <b>154</b>              | 157                     |
| Use of materials and equipment   |      | <b>1,411,295</b>        | 1,138,967               |
| Employee benefit costs   | 8    | <b>406,468</b>          | 357,918                 |
| Depreciation   | 7    | <b>34,208</b>           | 34,958                  |
| Other operating expenses   | 6    | <b>248,425</b>          | 210,376                 |
| OPERATING PROFIT   |      | <b>126,291</b>          | 108,059                 |
| Financial expenses   | 10   | <b>22,193</b>           | 18,241                  |
| Financial incomes  | 10   | <b>6,166</b>            | 3,293                   |
| Share of the result of affiliated undertakings                           | 11   | <b>897</b>              | 1,126                   |
| RESULT BEFORE TAXES  |      | <b>111,160</b>          | 94,237                  |
| Income taxes   | 12   | <b>-30,604</b>          | -21,303                 |
| RESULT FOR THE ACCOUNTING PERIOD   |      | <b>80,557</b>           | 72,934                  |
| Distribution of the result for the accounting period                     |      |                         |                         |
| To shareholders of the parent company                                    |      | <b>72,940</b>           | 65,802                  |
| To minority interests  |      | <b>7,617</b>            | 7,132                   |
| EPS calculated from result belonging to parent company shareholders, EUR | 13   |                         |                         |
| Earnings per share, diluted and undiluted                                |      | <b>4.29</b>             | 3.87                    |

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](http://www.lemminkainen.com)

## Consolidated balance sheet (IFRS)

| EUR 1,000  | Note | 31.12.2007       | 31.12.2006 |
|--|------|------------------|------------|
| <b>ASSETS</b>                                      |      |                  |            |
| NON-CURRENT ASSETS                                 |      |                  |            |
| Tangible assets                                    | 15   | 176,060          | 169,404    |
| Goodwill on consolidation                          | 16   | 75,093           | 68,197     |
| Other intangible assets                            | 16   | 2,632            | 2,453      |
| Participations in affiliated undertakings          | 17   | 4,742            | 3,912      |
| Available-for-sale investments                     | 19   | 4,990            | 5,490      |
| Deferred tax asset                                 | 20   | 4,852            | 4,314      |
| Other non-current receivables                      | 22   | 3,740            | 2,154      |
|  |      | <b>272,110</b>   | 255,925    |
| CURRENT ASSETS                                     |      |                  |            |
| Inventories  | 21   | 330,948          | 281,880    |
| Trade and other receivables                        | 22   | 387,404          | 340,721    |
| Funds  | 23   | 78,534           | 60,639     |
|  |      | <b>796,886</b>   | 683,240    |
| <b>ASSETS, TOTAL</b>                               |      | <b>1,068,996</b> | 939,165    |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>        |      |                  |            |
| PARENT COMPANY SHAREHOLDERS' EQUITY                |      |                  |            |
| Share capital                                      | 24   | 34,043           | 34,043     |
| Share premium account                              | 24   | 5,750            | 5,750      |
| Translation difference                             | 24   | 59               | 109        |
| Revaluation reserve                                | 24   | 211              | 70         |
| Retained earnings                                  | 24   | 182,510          | 142,230    |
| Result for the period                              | 24   | 72,940           | 65,802     |
|  |      | <b>295,513</b>   | 248,004    |
| MINORITY INTEREST                                  |      | <b>23,701</b>    | 19,709     |
| <b>SHAREHOLDER'S EQUITY, TOTAL</b>                 |      | <b>319,214</b>   | 267,713    |
| NON-CURRENT LIABILITIES                            |      |                  |            |
| Loans <sup>(i)</sup>                               | 27   | 139,454          | 91,155     |
| Deferred tax liability                             | 20   | 12 918           | 14,621     |
| Pension liabilities                                | 25   | 640              | 1,140      |
| Provisions   | 26   | 1,748            | 1,715      |
| Other non-current liabilities                      | 28   | 1,856            | 1,678      |
|  |      | <b>156,614</b>   | 110,309    |
| CURRENT LIABILITIES                                |      |                  |            |
| Loans <sup>(i)</sup>                               | 27   | 217,552          | 252,452    |
| Provisions   | 26   | 6,404            | 5,655      |
| Accounts payable and other liabilities             | 28   | 369,211          | 303,036    |
|  |      | <b>593,167</b>   | 561,143    |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b> |      | <b>1,068,996</b> | 939,165    |

<sup>(i)</sup> Liability is included in interest-bearing net liabilities.

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## Consolidated cash flow statement (IFRS)

| EUR 1,000  | Note | 1.1.2007–<br>31.12.2007 | 1.1.2006–<br>31.12.2006 |
|--|------|-------------------------|-------------------------|
| Cash flow from business operations                                 |      |                         |                         |
| Result before extraordinary items                                  |      | <b>111,160</b>          | 94,237                  |
| Adjustments  | 31   |                         |                         |
| Depreciation   |      | <b>34,208</b>           | 34,958                  |
| Share of the result of affiliated undertakings                     |      | <b>-897</b>             | -1,126                  |
| Other unpaid income and expenses                                   |      | <b>936</b>              | 2,001                   |
| Financial income and expense                                       |      | <b>16,028</b>           | 14,948                  |
| Other adjustments  |      | <b>-8,397</b>           | -11,751                 |
| Cash flow before change in working capital                         |      | <b>153,038</b>          | 133,267                 |
| Change in working capital  |      |                         |                         |
| Increase (-) in current interest-free business receivables         |      | <b>-45,897</b>          | -79,629                 |
| Increase (-) in inventories  |      | <b>-39,909</b>          | -58,506                 |
| Increase (+) in current interest-free liabilities                  |      | <b>52,924</b>           | 28,796                  |
| Cash flow from operations before financial items and taxes         |      | <b>120,157</b>          | 23,928                  |
| Interest and other financial expenses paid                         |      | <b>-22,095</b>          | -15,148                 |
| Dividends received   |      | <b>130</b>              | 181                     |
| Interest and other financial income received                       |      | <b>4,025</b>            | 3,104                   |
| Direct taxes paid  |      | <b>-22,647</b>          | -19,233                 |
| <b>CASH FLOW FROM BUSINESS OPERATIONS</b>                          |      | <b>79,569</b>           | -7,168                  |
| Cash flow from investments   |      |                         |                         |
| Investments in tangible and intangible assets                      |      | <b>-37,840</b>          | -31,468                 |
| Proceeds from the sale of tangible and intangible assets           |      | <b>11,573</b>           | 14,458                  |
| Investments in other assets  |      | <b>-349</b>             | -607                    |
| Proceeds from the sale of other investments                        |      | <b>3,219</b>            | 3,718                   |
| Purchases of subsidiary shares less cash funds at time of purchase | 3    | <b>-15,648</b>          | -6,528                  |
| Sales of subsidiary shares less cash funds at time of sale         | 3    | <b>9,549</b>            | 6,245                   |
| Purchases of shares in affiliated undertakings                     |      |                         | -260                    |
| Sales of shares in affiliated undertakings                         |      |                         | 22                      |
| <b>CASH FLOW FROM INVESTMENTS</b>                                  |      | <b>-29,496</b>          | -14,420                 |
| Cash flow from financing   |      |                         |                         |
| Increase (-) in non-current receivables                            |      | <b>-1,408</b>           | -1,415                  |
| Drawings of short-term loans                                       |      | <b>225,494</b>          | 266,319                 |
| Repayments of short-term loans                                     |      | <b>-275,758</b>         | -175,678                |
| Drawings of long-term loans  |      | <b>103,794</b>          | 7,324                   |
| Repayments of long-term loans                                      |      | <b>-39,621</b>          | -24,456                 |
| Repayments of finance leasing debts                                |      | <b>-17,095</b>          | -13,243                 |
| Dividends paid and other profit distribution                       |      | <b>-27,408</b>          | -18,454                 |
| <b>CASH FLOW FROM FINANCING</b>                                    |      | <b>-32,002</b>          | 40,397                  |
| <b>INCREASE (+) IN CASH FUNDS</b>                                  |      | <b>18,071</b>           | 18,810                  |
| Cash funds at beginning of accounting period                       | 23   | <b>60,639</b>           | 42,419                  |
| Translation difference of cash funds                               |      | <b>-176</b>             | -589                    |
| <b>CASH FUNDS AT END OF ACCOUNTING PERIOD</b>                      |      | <b>78,534</b>           | 60,639                  |

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## Consolidated statement of changes in shareholders' equity (IFRS)

| EUR 1,000                                       | Note | Share capital | Share premium account | Translation difference | Revaluation reserve | Retained earnings | Parent company shareholders' equity | Minority interest | Shareholders' equity, total |
|---|------|---------------|-----------------------|------------------------|---------------------|-------------------|-------------------------------------|-------------------|-----------------------------|
| Shareholders' equity 1.1.2006                   |      | 34,043        | 5,750                 | 369                    | 1,476               | 159,242           | 200,880                             | 14,579            | 215,459                     |
| Translation difference                          | 24   |               |                       | -538                   |                     |                   | -538                                |                   | -538                        |
| Hedging a net investment in a foreign operation | 30   |               |                       | 277                    |                     |                   | 277                                 |                   | 277                         |
| Change in fair value                            | 19   |               |                       |                        | 70                  |                   | 70                                  |                   | 70                          |
| Effect of sold shares                           | 19   |               |                       |                        | -1 476              |                   | -1,476                              |                   | -1,476                      |
| Reversal of dividend liability                  | 24   |               |                       |                        |                     | 9                 | 9                                   |                   | 9                           |
| Dividends paid                                  | 24   |               |                       |                        |                     | -17,021           | -17,021                             | -1,433            | -18,454                     |
| Result for the period                           |      |               |                       |                        |                     | 65,802            | 65,802                              | 7,132             | 72,934                      |
| Change in minority interest                     |      |               |                       |                        |                     |                   |                                     | -569              | -569                        |
| Equity 31.12.2006                               |      | 34,043        | 5,750                 | 109                    | 70                  | 208,032           | 248,004                             | 19,709            | 267,713                     |
| Shareholders' equity 1.1.2007                   |      | 34,043        | 5,750                 | 109                    | 70                  | 208,032           | 248,004                             | 19,709            | 267,713                     |
| Translation difference                          | 24   |               |                       | 361                    |                     |                   | 361                                 |                   | 361                         |
| Hedging a net investment in a foreign operation | 30   |               |                       | -411                   |                     |                   | -411                                |                   | -411                        |
| Cash flow hedges                                | 30   |               |                       |                        | 207                 |                   | 207                                 |                   | 207                         |
| Change in fair value                            | 19   |               |                       |                        | 5                   |                   | 5                                   |                   | 5                           |
| Effect of sold shares                           | 19   |               |                       |                        | -70                 |                   | -70                                 |                   | -70                         |
| Reversal of dividend liability                  | 24   |               |                       |                        |                     | 9                 | 9                                   |                   | 9                           |
| Dividends paid                                  | 24   |               |                       |                        |                     | -25,532           | -25,532                             | -1,876            | -27,408                     |
| Result for the period                           |      |               |                       |                        |                     | 72,940            | 72,940                              | 7,617             | 80,557                      |
| Change in minority interest                     |      |               |                       |                        |                     |                   |                                     | -1,749            | -1,749                      |
| Equity 31.12.2007                               |      | 34,043        | 5,750                 | 59                     | 211                 | 255,449           | 295,513                             | 23,701            | 319,214                     |

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](http://www.lemminkainen.com)



## Parent company income statement (FAS)

| EUR 1,000  | Note | 1.1.2007-<br>31.12.2007 | 1.1.2006-<br>31.12.2006 |
|--|------|-------------------------|-------------------------|
| NET SALES  | 1.1  | <b>303,684</b>          | 270,157                 |
| Increase (+) or decrease (-) in stocks<br>of finished goods and work in progress |      | <b>1,676</b>            | 4,552                   |
| Other operating income   | 1.2  | <b>5,420</b>            | 10,832                  |
| Materials and services   | 1.3  | <b>158,401</b>          | 139,106                 |
| Personnel expenses   | 1.4  | <b>71,006</b>           | 61,871                  |
| Depreciation   | 1.5  | <b>8,145</b>            | 7,908                   |
| Other operating expenses   |      | <b>84,544</b>           | 60,960                  |
| OPERATING PROFIT/LOSS  |      | <b>-11,317</b>          | 15,696                  |
| Financial income and expenses  | 1.6  | <b>-8,082</b>           | -4,568                  |
| PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS   |      | <b>-19,398</b>          | 11,128                  |
| Extraordinary items  | 1.7  | <b>7,200</b>            |                         |
| RESULT BEFORE APPROPRIATIONS<br>AND TAXES  |      | <b>-12,198</b>          | 11,128                  |
| Appropriations   | 1.8  | <b>1,649</b>            | 377                     |
| Direct taxes   | 1.9  | <b>-3,125</b>           | -1,905                  |
| RESULT FOR THE ACCOUNTING PERIOD   |      | <b>-13,675</b>          | 9,601                   |

The notes may be examined on the company's website at [www.lemminkainen.com](http://www.lemminkainen.com)

## Parent company balance sheet (FAS)

| EUR 1,000                           | Note  | 31.12.2007     | 31.12.2006 |
|-------------------------------------|-------|----------------|------------|
| <b>ASSETS</b>                       |       |                |            |
| NON-CURRENT ASSETS                  | 2.1   |                |            |
| Intangible assets                   | 2.1.1 | 1,004          | 789        |
| Tangible assets                     | 2.1.2 | 56,033         | 54,033     |
| Holdings in group undertakings      | 2.1.3 | 176,081        | 180,024    |
| Holdings in affiliated undertakings | 2.1.3 | 293            | 293        |
| Other investments                   | 2.1.3 | 1,841          | 4,677      |
|                                     |       | <b>235,253</b> | 239,817    |
| CURRENT ASSETS                      | 2.2   |                |            |
| Inventories                         | 2.2.1 | 32,598         | 28,933     |
| Deferred tax assets                 | 2.2.2 | 46             |            |
| Non-current receivables             | 2.2.2 | 3,739          | 1,889      |
| Current receivables                 | 2.2.3 | 98,980         | 87,943     |
| Investments                         | 2.2.4 | 5,700          | 8,338      |
| Cash in hand and at banks           |       | 5,322          | 4,246      |
|                                     |       | <b>146,385</b> | 131,349    |
|                                     |       | <b>381,638</b> | 371,166    |
| <b>LIABILITIES</b>                  |       |                |            |
| SHAREHOLDERS' EQUITY                | 2.3   |                |            |
| Share capital                       |       | 34,043         | 34,043     |
| Share premium account               |       | 5,675          | 5,675      |
| Retained earnings                   |       | 45,053         | 61,359     |
| Result for the accounting period    |       | -13,675        | 9,601      |
|                                     |       | <b>71,095</b>  | 110,676    |
| APPROPRIATIONS                      | 2.4   | 3,857          | 5,506      |
| LIABILITIES                         | 2.5   |                |            |
| Deferred tax liability              | 2.5.1 | 1,453          | 1,588      |
| Non-current liabilities             | 2.5.2 | 70,755         | 14,004     |
| Current liabilities                 | 2.5.3 | 234,477        | 239,391    |
|                                     |       | <b>306,685</b> | 254,983    |
|                                     |       | <b>381,638</b> | 371,166    |

The notes may be examined on the company's website at [www.lemminkainen.com](http://www.lemminkainen.com)

## Parent company cash flow statement (FAS)

| EUR 1,000  | 1.1.2007-<br>31.12.2007 | 1.1.2006-<br>31.12.2006 |
|--|-------------------------|-------------------------|
| Cash flow from business operations                                     |                         |                         |
| Result before extraordinary items                                      | <b>-19,398</b>          | 11,128                  |
| Adjustments  |                         |                         |
| Depreciation according to plan   | <b>8,145</b>            | 7,908                   |
| Financial income and expenses  | <b>8,082</b>            | 4,568                   |
| Other adjustments  | <b>1,084</b>            | -9,732                  |
| Cash flow before change in working capital                             | <b>-2,088</b>           | 13,872                  |
| Change in working capital  |                         |                         |
| Increase (-)/decrease(+) in current interest-free business receivables | <b>5,955</b>            | -4,626                  |
| Increase (-)/decrease(+) in inventories                                | <b>-3,647</b>           | -5,506                  |
| Increase (+)/decrease(-) in current interest-free liabilities          | <b>11,899</b>           | -5,193                  |
| Cash flow from operations before financial items and taxes             | <b>12,120</b>           | -1,453                  |
| Interest and other financial expenses paid                             | <b>-13,918</b>          | -8,682                  |
| Dividends received   | <b>401</b>              | 630                     |
| Interest and other financial income received                           | <b>6,012</b>            | 4,048                   |
| Direct taxes paid  | <b>-889</b>             | -2,219                  |
| <b>CASH FLOW FROM BUSINESS OPERATIONS</b>                              | <b>3,725</b>            | -7,675                  |
| Cash flow from investments   |                         |                         |
| Investments in tangible and intangible assets                          | <b>-10,224</b>          | -11,499                 |
| Proceeds from the sale of tangible and intangible assets               | <b>3,963</b>            | 3,515                   |
| Investments in other assets  | <b>-3</b>               | -541                    |
| Proceeds from the sale of other investments                            | <b>2,029</b>            | 4,508                   |
| Purchases of subsidiary shares   | <b>-1,194</b>           | -380                    |
| Sales of subsidiary shares   | <b>2,549</b>            | 5,765                   |
| <b>CASH FLOW FROM INVESTMENTS</b>                                      | <b>-2,880</b>           | 1,367                   |
| Cash flow from financing   |                         |                         |
| Increase (-)/decrease(+) in non-current receivables                    | <b>-1,850</b>           | -1,215                  |
| Change in group receivables/liabilities                                | <b>14,351</b>           | -54,322                 |
| Drawings of short-term loans   | <b>101,500</b>          | 251,500                 |
| Repayments of short-term loans   | <b>-163,086</b>         | -162,100                |
| Drawings of long-term loans  | <b>80,000</b>           |                         |
| Repayments of long-term loans  | <b>-7,793</b>           | -6,599                  |
| Dividends paid   | <b>-25,532</b>          | -17,021                 |
| <b>CASH FLOW FROM FINANCING</b>  | <b>-2,410</b>           | 10,243                  |
| <b>INCREASE (+)/DECREASE (-) IN CASH FUNDS</b>                         | <b>-1,565</b>           | 3,935                   |
| Cash funds at beginning of accounting period                           | <b>12,584</b>           | 8,649                   |
| Corporate restructuring  | <b>2</b>                |                         |
| <b>CASH FUNDS AT END OF ACCOUNTING PERIOD</b>                          | <b>11,022</b>           | 12,584                  |

The notes may be examined on the company's website at [www.lemminkainen.com](http://www.lemminkainen.com)

## **Accounting principles and notes to the financial statements**

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](http://www.lemminkainen.com)

## Economic trends and financial indicators

| EUR, million                                   | IFRS<br>2007   | IFRS<br>2006 | IFRS<br>2005 | IFRS<br>2004 | FAS<br>2004 | FAS<br>2003 |
|--|----------------|--------------|--------------|--------------|-------------|-------------|
| Net sales                                      | <b>2,174.1</b> | 1,795.9      | 1,601.7      | 1,431.3      | 1,533.5     | 1,359.0     |
| Exports and operations abroad                  | <b>581.6</b>   | 530.3        | 499.6        | 358.6        | 358.6       | 289.3       |
| % net sales                                    | <b>26.8</b>    | 29.5         | 31.2         | 25.1         | 23.4        | 21.3        |
| Operating profit                               | <b>126.3</b>   | 108.1        | 72.5         | 63.9         | 58.6        | 48.8        |
| % net sales                                    | <b>5.8</b>     | 6.0          | 4.5          | 4.5          | 3.8         | 3.6         |
| Result before extraordinary items              | <b>111.2</b>   | 94.2         | 65.9         | 55.1         | 49.5        | 41.5        |
| % net sales                                    | <b>5.1</b>     | 5.2          | 4.1          | 3.8          | 3.2         | 3.1         |
| Result before taxes                            | <b>111.2</b>   | 94.2         | 65.9         | 55.1         | 49.5        | 41.8        |
| % net sales                                    | <b>5.1</b>     | 5.2          | 4.1          | 3.8          | 3.2         | 3.1         |
| Result for the accounting period <sup>1)</sup> | <b>72.9</b>    | 65.8         | 43.7         | 37.4         | 32.1        | 22.4        |
| % net sales                                    | <b>3.4</b>     | 3.7          | 2.7          | 2.6          | 2.1         | 1.7         |
| Non-current assets <sup>2)</sup>               | <b>272.1</b>   | 255.9        | 245.9        | 246.1        | 235.9       | 242.0       |
| Inventories                                    | <b>330.9</b>   | 281.9        | 223.7        | 212.9        | 198.9       | 179.4       |
| Financial assets                               | <b>465.9</b>   | 401.4        | 305.8        | 259.1        | 308.5       | 252.7       |
| Shareholders' equity                           | <b>295.5</b>   | 248.0        | 200.9        | 165.8        | 165.6       | 176.2       |
| Minority interests                             | <b>23.7</b>    | 19.7         | 14.6         | 15.2         | 15.5        | 17.0        |
| Interest-bearing liabilities                   | <b>357.0</b>   | 343.6        | 264.0        | 279.5        | 222.2       | 224.1       |
| Interest-free liabilities                      | <b>392.8</b>   | 327.8        | 295.9        | 257.6        | 340.0       | 256.9       |
| Balance sheet total                            | <b>1,069.0</b> | 939.2        | 775.4        | 718.1        | 743.3       | 674.1       |
| Return on equity, %                            | <b>27.5</b>    | 30.2         | 24.5         | 21.9         | 18.9        | 12.7        |
| Return on investment, %                        | <b>20.7</b>    | 20.6         | 16.5         | 14.8         | 14.8        | 13.3        |
| Equity ratio, %                                | <b>32.7</b>    | 31.2         | 31.0         | 27.5         | 30.3        | 34.0        |
| Gearing, %                                     | <b>87.2</b>    | 105.7        | 102.9        | 132.4        | 100.7       | 93.0        |
| Interest-bearing net liabilities               | <b>278.5</b>   | 283.0        | 221.6        | 239.6        | 182.3       | 179.6       |
| Gross investments                              | <b>61.4</b>    | 48.7         | 37.4         | 40.8         | 40.8        | 37.2        |
| % net sales                                    | <b>2.8</b>     | 2.7          | 2.3          | 2.9          | 2.7         | 2.7         |
| Order book 31.12.                              | <b>1,414.1</b> | 1,326.7      | 1,011.3      | 783.4        | 783.4       | 593.0       |
| Number of employees                            | <b>9,201</b>   | 8,418        | 7,912        | 7,479        | 7,479       | 7,167       |

<sup>1)</sup> Result attributable to the parent company's shareholders.

<sup>2)</sup> Non-current assets in FAS financial statements include only fixed assets and investments.

### FORMULAE FOR CALCULATION OF FINANCIAL INDICATORS

#### RETURN ON INVESTMENTS, %

Profit before extraordinary items + interest expenses and other financial expenses x 100

Balance sheet total - interest-free liabilities  
(average for accounting period)

#### RETURN ON EQUITY, %

Profit before extraordinary items - income taxes x 100  
Shareholders' equity, total (average for accounting period)

#### EQUITY RATIO, %

Shareholders' equity total x 100  
Balance sheet total - advances received

#### GEARING, %

Interest-bearing liabilities - funds x 100  
Shareholders' equity, total

#### INTEREST-BEARING NET DEBT

Interest-bearing liabilities - funds

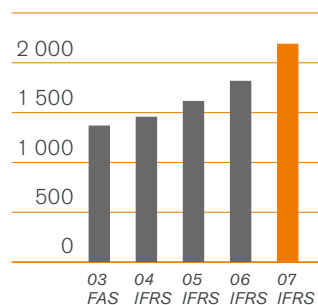
#### EMPLOYEES

Sum of monthly employee totals  
Number of months in accounting period

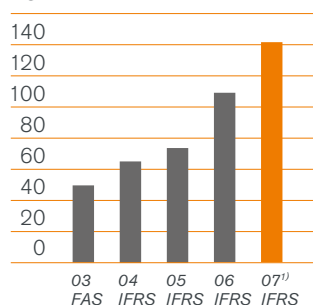


## Economic trends and financial indicators

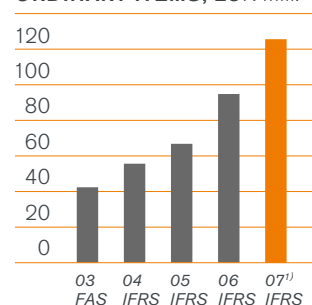
**NET SALES**  
EUR mill.



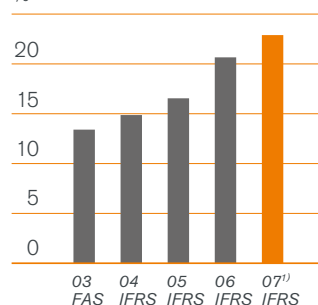
**OPERATING PROFIT**  
EUR mill.



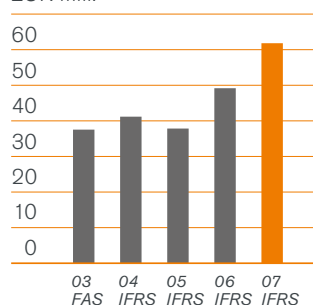
**PROFIT BEFORE EXTRA-ORDINARY ITEMS, EUR mill.**



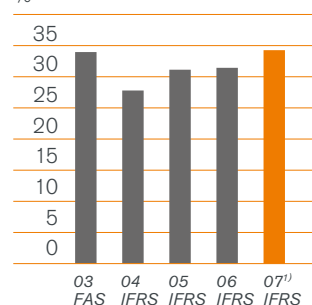
**RETURN ON INVESTMENT**  
%



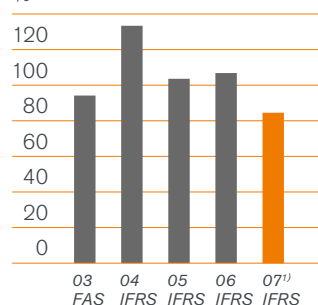
**GROSS INVESTMENTS**  
EUR mill.



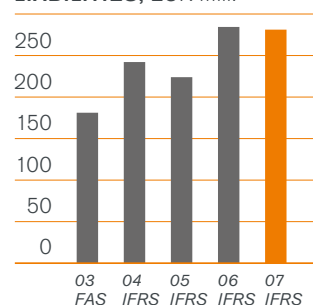
**EQUITY RATIO**  
%



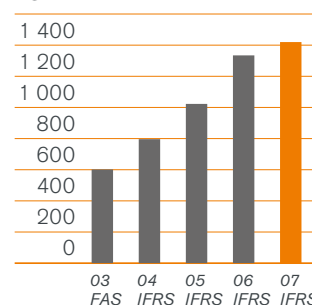
**GEARING**  
%



**INTEREST-BEARING NET LIABILITIES, EUR mill.**



**ORDER BOOK**  
EUR mill.



<sup>1)</sup> Excluding the non-recurring EUR 14 million infringement fine imposed by the Market Court.

## Share-issue-adjusted financial indicators

| EUR                             | IFRS<br>2007              | IFRS<br>2006 | IFRS<br>2005 | IFRS<br>2004 | FAS<br>2004 | FAS<br>2003 |
|---------------------------------|---------------------------|--------------|--------------|--------------|-------------|-------------|
| Earning per share (EPS)         | <b>4.29</b>               | 3.87         | 2.57         | 2.20         | 1.89        | 1.30        |
| Equity per share                | <b>17.36</b>              | 14.57        | 11.80        | 9.74         | 9.73        | 10.35       |
| Dividend per share              | <b>1.80</b> <sup>1)</sup> | 1.50         | 1.00         | 0.60         | 0.60        | 2.50        |
| Dividend to earnings ratio, %   | <b>42.0</b>               | 38.8         | 38.9         | 27.3         | 31.8        | 92.2        |
| Effective dividend yield, %     | <b>5.7</b>                | 4.2          | 3.3          | 3.8          | 3.8         | 14.7        |
| Price/earnings ratio (P/E)      | <b>7.4</b>                | 9.3          | 11.9         | 7.2          | 8.3         | 13.1        |
| Share price                     |                           |              |              |              |             |             |
| mean                            | <b>44.88</b>              | 34.00        | 21.74        | 15.98        | 15.98       | 17.39       |
| lowest                          | <b>31.03</b>              | 28.38        | 15.75        | 13.00        | 13.00       | 13.40       |
| highest                         | <b>55.61</b>              | 39.34        | 30.61        | 19.55        | 19.55       | 20.90       |
| at end of accounting period     | <b>31.50</b>              | 36.10        | 30.50        | 15.74        | 15.74       | 17.00       |
| Market capitalisation, mill.    | <b>536.2</b>              | 614.5        | 519.1        | 267.9        | 267.9       | 289.4       |
| Shares traded, 1 000            | <b>5,204</b>              | 4,114        | 4,610        | 5,005        | 5,005       | 2,193       |
| % of total                      | <b>30.6</b>               | 24.2         | 27.1         | 29.4         | 29.4        | 12.9        |
| Issue-adjusted number of shares |                           |              |              |              |             |             |
| average for the period, 1 000   | <b>17,021</b>             | 17,021       | 17,021       | 17,021       | 17,021      | 17,021      |
| at end of period, 1 000         | <b>17,021</b>             | 17,021       | 17,021       | 17,021       | 17,021      | 17,021      |

<sup>1)</sup> Board of Directors' proposal to the AGM

### FORMULAE FOR CALCULATION OF FINANCIAL INDICATORS

#### EARNINGS PER SHARE

Profit before extraordinary items -income taxes  
-minority interests  
Share-issue-adjusted average number of shares

#### EFFECTIVE DIVIDEND YIELD, %

Dividend per share x 100  
Share-issue-adjusted number of shares at the end of period

#### SHAREHOLDERS' EQUITY PER SHARE

Equity belonging to shareholders of the parent company  
Share-issue-adjusted number of shares  
at the end of period

#### P/E RATIO

Share-issue-adjusted number of shares at the end of period  
Earnings per share

#### DIVIDEND PER SHARE

Dividend for the accounting period  
Share-issue-adjusted number of shares  
at the end of period

#### MEAN SHARE PRICE (share-issued-adjusted)

Trading value of total share turnover  
Share-issue-adjusted traded during the period

#### DIVIDEND TO EARNINGS RATIO, %

Dividend for the accounting period x 100  
Profit before extraordinary items – income taxes  
– minority interest

#### MARKET CAPITALISATION

Number of shares x final share quotation

## Board of Directors' proposal for appropriation of retained earnings

The distributable shareholders' equity shown on the consolidated balance sheet at 31 December 2007, amounts to EUR 238,399,846.06. The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, at 31 December 2007, amounts to EUR 31,378,058.07, consisting of EUR 45,052,647.82 in retained earnings from previous years and EUR 13,674,589.75 in losses for the accounting period. The Board of Directors will propose to the Annual General Meeting that the Company pay a dividend of EUR 1.80 per share for the 2007 accounting period, i.e. a total of EUR 30,638,250.00, after which retained earnings would stand at EUR 739,808.07.

Helsinki, 13 February 2008

Heikki Pentti    Teppo Taberman    Berndt Brunow    Sakari Tamminen    Kristina Pentti    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. – 31.12.2007. 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, 4 March 2008

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Jan Holmberg  
Authorised Public Accountant

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# Lemminkäinen Group websites

## Lemminkäinen Group

[www.lemminkainen.com](http://www.lemminkainen.com)

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Rakennus-Otava Oy  
Savocon Oy  
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Byggnads Ab Forsström Rakennus Oy  
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Oka Oy  
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ICM International Construction Management Rt.  
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[www.palmberg.com](http://www.palmberg.com)  
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Suonenjoen Betonituote Oy  
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