



LEMMINKÄINEN

Building the Future



2008

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

The shareholders of Lemminkäinen Corporation are summoned to attend the Company's Annual General Meeting at 3.00 p.m. on Tuesday, 17 March 2009 at the Palace Hotel, 10th floor, Eteläranta 10, 00130 Helsinki, Finland. The reception of registered shareholders and the distribution of voting slips will commence at 2.00 p.m.

The right to attend the Annual General Meeting is restricted to those shareholders who, as of 7 March 2009, are recorded in the Company's register of shareholders kept by Euroclear Finland Oy. Named shareholders are automatically recorded in the Company's register of shareholders. A holder of nominee-registered shares who wishes to attend the Annual General Meeting and exercise his or her voting right at the Meeting must be entered into the Company's register of shareholders on the record date of the AGM, i.e. 7 March 2009.

Registration

Shareholders wishing to attend the AGM must register not later than 4.00 p.m. on Thursday, 12 March 2009 by either

- telephone +358 2071 53378, Pirjo Favorin
- fax +358 9 148 2129
- mail to Lemminkäinen Corporation, Pirjo Favorin, P.O. Box 23, FI-00241 Helsinki, or
- e-mail to pirjo.favorin@lemminkainen.fi

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

The summons to attend the AGM can be viewed in full on the Company's website at www.lemminkainen.com

Payment of dividend

The Board of Directors of Lemminkäinen Corporation will propose to the Annual General Meeting that a dividend of EUR 0.90 share (2007: 1.80), i.e. a total of EUR 15,319,125.00, be paid for the 2008 accounting period. The dividend record date is 20 March 2009 and the payment date 27 March 2009.

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



LEMMINKÄINEN IN BRIEF

Lemminkäinen is an almost 100-year-old Finnish construction group. In addition to Finland, our main market area encompasses the entire Baltic Rim region. Our special construction expertise has attracted clients from around the world. We operate in all segments of the construction sector. Our key business sectors are building construction, infrastructure construction, technical building services and building products.

Business development

Key figures	2008	2007	change, %
Net sales, EUR mill. of which operations abroad, EUR million	2,481.8 676.7	2,174.1 581.6	14.2 16.4
Operating profit, EUR million	123.2	127.2	-3.1
Result for accounting period, EUR million	63.5	80.6	-21.2
Operating margin, %	5.0	5.8	
Return on investment, %	17.7	20.7	
Return on equity, %	19.2	27.5	
Equity ratio, %	26.2	32.7	
Earnings per share, EUR	3.28	4.29	-23.5
Dividend per share, EUR	0.90¹⁾	1.80	-50.0
Gross investments, EUR million	60.2	61.4	-2.0
Order book, EUR million	1,064.5	1,414.1	-24.7
Average number of employees	9,776	9,201	6.2

¹⁾ Board of Directors' proposal to the AGM

Building construction

Lemminkäinen is Finland's most experienced building construction company and one of the largest. Lemminkäinen Talo Oy's operations include residential construction, commercial and office construction, industrial and logistics construction, and sports and recreational construction. Lemminkäinen Talo operates through local subsidiaries in Finland, Russia, Estonia, Hungary, Poland, Sweden and India. As a specialist in project construction, the company has experience on all the continents of the world.

Net sales 1,205.7 EUR million

49%

share of Group net sales

Infrastructure construction

Lemminkäinen is one of the biggest infrastructure construction companies in Finland and the Baltic Rim region. Lemminkäinen Infra Oy's 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. Lemminkäinen Infra's subsidiaries operate in Finland, Norway, Denmark, Sweden, Estonia, Latvia, Lithuania and Russia.

Net sales 902.8 EUR million

36%

share of Group net sales

Technical building services

Tekmanni Oy is Finland's second biggest technical building services company in terms of revenue generation. The company's business areas are technical building services, technical facilities services and industrial services. The company provides installation and contracting services as well as servicing and maintenance. Tekmanni's industrial services unit delivers installation projects and maintenance services to industrial customers in Finland and other Nordic countries. With a nationwide network of 36 service locations, Tekmanni is always close to its customers.

Net sales 269.5 EUR million

11%

share of Group net sales

Building products

Lemminkäinen Building Products is a pioneer in building materials production and special contracting. It sells roofing, waterproofing, concrete and natural stone products, urban environment and sports construction products, and also offers a comprehensive range of related contracting services. Its three subsidiaries, Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy and Omni-Sica Oy, are all significant actors in their own business areas. Production is based at eight locations. The main market area is Finland, but international business is growing steadily. Roofing materials and pre-cast concrete elements are exported all over the world.

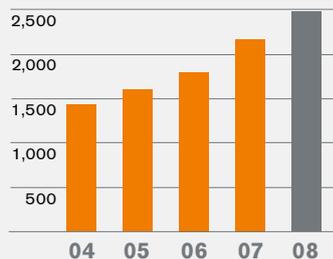
Net sales 156.0 EUR million

6%

share of Group net sales

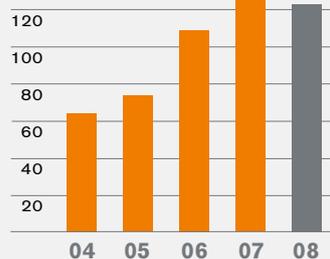
Net sales

EUR million



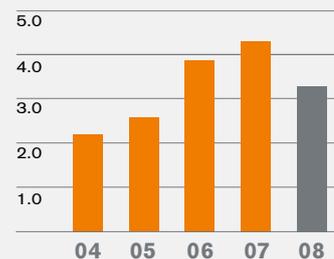
Operating profit

EUR million



Earnings per share

EUR



+14%

Consolidated net sales growth

Lemminkäinen's main market area is the Baltic Rim region, where the Group has established local subsidiaries. In specialised areas of construction Lemminkäinen serves clients all over the world. Lemminkäinen Group's net sales in 2008 were EUR 2.5 billion, of which international operations accounted for over a quarter. The Group employs approximately 9,800 people, of whom about a quarter work abroad.

The share of the Group's parent company, Lemminkäinen Corporation, is quoted on NASDAQ OMX Helsinki Ltd.

Business breakdown

	Building construction ¹⁾	Infrastructure construction ¹⁾	Technical building services	Building products
2008 (2007)				
Net sales, EUR million	1,205.7 (1,042.9)	902.8 (820.3)	269.5 (230.2)	156.0 (133.8)
Share of Group net sales, %	48.6 (48.0)	36.4 (37.7)	10.9 (10.6)	6.3 (6.2)
International operations, EUR million	243.9 (196.1)	420.0 (366.7)	7.7 (9.7)	9.0 (10.7)
Share of business sector net sales, %	20.2 (18.8)	46.5 (44.7)	2.9 (4.2)	5.8 (8.0)
Operating profit, EUR million	71.8 (71.7)	30.7 (39.3)	17.0 (11.9)	10.5 (11.1)
Order book, EUR million	576.3 (938.0)	365.4 (326.5)	97.7 (111.9)	25.2 (37.7)
Personnel (average)	3,159 (3,055)	3,658 (3,365)	2,013 (1,918)	839 (749)
of which abroad	726 (672)	2,090 (1,841)	20 (52)	

¹⁾ 2007 figures are pro forma

KEY EVENTS IN 2008

NEW GROUP STRUCTURE

▶ Lemminkäinen Group was reorganised into four business sectors instead of the previous five with effect from 1 January 2008. The Group's business sectors are building construction, infrastructure construction, technical building services and building products.

CHANGES IN CORPORATE GOVERNANCE

▶ At the Annual General Meeting of Lemminkäinen Corporation held on 14 March 2008, Messrs. Berndt Brunow, Heikki Pentti, Teppo Taberman, Sakari Tamminen and Ms. Kristina Pentti-von Walzel were re-elected to serve as members of the Board of Directors. Mr. Juhani Mäkinen, Counsellor of Law, attorney, was elected to serve as a Board member.

▶ The long-serving Chairman of the Board of Lemminkäinen Corporation and the Company's biggest shareholder, Heikki Pentti, passed away on 19 April 2008. Berndt Brunow was elected to succeed Heikki Pentti as Chairman and Juhani Mäkinen was elected Vice Chairman.

▶ In November, the Board of Directors appointed Timo Kohtamäki, Lic.Tech. to serve as the Managing Director of Lemminkäinen Corporation with effect from 1 January 2009. Juhani Sormaala, M.Sc.(Eng.), M.Sc.(Econ.), retired after having served as Lemminkäinen's Managing Director since 1994.



PRIZES FOR CONSTRUCTION

▶ In November, Tampereen Westend, a residential property built by Rakennustoimisto Palmberg Oy in downtown Tampere, was the recipient of the City of Tampere's Good Construction Prize 2008.

▶ In December, Maritime Centre Vellamo, which was built by Lemcon Ltd., won the Finnish Constructional Steelwork Association's prize for the best steel structure of 2008.



MOST SIGNIFICANT NEW ORDERS

- ▶ In the spring, Lemminkäinen made an agreement with Nokian Tyres Plc on a 29,000 m² extension to its tyre production plant in St. Petersburg and another agreement in the summer on a 21,000 m² extension to the factory warehouse. The construction works will be completed in spring 2009.
- ▶ In August, construction work began on a spa resort for the City of Sundsvall in Sweden. The construction works are worth approx. EUR 19 million and will be completed in spring 2010.
- ▶ In June, Lemminkäinen was awarded railway tunnel construction contracts worth EUR 43 million in Sweden. The contracts involve the construction of three track tunnels with a combined length of about 5.5 kilometres as well as their connecting rescue tunnels on a new section of the Ådalsbana line between Härnosand and Veda. The works, which are expected to take two years to complete, are a significant extension to the tunnel construction contracts valued at approx. EUR 100 million that Lemminkäinen has previously carried out on the Ådalsbana line. To date, Lemminkäinen has built 14 railway tunnels in Sweden.
- ▶ Excavation works were commenced on the underground spaces of the CityCenter and Tallberg commercial buildings that connect with the service tunnel being built in downtown Helsinki. In addition, fitting-out work began on the eastern end of the service tunnel. The combined value of the new works is approximately EUR 18 million.
- ▶ A service agreement was signed with the Estonian Road Administration whereby Lemminkäinen assumed responsibility for the summer and winter maintenance of the road network in Ida-Viru County for a period of 8 years.
- ▶ At the beginning of the year, work started on the construction of a plant for Nokia Siemens Networks Oy in Chennai, India. Lemminkäinen's earlier construction contracts in Chennai have included a logistics centre for Nokia Corporation and a production plant for Perlos Corporation.
- ▶ Lemminkäinen and the Swedish company Lapland Goldminers AB signed an agreement on mine excavations at the Pahtavaara gold mine in Sodankylä. The excavation works began in November.
- ▶ During the summer, Lemminkäinen resurfaced a 150-kilometre-section of the M18 highway between St. Petersburg and Murmansk in Russia using special Finnish road-paving equipment.

PROPERTIES WERE SOLD TO INVESTORS

- ▶ At the end of the year Lemminkäinen sold 21 properties to Finnish real estate investors for approx. EUR 200 million. The sold properties included completed and unfinished shopping centres and commercial and office buildings in different parts of Finland.



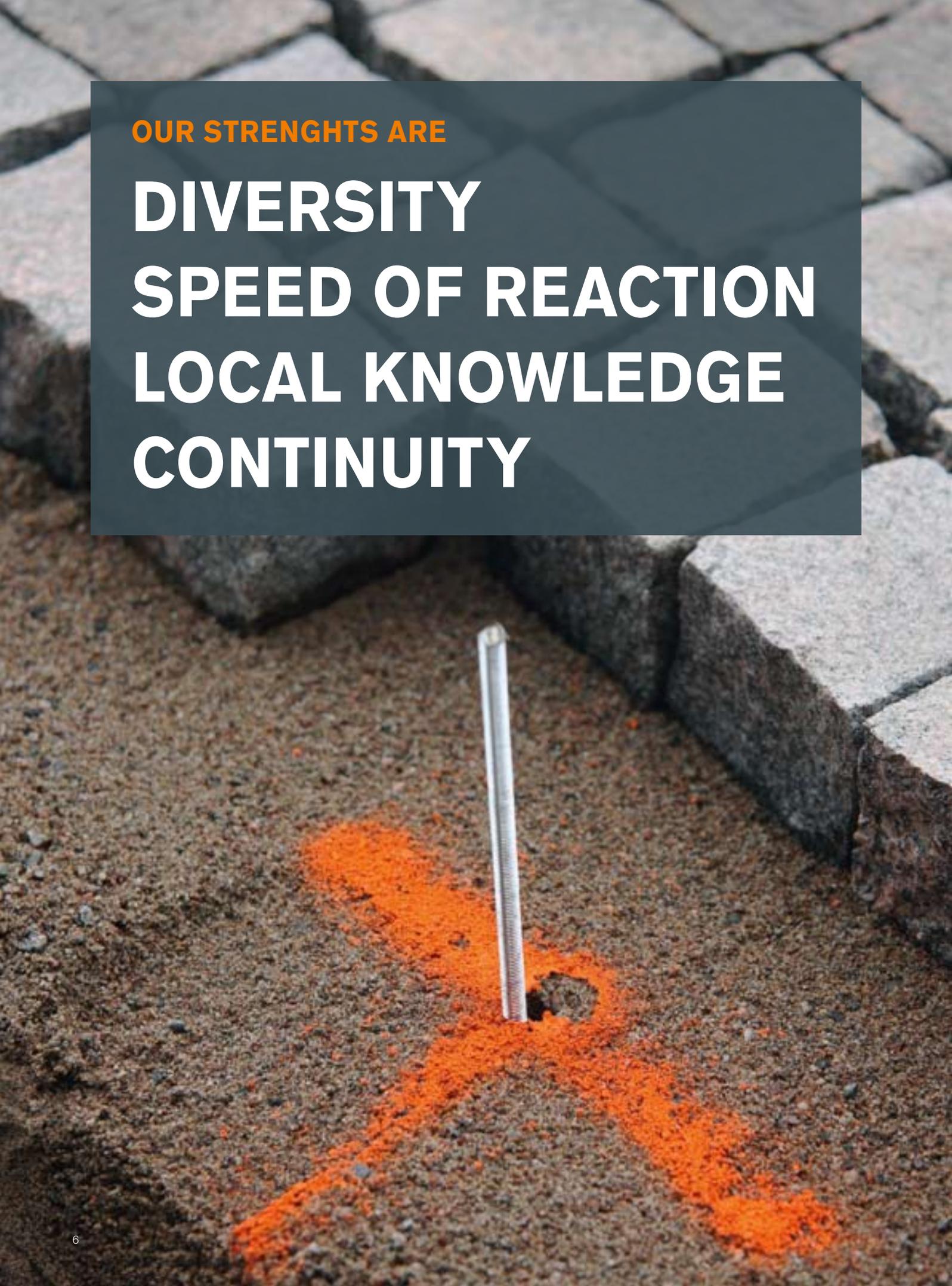
OUR STRENGTHS ARE

DIVERSITY

SPEED OF REACTION

LOCAL KNOWLEDGE

CONTINUITY



THE CORNERSTONES OF OUR 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. In specialized areas of construction Lemminkäinen serves its clients all over the world.

▶ 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. In developing its own products and services, Lemminkäinen makes a significant contribution to the development of the construction sector as a whole.

▶ 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. Lemminkäinen focuses on those markets and selected product or service segments in which the Group already commands or has the possibility to achieve a leading or significant position.

▶ 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.

▶ 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 per cent. Good solvency is equated with an equity ratio in excess of 35 per cent.

▶ CONTINUITY IS ESSENTIAL

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.

REVIEW BY THE MANAGING DIRECTOR

► **Our business sectors are well equipped to face future challenges**

Lemminkäinen continued to grow in 2008, even though the market situation deteriorated quickly and markedly in the second half of the year. Net sales grew in all of our business sectors. Operating profit remained unchanged, but profit before taxes was down on the previous year.



The downturn in the global economy and construction affected all of Lemminkäinen's business sectors both in Finland and abroad. Our profitability was weakened by factors such as the slowdown in housing sales and the weak market situation in the Baltic states. The rise in input costs was felt especially in infrastructure construction. In some business sectors, however, the profitability trend was even better than expected. The year-end order book was down by a quarter on the previous year.

As the work situation weakened in the autumn, we set about adjusting our business operations both locally and in individual business sectors. Customary adjustments stemming from the seasonal nature of some of our business sectors increase our flexibility with regard to demand fluctuations. Although our investments are now subject to special scrutiny and due diligence, the excellence of our existing equipment and expertise will ensure the continuity of our competitiveness.

VIGILANCE AND SPEED OF REACTION

It is very difficult to forecast developments over the year ahead. Vigilance and speed of reaction are now particularly important. Lemminkäinen's sensitivity to cyclical fluctuations in new construction is lessened by our diversification across four business sectors. In addition, building maintenance, servicing and refurbishment already make up over a third of our business portfolio.

However, certain basic starting points for 2009 are apparent. The volume of new construction in Finland will decline and the housing market is not expected to pick up significantly. Commercial and office construction is expected to slow down, especially towards the end of the year, as work in progress is completed. Refurbishment contracting will probably continue to grow steadily.

In the Nordic countries, government stimulus measures will boost infrastructure construction over the coming years. In Finland, large national infrastructure projects now starting up will also keep the market situation reasonable over the same period. On the other hand, the deteriorating state of local government finances will restrain municipal investment in infrastructure development. The market outlook in the Baltic states is likely to remain weak.

The less cyclically sensitive maintenance, servicing and refurbishment operations of Lemminkäinen's technical building service business sector account for over a half of its net sales.

In the building products sector, demand for pre-cast concrete staircase units and wall elements will be minimal, whereas, for

instance, the market for urban environment products will probably continue to be reasonable.

On the basis of the order book at the beginning of the year and the uncertain market outlook, we estimate that full-year net sales and the result before taxes in 2009 will fall well short of the 2008 level.

PREPARING FOR FUTURE GROWTH

The reorganisation of Lemminkäinen Group came into effect at the beginning of 2008. It has clarified our operations and increased intersectoral networking within the Group. All of our business sectors have developed good profitability during the exceptionally long period of sustained growth in both construction and the wider economy.

Our goal is to ensure that the good work done on the upswing is not wasted and that our business continues to develop even on the downswing. We have done a lot of work to promote the well-being of our personnel, improve the efficiency of production, and minimise the environmental impacts of construction. We will continue this work by developing our operations, our management and our systems so that they embody the principles of sustainable development and responsibility even more clearly than they do today.

We want to increase the interaction between the construction sector, clients and other stakeholder groups. We must strive for consistent, long-term development and open collaboration. In the present business environment this is imperative if the damage caused by the economic downturn in areas such as the future supply of skilled labour, industry training and development work is to be kept to a minimum.

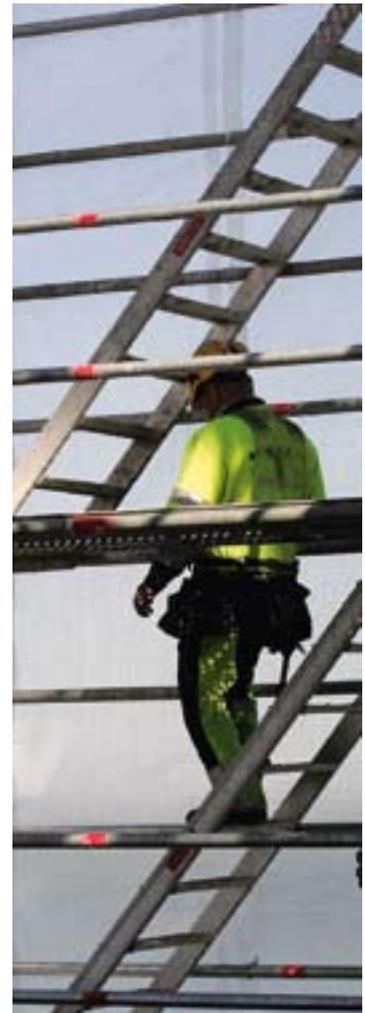
I would like to thank all of our employees for their contribution to Lemminkäinen's success in 2008. I also thank our customers and stakeholder groups for their good co-operation. I would also like to thank my predecessor, Juhani Sormaala, for his long and distinguished service as Lemminkäinen's managing director.



Timo Kohtamäki
Managing Director

YEAR OF THE DOWNTURN

- ▶ The year 2008 marked the onset of a downturn for both the global economy and the construction sector. Uncertainty grew as the year progressed. The effects of the international financial crisis started to show up in the real economy towards the end of the year, and the economy drifted towards recession.



SLOWDOWN IN NEW CONSTRUCTION

Forecasts of Finland's economic development have weakened quickly. Economic growth was less than two per cent in 2008.

The effects of the international financial crisis and recession in the EU area put an end to the long period of sustained growth of construction in Finland. There was a marked reduction in new construction in the second half of the year, but thanks to the good level of activity in the first half, the volume of new construction in Finland in 2008 as a whole was about one per cent up on the previous year.

The housing market slowed down considerably and the number of completed housing units available for sale rose. Only about 24,000 new housing starts were made in Finland in 2008, compared with 31,000 in the previous year.

Commercial, logistics and industrial construction slowed abruptly in the second half of the year. New office construction starts were well down on the previous year, although building activity during the first half was brisk, especially in the Helsinki Metropolitan Area. There were large regional differences in the development. In the second half of the year the yield requirements of real estate investors rose, and especially international investors pulled out of the market.

Brisk building construction in the first half of the year boosted demand for technical building services. Production and sales of building products declined as new construction slowed down. Year-end stocks of finished goods were higher than normal and capacity was under-utilised.

REFURBISHMENT CONTRACTING GREW

In 2008 refurbishment contracting accounted for just over 40 per cent of building construction in Finland.

The need to repair the ageing building stock, raise the standard of technical systems in buildings, and improve energy efficiency will sustain refurbishment contracting in the future. The volume of refurbishment contracting is expected to grow by about 3.5 per cent annually.

SUSTAINED DEMAND FOR INFRASTRUCTURE CONSTRUCTION

The infrastructure construction market was satisfactory in 2008, and it is expected to remain quite favourable in Finland. Demand for paving and mineral aggregate in particular remained good.

In civil engineering the market situation was somewhat weaker than in the previous year.

Investments in infrastructure construction in Finland amounted to approx. EUR 5.5 billion in 2008. Transport infrastructure investments accounted for about a half of this amount. The timing of the new major transport infrastructure projects is such that the main emphasis of investment spending will occur in 2010.

A sharp rise in input costs and especially increased asphalt production costs due to the high price of oil posed challenges for the sector.

INTERNATIONAL MARKETS

In Norway and Sweden the infrastructure construction market remained reasonably good, and demand was supported in both countries by government stimulus measures aimed at infrastructure construction.

In Sweden, rock engineering continued to be brisk. In Denmark demand for paving works weakened slightly.

In the Baltic states the construction market remained difficult. Some road construction and basic improvement projects were launched with EU funding, but the total volume of construction was down on the previous year.

In Russia, economic growth slowed down in the second half of the year as a consequence of lower oil prices and the global financial crisis. Demand for construction collapsed and housing sales declined sharply in the second half of the year.

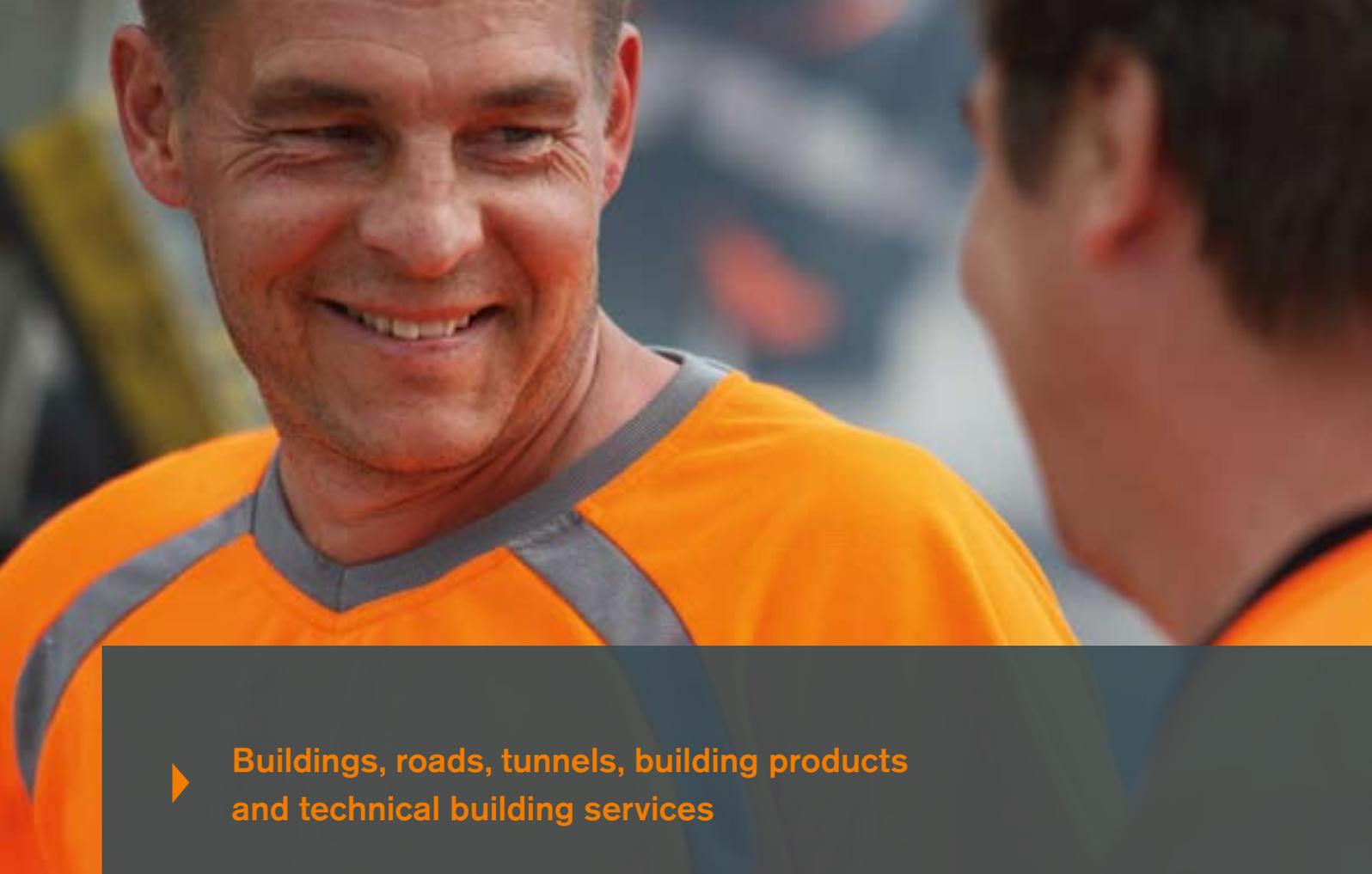
A reduction in the foreign construction investments of Finnish exporting companies was clearly evident during 2008, and this trend is expected to continue.

GOVERNMENT STIMULUS MEASURES

In January 2009 the Finnish Government decided on stimulus measures that will increase appropriations for infrastructure construction. The stimulus measures include road, bridge and other transport infrastructure projects as well as railway track maintenance.

Refurbishment contracting is also expected to pick up under the impetus of building repair assistance promised in the government's stimulus package. ■

Sources: Ministry of Finance, Bank of Finland, Ministry of Finance's Construction Sector Committee Review: Construction 2009; Confederation of Finnish Construction Industries, RT.



▶ **Buildings, roads, tunnels, building products and technical building services**

As a builder of the future, Lemminkäinen recognises and understands the needs of people, businesses and society. Construction, refurbishment, maintenance and servicing – these are some of the many ways in which Lemminkäinen’s people are building our shared environment, both in Finland and abroad.





BUILDING FOR BETTER

LIVING ▶



Completed projects

▶ Stora Enso Packaging Oy's 26,000 m² corrugated board mill in Lukhovitsy, 130 kilometres southeast of Moscow, was completed at the beginning of the year. The contract began in autumn 2006 and was worth EUR 20 million.

▶ Maritime Centre Vellamo in Kotka was completed in the summer after two years of construction work. In December the building won the Finnish Constructional Steelwork Association's prize for the best steel structure of 2008.

▶ In the summer Lemminkäinen completed 23,500 m³ of concrete works in phase I of the Talvivaara nickel mine construction project. Lemminkäinen also supplied all the ready-mix concrete, approx. 45,000 m³, required by the mine project. The total value of the year-long works was EUR 34 million.

▶ Tokmanni Oy's approx. 75,000 m² logistics centre in Mäntsälä, the biggest single logistics facility ever built in Finland, was completed in summer 2008. Construction work began in late 2006 and the contract was worth EUR 40 million.



▶ Fitting-out works on the 13.5-kilometre-long railway tunnel to Vuosaari Harbour were completed in the summer. The approx. EUR 23 million contract was started in November 2006. Lemminkäinen made a significant contribution to the earlier tunnel construction work.



▶ The excavation and reinforcement contract for the eastern part of Helsinki's downtown service tunnel was completed in the summer. The works began in summer 2006 and the contract was worth approx. EUR 23 million.

▶ In Sweden a contract for the construction of 7.5-kilometres of railway tunnel and earthworks on a section of track between Oslo and Gothenburg was completed. The Torbacken-Hede project included 5.4 kilometres of tunnel construction. The contract began in August 2005 and was worth EUR 55 million.

▶ Levin Tori, where the Sokos Hotels chain has opened its most northerly hotel, was completed at the end of the year at the ski resort of Levi in Finnish Lapland. Also constructed in Levi's new village centre were restaurants, shops, apartments and a heated 177-place parking facility. The construction works at Lapland's biggest tourist destination lasted for two years.

▶ UPM Raflatac's labelstock plant at Wrocław in Poland was completed at the end of the year. The project management contract began in September 2007.

▶ In Russia, Tikkurila Oy's office and logistics centre in the Mytishchi district of Moscow was completed at the end of the year. Construction work on the approx. 10,000 m² facility began in summer 2007.

▶ Construction work on a lightweight concrete production plant for H+H International A/S, a Danish manufacturer of lightweight

concrete elements, was completed at the end of the year. The plant is located in Volosovo, some 75 kilometres southwest of St. Petersburg.

▶ The approx. 33,000 m² extension of Nokian Tyres Plc's tyre production plant in St. Petersburg was completed in the spring after nine months of intensive work.

▶ The construction of Business Center Pasilan Visio for Fennia Mutual Pension Insurance Company was under way in Helsinki. The property consists of two interconnected office buildings with a combined floor area of approx. 32,000 m². Construction work began at the end of 2006 and was completed at the beginning of 2009.

▶ Construction work on the E18 Muurla-Lohja motorway that began in autumn 2005 was completed at the end of the year. The section of motorway between Muurla and Lahnajärvi was opened to traffic in November 2008. The entire motorway was opened to traffic at the end of January. The road project was carried out in consortium with Skanska.



▶ The refurbishment of Tilkka military hospital and its conversion to a seniors' care centre was completed in Helsinki at the end of the year. The construction of the new neighbouring Viuhka office building will be completed in spring 2009. Refurbishment work on Tilkka was started at the beginning of 2007.

NEW JEWEL in Levi's crown



The centre of Levi's skiing village now has a modern meeting place with a distinctively Lappish look and feel. Levin Tori Hotel and Business Centre project is the biggest tourism investment ever made in Lapland. The complex includes a number of hotels, restaurants and specialist businesses.

The Levin Tori complex was completed in November 2008. Palmberg-Rakennus Oy's contribution to the project included the construction of a hotel for the Sokos Hotels chain as well as restaurants, commercial and residential units, and a parking facility. The nearby Levin Klubi apartment hotel is also the work of Palmberg-Rakennus. Levin Tori's ventilation contract was carried out by Tekmanni Oy.

Easy living amidst the hustle and bustle of city life: services and entertainment right on the doorstep and convenient connections to wherever you wish to go. That's life in Tampere's Westend.

Tampereen Westend was the recipient of the Good Construction Prize 2008. In addition to apartment dwellings, Westend also offers city row houses designed for modern living. Most of the homes are fairly large city dwellings. The contractor is Rakennustoimisto Palmberg Oy.

ROW HOUSES in the heart of the city





651 BATHROOMS

modernised on the residents' terms

▼

Preventative maintenance offers real benefits. A well-maintained living environment is not only safe and clean, but also less prone to unexpected need for repair and refurbishment. Modern structures and technical systems add to the quality of domestic life.

A bathroom refurbishment project is currently under way at Finland's largest housing company in the Vuosaari district of Helsinki. The occupants of the company's 651 apartments will remain in residence for the duration of the project. Particular attention is being given to the indoor air quality and to the control of dust. The apartments being worked on are sealed and negatively pressurised, and they are cleaned every day. The refurbishment of the technical service lines is being carried out by Oy Alfred A. Palmberg Ab.



World's biggest

COFFEE ROASTERY

▶

The construction of Paulig's new roastery in the Vuosaari district of Helsinki is making good progress. It is one of Helsinki's biggest private industrial plant projects in a long time, and it is currently the world's largest roastery project. Freshly brewed coffee ground in the new roastery will be tasted for the first time in July 2009.

Lemminkäinen has been closely involved in the project. Well known for its modelling expertise, Lemcon Ltd is acting as the project management contractor. The roastery's electrical contractor is Tekmanni Oy. The roofing and waterproofing works are being carried out by Lemminkäinen Katto Oy, the site's asphalt paving works by Lemminkäinen Infra Oy and the concrete staircases by Lemminkäinen Betonituote Oy.

EXPERIENCED hard-rock tunneller

Lemminkäinen has been the biggest builder of railway tunnels in Sweden in recent years. The company is currently building 20 kilometres of railway tunnels for Ådalsbana.

Many handsome forest landscapes have been preserved in pristine condition thanks to tunnels. The environment is given careful consideration in tunnel construction projects. Non-toxic and safe materials are selected. Modern excavation techniques and machines as well as motivated personnel improve competitiveness and occupational safety.

Lemminkäinen Infra Oy has been constructing railway tunnels in Sweden since 1994.



NICKEL TREASURE of the North

Nickel production started up at Talvivaara mine in October 2008. The mine has been warmly welcomed as it indirectly employs thousands of people in the Kainuu region. The second-most productive mine in Europe, Talvivaara is expected to be in operation for forty years.

The mine was quite a challenge for its builders. The northern location forced the project planners to consider the best solutions with regard to both logistics and conditions. The mine's nickel recovery plant was built by Malmi, a consortium of Lemminkäinen Group companies, namely Palmberg-Rakennus Oy and Byggnads Ab Forsström Rakennus Oy. The concrete used in the mine's construction was delivered by Forssan Betoni Oy. The site's asphalt paving and road rehabilitation works were the responsibility of Lemminkäinen Infra Oy.

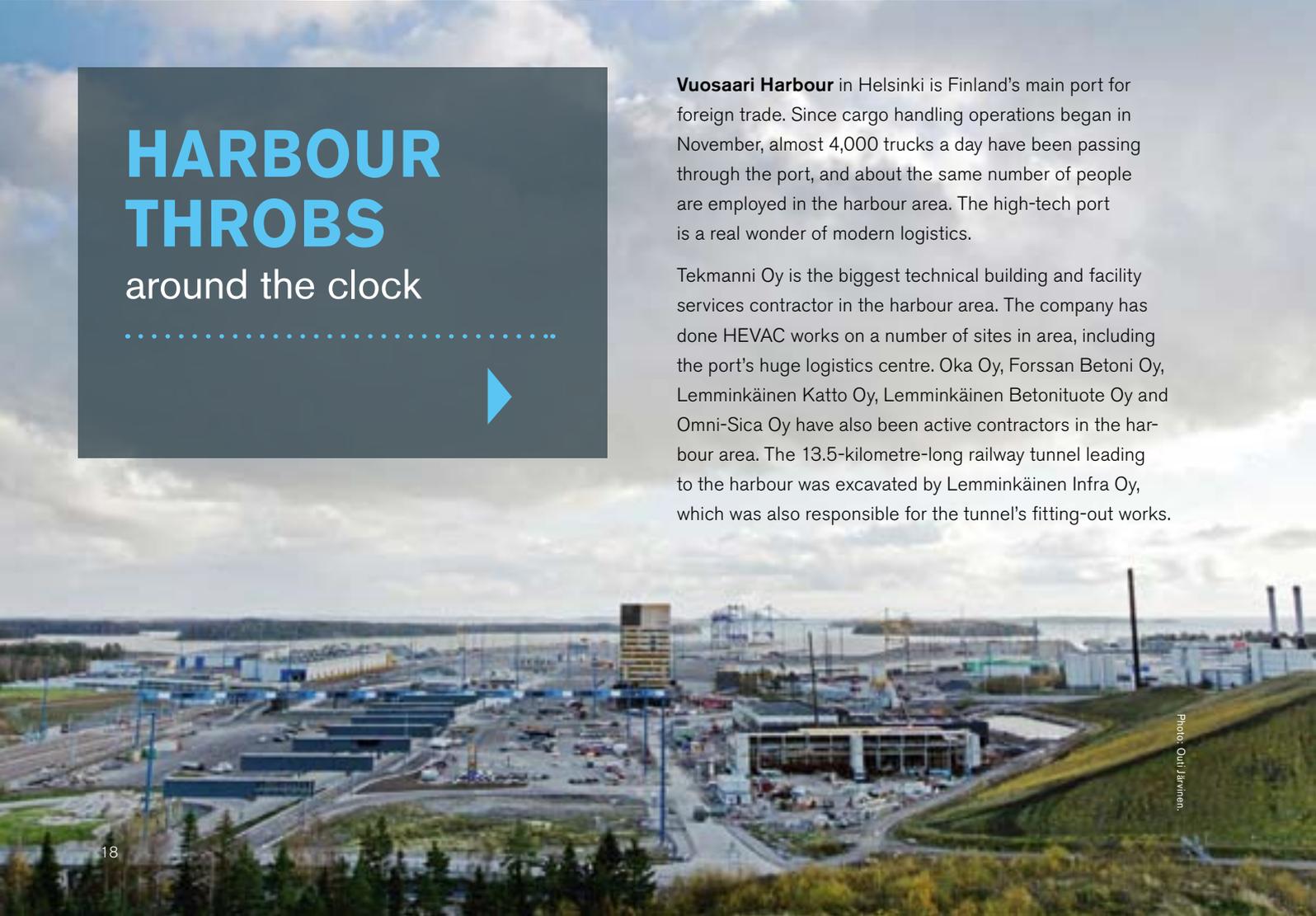




ON A MOTORWAY

from Helsinki to Turku

.....



HARBOUR THROBS

around the clock

.....



Vuosaari Harbour in Helsinki is Finland's main port for foreign trade. Since cargo handling operations began in November, almost 4,000 trucks a day have been passing through the port, and about the same number of people are employed in the harbour area. The high-tech port is a real wonder of modern logistics.

Tekmanni Oy is the biggest technical building and facility services contractor in the harbour area. The company has done HEVAC works on a number of sites in area, including the port's huge logistics centre. Oka Oy, Forssan Betoni Oy, Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy and Omni-Sica Oy have also been active contractors in the harbour area. The 13.5-kilometre-long railway tunnel leading to the harbour was excavated by Lemminkäinen Infra Oy, which was also responsible for the tunnel's fitting-out works.



BUILDING FOR BETTER LIVING

You can now travel all the way from Helsinki to Turku on a motorway. Completion of the motorway section between Muurla and Lohja has improved traffic safety and reduced travel times. The environmental impacts of the motorway have been lessened by means of tunnels, landscape bridges and fauna passageways.

The new motorway section has seven tunnels, and Lemminkäinen Infra Oy handled the construction engineering and tunnel excavations for four of them. Waterproofing works on the tunnel mouths and a total of 75 bridges were the responsibility of Lemminkäinen Katto Oy. Omni-Sica Oy carried out epoxy sealing work on over 30 of the motorway's bridge decks and Oy Alfred A. Palmberg Ab did the pretensioning of the bridges.

Lemminkäinen Infra Oy is the main contractor of the whole project in a consortium with Skanska.

The project has been implemented according to the life cycle model including design, construction and maintenance of the highway. Lemminkäinen Infra Oy has a contract for the motorway's maintenance-related paving works up until the year 2029.

Electrification of **PULP MILL PROCESS**

UPM Kymmene Corporation manufactures fine paper at its mill complex in Kuusankoski, where a new pulp mill chemical recovery plant was completed in the summer.

Tekmanni Oy, Lemminkäinen's industrial installations specialist, did the process electrification work on the mill's recovery line and service module. The contract demanded a great deal of work and materials: altogether 32 kilometres of cable shelves and 300 kilometres of cabling were installed. The working pulp mill next to the site required precise pre-planning and occupational safety work.



HIGH-TECH MAINTENANCE

of Tapiola's head
office building

▼

The functional maintenance of Tapiola Group's head office building requires high-tech professional skills and a customer-focused approach to the work. The maintenance, servicing and repair of the building's technical systems has been the responsibility of Tekmanni Service Oy since the beginning of 2008.

A brand new office building beside the Western Highway in Espoo will be completed for Tapiola at the end of 2009. When completed the property will be one of the city's most impressive office buildings. The electrical installation work is being done by Tekmanni Oy.



Photo: STX Europe

LUXURY CRUISE SHIP

ready for pleasure

▼

M/S Independence of the Seas was built in Turku, Finland by Aker Yards (now STX Finland Cruise Oy) and is operated by Royal Caribbean International. The Freedom class vessel is one of the largest cruise ships in the world.

Independence of the Seas was Omni-Sica Oy's largest single project in 2008. In challenging weather conditions and on a tight timetable the company installed the ship's movable spectator seating, over 12,000 m² of deck surfacing and about 1,500 m² of artificial turf matting for the lido deck.





OFFICE BUILDINGS above coal storage silos

The unsightly stockpiles of coal at Helsinki's Salmisaari power plant have been moved to large underground silos and, directly above them, eight office buildings are now being built for Varma Mutual Pension Insurance Company. The buildings will be completed by summer 2009, and Lemminkäinen's own head office will be relocating there as well.

Lemminkäinen Katto Oy was responsible for waterproofing the foundation walls, roof and yards as well as woodwork on the eaves. Lemminkäinen Betonituote Oy's skilled workers have installed the prefabricated terrazzo staircases and are making the impressive stonework plan a practical reality. Tekmanni Oy has been doing the electrical work in the buildings and Lemminkäinen Infra excavated the underground coal storage silos. The main contractor of the project is Oy Alfred A. Palmberg Ab.

CULTURAL FLAGSHIP

The old harbour district of Kotka is being turned into a culture harbour. The flagship leading this transformation, Maritime Centre Vellamo, is shaped like an enormous breaking wave and is quite a spectacle in its own right. The new centre is home to the various collections of the Maritime Museum of Finland and the Museum of Kymenlaakso.

Maritime Centre Vellamo won the 2008 prize for Finland's best steel structure and its architects, Ilmari Lahdelma and Rainer Mahlamäki, were awarded the Finland Prize 2008 for outstanding achievements in architecture. Lemcon Ltd was Vellamo's project management contractor. The thermal insulation and waterproofing of the breaking-wave-shaped roof were done by Lemminkäinen Katto Oy and its stonework was carried out by Lemminkäinen Betonituote Oy.





WHEELS ARE TURNING IN RUSSIA



Lemminkäinen has long been a partner of Finnish industrial companies in their foreign investments. One of the most recent foreign investment projects has been the construction of Nokian Tyres Plc's tyre plant in Vsevolozhsk, Russia. The project is the responsibility of Lemcon Ltd, whose long experience of international project management contracting gives it a keen competitive edge in demanding projects with tight schedules. Lemminkäinen Infra Oy paved the yard areas.



AIR CONDITIONING for higher productivity



It pays to have the condition of a building's technical services checked out. Condition assessments reveal whether it is worth maintaining an old system or purchasing a new one. As a result, considerable investments in technical building systems can often be avoided. The market for maintenance and servicing of technical building systems is expected to grow 5–7 per cent this year.

The importance of good building services was not lost on Itella Corporation. The company wanted to improve the indoor climate of its office building in Kuopio by installing air conditioning. Tekmanni Service Oy carried out the installation project, which involved ducting cool fresh air to 76 offices in the building.

FOUR STRONG BUSINESS SECTORS

On-going projects

- ▶ A residential development with over 200 housing units will be completed in St. Petersburg in spring 2009.
- ▶ Construction work on Paulig's new roastery in the Vuosaari district of Helsinki is in progress. The project management contract that began in autumn 2007 will be completed in summer 2009. The 35,000 m² building, which is located next to the new Vuosaari Harbour, houses the roastery's production, office and storage facilities.
- ▶ The construction of Varma Mutual Pension Insurance Company's office complex in the Salmisaari district of Helsinki is in progress. The premises earmarked for Varma's own use were completed in summer 2008, and phase II of the building was completed in early 2009. Phase III of the project, which will become Lemminkäinen's new head office, will be completed in summer 2009. The value of the entire construction contract is over EUR 100 million.
- ▶ Construction work on phase I of Turku University Hospital's new construction and rebuilding project is in progress. The value of the main contract is approx. EUR 27 million. In addition to this, electrical and ventilation works are also being done on the site. The works began in summer 2007 and will be completed in February 2010.
- ▶ Basic improvement work on Highway 6 continues in Lappeenranta. The road is being widened to four lanes along a 23-kilometre-long section. The project, which is being carried out as a consortium contract with Kesälahden Maansiirto Oy, will be completed in 2010. The total value of the contract is EUR 101 million.
- ▶ Phase II construction works on the art repository and administration complex of the Hermitage Museum continued in St. Petersburg. The total floor area of the new buildings is 51,000 m² and the value of the construction contract is over EUR 70 million. The long-term contract was started in late 2003 and will be completed in 2011. Lemminkäinen's close collaboration with the Hermitage Museum has been on-going for 20 years.
- ▶ Lemminkäinen's Kaluga Business Park in Russia is moving forward. Kaluga is located 200 kilometres southwest of Moscow and it provides companies investing in Russia with a fast way to set up in the country.

Lemminkäinen Group is one of Finland's leading construction companies.

Lemminkäinen's strategy is to focus on those markets and selected product or service segments in which the Group already commands or has the possibility to achieve a leading or significant position. The Group's key market areas are in the Baltic Rim region.

In accordance with the reorganisation implemented at the beginning of 2008, Lemminkäinen's four business sectors are building construction, infrastructure construction, technical building services and building products.

The reorganisation has lent good support for Lemminkäinen's strategic goal of operating in all areas of the construction sector with the aim of ensuring and strengthening its competitiveness. The new structure has clarified and improved operations both internally and in the care of customer and stakeholder relations. It has also made it easier to assess the Company's performance in individual business sectors.

Diversity across four business sectors reduces the Group's dependence on new construction and lessens the impacts of cyclical fluctuations. Lemminkäinen is also better able to exploit construction chain synergies in its operations.

Building construction accounts for almost a half of Lemminkäinen's business. The Company's local building construction subsidiaries are all significant actors in their own regions. In addition to Finland, Lemminkäinen Talo operates in Russia, Estonia, Hungary, Poland, Sweden and India. Lemminkäinen also operates globally as a specialist international project contractor.

Lemminkäinen is the Finnish market leader in the asphalt paving and mineral aggregates business. The Company is also the second biggest paving contractor in the Nordic countries and a significant infrastructure builder throughout the Baltic Rim region. Lemminkäinen Infra and its subsidiaries operate in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Russia.

Lemminkäinen's companies in the technical building services and building products business sectors are market leaders in their respective fields. In technical building services Lemminkäinen also serves customers in international projects, and in the building products sector it exports roofing materials and pre-cast concrete elements all over the world. ■

BUILDING CONSTRUCTION

► Strong position was preserved in building construction

The volume of Lemminkäinen's building construction remained good in the first half of 2008 thanks to project started up in the previous year, although there were large regional differences. Demand for international project management services remained steady.

Key figures

	2008	2007	change, %
Net sales, EUR million	1,205.7	1,042.9	15.6
Operating profit, EUR million	71.8	71.7	0.1
Order book, EUR million	576.3	938.0	-38.6
Personnel	3,159	3,055	3.4

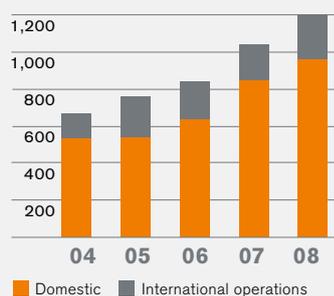
+16%

Net sales grew, even though the market situation weakened.



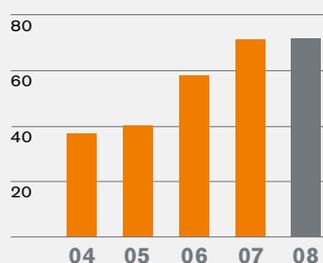
Net sales

EUR million

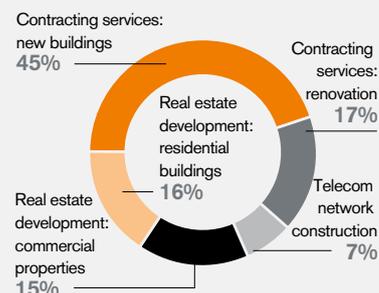


Operating profit

EUR million



Production value by business area



Subsidiaries of Lemminkäinen Talon Oy 2008 (2007)

Operations in Finland

Net sales, EUR million	Share of Lemminkäinen Talon Oy's net sales, %	Personnel (average)	Net sales, EUR million	Share of Lemminkäinen Talon Oy's net sales, %	Personnel (average)
Oy Alfred A. Palmberg Ab, Helsinki			Palmberg-Rakennus Oy, Oulu		
183.4 (152.5)	15.2 (14.6)	273 (248)	83.3 (51.5)	6.9 (4.9)	278 (213)
Palmberg-Urakoitsijat Oy, Hyvinkää			Byggnads Ab Forsström Rakennus Oy, Kokkola		
46.7 (36.7)	3.9 (3.5)	45 (42)	41.2 (29.5)	3.4 (2.8)	179 (172)
Palmberg TKU Oy, Turku			Oka Oy, Kouvola		
29.0 (35.8)	2.4 (3.4)	123 (127)	228.7 (245.3)	19.0 (23.5)	490 (516)
Rakennustoimisto Palmberg Oy, Tampere			Rakennusliike A. Taskinen Oy, Joensuu		
82.3 (68.3)	6.8 (6.5)	232 (240)	26.5 (36.0)	2.2 (3.5)	130 (187)
Rakennus-Otava Oy, Jyväskylä			Savocon Oy, Kuopio		
45.3 (27.5)	3.8 (2.6)	97 (85)	34.3 (29.2)	2.8 (2.8)	118 (117)
Lemcon Oy, Helsinki			Oy Konte Ab, Vaasa		
72.0 (66.3)	6.0 (6.4)	110 (86)	82.8 (67.1)	6.9 (6.4)	298 (290)

International operations

Lemcon Ltd. (Russia, Europe and distant regions)			Oy Konte Ab / Rekab Entreprenad AB (Sweden)		
147.0 (80.4)	12.2 (7.7)	257 (161)	48.4 (56.5)	4.0 (5.4)	166 (188)
Lemcon Networks Ltd.					
72.6 (62.6)	6.0 (6.0)	339 (383)			

Building construction is Lemminkäinen's largest business sector. Its four constituent business areas are developer contracting, contracting services, project management contracting and services, and telecom network construction. Developer contracting makes up about a third of the business sector's net sales.

The Company's building construction operations were corporatised on 1 January 2008 to form Lemminkäinen Talon Oy, which is Finland's most experienced and most international building construction company. Operating independently and locally close to the customer not only ensures fast and flexible decision-

BUILDING CONSTRUCTION

making, but also helps prepare for changes in the operating environment. Lemminkäinen Talo employs about 3,000 construction industry professionals.

Lemminkäinen Talo aims to be the most successful building construction company in Finland with a good reputation for dependability and competence.

SIGNIFICANT IN FINLAND, EXPANDING INTERNATIONALLY

Lemminkäinen Talo operates nationwide in Finland through 12 subsidiaries. The subsidiaries operate regionally in the areas of residential, commercial and office construction, industrial and logistics construction, and sports and recreational construction. They are all significant builders in their own regions.

In 2008, Lemminkäinen Talo's international operations accounted for 20 per cent of the business sector's net sales, with almost a third of that business coming from Russia. The company is actively involved in the foreign plant projects of Finnish industry.

Lemminkäinen Talo operates through local subsidiaries in Russia, Estonia, Hungary, Poland, Sweden and India. As a specialist international project contractor, the company has experience of operating on all the continents of the world. There are 17 fixed service points around the world in locations such as Atlanta in the United States, Rio de Janeiro in Brazil, Chennai in India, Singapore, and Shanghai in China.

IMPROVED EFFICIENCY THROUGH NETWORKING

The critical success factors for Lemminkäinen's building construction business sector are its highly skilled and committed employees, responsible management, cost-effective construction, and good customer relations.

The key general development areas are refurbishment contracting, occupational safety, building energy efficiency, and data modelling.

Lemminkäinen Talo is a pioneer of data modelling in Finland, and the company has invested heavily in its development and use. Data modelling, a computer-aided design tool, has already been used in some 70 projects in Finland. Three-dimensional modelling is giving way to 4D-modelling, where the fourth element is temporal management of the project. 4D-modelling is being pioneered in Finland at Lemminkäinen's office building site in the Salmisaari district of Helsinki and at the Paulig roastery site in the Vuosaari district of Helsinki.

Internal networking through 13 network groups is being utilised in business development and information management. Each of the network groups focuses on its assigned goals in domestic and international operations. These goals include the develop-

ment of personnel management and internal training, occupational safety, refurbishment contracting, property development, housing production, and procurement.

The directors, managers and specialists of the business areas are taking part in the Talo Academy training programme. The common aims of the programme and the work of the network groups are to forge even closer collaborative ties between subsidiaries, to search for best practises, and to strengthen the broad-based skills and expertise of the company's employees.

NEW CONSTRUCTION DECLINED, REFURBISHMENT CONTRACTING GREW

In the second half of 2008 the effects of the international financial crisis and the onset of recession in the EU area put an end to the growth of construction in Finland. The building construction projects planned and launched by Lemminkäinen in 2007 kept the volume of construction at a good level in the first half of 2008. As the autumn progressed, however, the general economic downturn began to show up in Lemminkäinen's business, too.

New construction declined significantly. Lemminkäinen's housing sales in Finland slowed down and the number of completed housing units available for sale rose. In 2008 no new housing starts were made after the summer. In the year as a whole Lemminkäinen made 504 (852) new housing starts, sold 634 (883) housing units, and had 496 (283) completed units available for sale at the end of the year.

Regional differences became more pronounced. The volume of construction in the Helsinki Metropolitan Area remained good throughout the year, but the order book trended downward during the autumn. In southeast Finland the first half was very good. The housing market slowed down during the course of the autumn. Office construction is still in demand, but project start-ups have been postponed. In the Tampere region both refurbishment contracting and commercial and industrial investment increased. In northern Finland a lot of major projects were scheduled for completion in 2008, and their simultaneous conclusion had a significant impact on the order book and employment. In central Finland there are still significant building projects underway or in the planning stage.

The international financial crisis significantly reduced foreign investment in the Finnish real estate market, and there was a marked increase in the yield requirements of investors, especially for sites located outside the Helsinki Metropolitan Area. Lemminkäinen's quarterly results were impacted by the cancellation of some planned commercial property deals due to financing difficulties experienced by buyers. In December, Lemminkäinen sold properties worth EUR 200 million to Finnish real estate investors. These properties included both completed and unfinished shopping centres and commercial and office premises all over Finland.

- ▶ In Finland new construction will decline in 2009. Competition for domestic building construction contracts will become more intense, and demand for developer contracting will fall. Refurbishment contracting will continue to grow.
- ▶ Input costs and material prices are expected to fall.

As new construction declined, refurbishment contracting continued to grow. Among the factors influencing this trend were the need to repair the ageing building stock and more stringent requirements for the energy efficiency of buildings. In 2008 refurbishment contracting accounted for 17 per cent of Lemminkäinen's building construction business, and that percentage is expected to grow in the future.

PROJECT MANAGEMENT CONTINUED ABROAD

Demand for international project management services remained steady. The emphasis was still on plant investment projects of Finnish industrial companies in China and India.

Lemminkäinen preserved its position as a global player offering project management and contracting services as well as technical expertise in the field of telecom network construction. The focus of Lemcon Networks' business was in Latin America and Asia.

The international financial crisis and the recession that it precipitated weakened the outlook for Finland's export industry and adversely affected almost every one of Lemminkäinen's foreign markets. Housing construction in Russia was hardest hit by the recession in the second half of the year.

In 2008 Lemminkäinen made 479 new private-sector housing starts in Russia. Construction work on 264 of these units was halted in the second half of the year owing to a sharp decline in demand for housing. Despite the slowdown in housing construction, the volume of business in Russia was up over 50 per cent on the previous year thanks to a number of industrial construction projects.

Uncertainty on Sweden's construction market grew as the growth rate of the economy declined. Housing sales slowed down,

but there was still no sign of recession in building contracting. For example, public construction activity continued to be quite brisk. In spite of the market uncertainty, Lemminkäinen's subsidiary in Sweden was recognised by the city of Umeå as Growth Company of the Year for the second time running. Lemminkäinen made 84 new housing starts in Sweden during 2008.

DIVERSITY BRINGS BALANCE TO THE OUTLOOK

In Finland new construction will decline in 2009. Competition for domestic building construction contracts will become more intense, and demand for developer contracting will fall. Rental housing production subsidised by the Finnish government from the beginning of 2009 has made a brisk start.

The housing market is not expected to pick up significantly and the number of new housing starts in 2009 will be below the average for the past few years. In commercial and office construction there will be a marked slow down, especially towards the end of the year.

The outlook for project management contracting in Finland is expected to remain favourable in 2009. Refurbishment contracting will continue to grow steadily, and is expected to be boosted by the building repair assistance promised in the Finnish government's stimulus package.

Input costs and material prices are expected to fall.

Efforts will be made to increase the net sales share of international operations over the long term, for instance by continuing to work together with Finnish industry in investment projects abroad.

Telecom network construction will probably continue to be brisk in the developing countries, especially in Latin America. Price competition in the field will be fierce. ■

INFRASTRUCTURE CONSTRUCTION

▶ The market situation remained good

International operations account for about a half of Lemminkäinen's infrastructure construction business. In Finland, the paving business was brisk and the work situation in other business areas was reasonably good, too. Abroad, especially in Sweden and Norway, the outlook for infrastructure construction in 2009 is favourable.

Key figures

	2008	2007	change, %
Net sales, EUR million	902.8	820.3	10.1
Operating profit, EUR million	30.7	39.3	-21.9
Order book, EUR million	365.4	326.5	11.9
Personnel	3,658	3,365	8.7

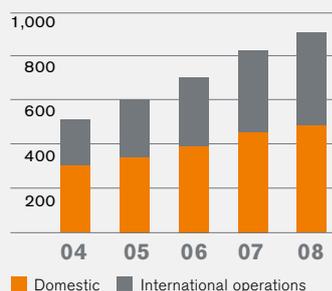
+10%

Business volume was boosted especially by paving and mineral aggregate operations in Finland.



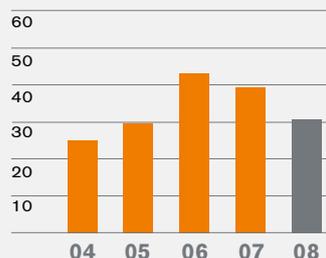
Net sales

EUR million

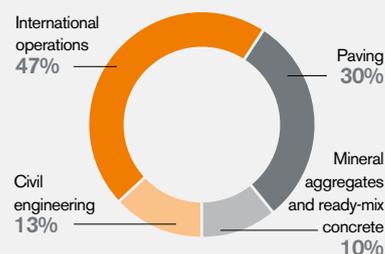


Operating profit

EUR million



Production value by business area



Major subsidiaries of Lemminkäinen Infra Oy

2008 (2007)		Net sales, EUR million	Share of Lemminkäinen Infra Oy's net sales, %	Personnel (average)
Lemminkäinen Norge AS	Norway	106.3 (101.5)	11.8 (12.4)	359 (347)
LMK VEJ A/S	Denmark	75.4 (77.9)	8.4 (9.5)	328 (308)
AS Talter	Estonia	50.0 (47.5)	5.5 (5.8)	323 (331)
UAB Lemminkäinen Lietuva	Lithuania	46.3 (47.7)	5.1 (5.8)	605 (550)
SIA Lemminkäinen Latvija	Latvia	33.4 (21.5)	3.7 (2.6)	125 (99)
Forssan Betoni Oy	Finland	27.4 (27.0)	3.0 (3.3)	58 (53)
ZAO Lemminkäinen Dor Stroi	Russia	19.8 (10.3)	2.2 (1.3)	131 (58)

Lemminkäinen is one of the biggest infrastructure construction companies in Finland and the Baltic Rim region. Lemminkäinen's infrastructure construction business areas are paving, mineral aggregates and ready-mix concrete, and civil engineering.

International operations account for almost 50 per cent of the business sector's net sales.

Lemminkäinen's infrastructure construction operations were corporatised on 1 January 2008 to form Lemminkäinen Infra Oy. The company has its own asphalt, concrete and mineral aggregates production. The subsidiary Forssan Betoni Oy is Finland's third-biggest ready-mix concrete company.

Lemminkäinen Infra's biggest clients include the road and rail administrations, as well as cities and municipalities, construction companies and real estate owners.

Lemminkäinen Infra's strong market position is based on its

ability to combine special contracting, internationally recognised project expertise and local knowledge. An extensive network of service points serve clients nationwide in Finland and all over the Baltic Rim region.

Lemminkäinen Infra employs some 3,700 professionals of the field.

BROAD SERVICE OFFERING

Lemminkäinen Infra aims to preserve its position as one of the biggest infrastructure construction companies in Finland and the Baltic Rim region.

Lemminkäinen Infra's strengths are its highly skilled and committed employees, cost-effective business model and broad service offering. Success on international markets is based on strong

INFRASTRUCTURE CONSTRUCTION

expertise especially in road construction and rock and foundation engineering.

The emphasis in business development lies in the use of more energy-efficient production methods and operating models. The aim is to promote the development of a built environment that is sustainable in the long term, regardless of economic cycles and fluctuations in input costs.

In addition to its own research and development activities, Lemminkäinen Infra is involved in many joint development projects of the infrastructure sector. In carrying out a number of projects, Lemminkäinen has also produced innovations in areas such as equipment and method development.

PAVING CONTRACTING BRISK IN FINLAND

Some major infrastructure projects were completed in Finland during 2008. Even though certain already agreed investments were postponed, the infrastructure construction market remained in reasonably good shape. Input costs rose sharply in 2008, and especially the high price of oil raised asphalt production costs.

Lemminkäinen preserved its position as Finland's leading paving contractor. The company's domestic paving business continued to be brisk all year, and the work season lasted long into the autumn.

In 2008 Lemminkäinen produced a record-breaking 2.9 million tonnes of asphalt mix, representing almost a half of Finland's total production. In the summer, work started on the construction of a new asphalt plant at Tuusula.

In civil engineering Lemminkäinen's order book was supported by current transport infrastructure projects. Competition for new contracts remained fierce in transport infrastructure construction, rock engineering and fitting-out works in rock caverns and tunnels. The industry's companies had plenty of free capacity and, as demand for building construction declined, labour was transferred to infrastructure construction. In foundation engineering, demand for stabilisation and building foundation reinforcement works was brisk. In rock engineering the market for mining work was good in the first half of the year, but demand weakened slightly towards the end of the year. Lemminkäinen's rock engineering expertise was strengthened in the spring with the acquisition of Tolarock Oy, a company specialising in mine excavations.

Mineral aggregate and ready-mix concrete operations continued to be brisk late into the autumn. The volume of mineral aggregate production in Finland was over 10 per cent up on 2007.

The volume of ready-mix concrete production remained at the level of the previous year. Lemminkäinen is a partner in Scandinavian Cement Oy, a cement importing company set up in autumn 2008 to ensure the supply of cement and improve competitiveness.

DOWNTURN IN THE BALTIC STATES, STEADY BUSINESS IN SCANDINAVIA

Economic recession in the Baltic states weakened the market situation and subdued construction activity. With the volume of work in decline, the competitive situation became extremely difficult towards the end of the year.

In Sweden and Norway the market situation remained reasonably good. Positive expectations were maintained in both countries by government stimulus measures aimed at infrastructure construction.

Rock engineering continued to be brisk in Sweden, where Lemminkäinen is one of the country's leading tunnel builders. In the summer the company won new tunnel construction contracts to add to the 14 railways tunnels it has already built in Sweden. In Norway and Denmark the volume of paving works remained at the level of the previous year, but profitability was burdened by higher input costs.

INFRASTRUCTURE CONSTRUCTION AT PRESENT LEVEL FOR SOME YEARS

Infrastructure construction in Finland will continue to be quite favourable. The sector is less sensitive to cyclical fluctuation than building construction, so the market as a whole is expected to remain at about the present level for the next five years.

Competition will be intensified by the reallocation of production resources from building construction to infrastructure projects.

Transport infrastructure construction is expected to pick up in the near future as a result of major projects starting up in the years 2009-2011 and the Finnish government's stimulus measures aimed at basic road maintenance and investments.

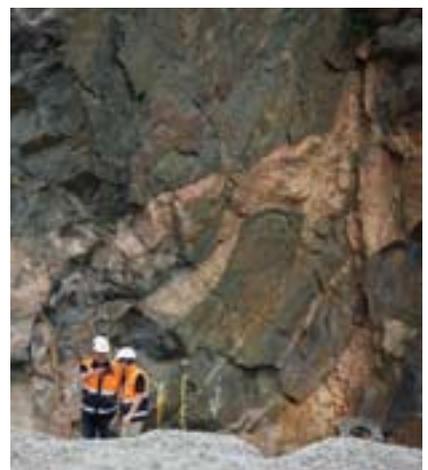
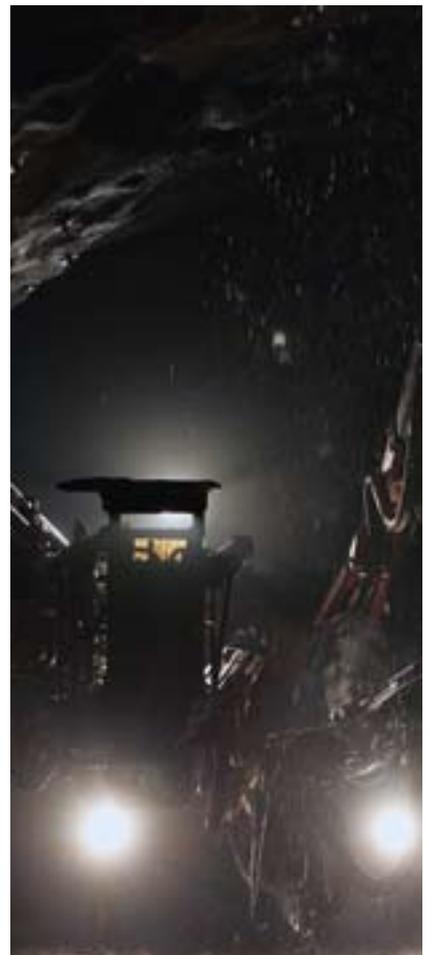
The market for mineral aggregates and ready-mix concrete will follow the development of the rest of the infrastructure sector, although the slowdown in building construction will probably reduce demand in 2009.

In international operations Lemminkäinen's aim is to preserve its market position as a rock and foundation engineering contractor in the Nordic countries. In Sweden demand for foundation and rock engineering works will remain satisfactory. In Norway demand will be boosted by the government's stimulus measures aimed infrastructure construction. In Denmark, economic recession and the distressed state of the country's municipal finances may weaken demand for paving works somewhat.

In the Baltic states the weak economic situation bodes for less work, although EU-funded development of the road network will continue in the region. ■



- ▶ Infrastructure construction will continue to be stable in Finland.
- ▶ Transport infrastructure construction is expected to pick up in the near future as a result of major projects starting up in the years 2009–2011 and the Finnish government's stimulus measures aimed at basic road maintenance and investments.
- ▶ Rock engineering will also pick up in Finland when the Ring Rail Line and Espoo Metro projects start up.



TECHNICAL BUILDING SERVICES

► Service capabilities stronger than ever

The operations of Lemminkäinen's technical building services business sector are the responsibility of Tekmanni Oy and its subsidiaries. Brisk activity in office construction kept demand for technical building services at a good level in the first half of 2008. Demand for the maintenance, servicing and repair of technical building systems increased the volume of Tekmanni Service Oy's business. Demand for industrial services remained steady as well.

Key figures

	2008	2007	change, %
Net sales, EUR million	269.5	230.2	17.1
Operating profit, EUR million	17.0	11.9	42.9
Order book, EUR million	97.7	111.9	-12.7
Personnel	2,013	1,918	5.0

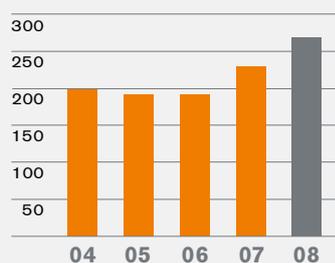
+17%

Net sales grew profitably in all areas of the technical building services business sector.



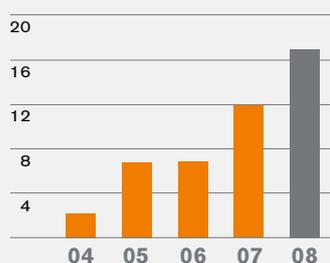
Net sales

EUR million

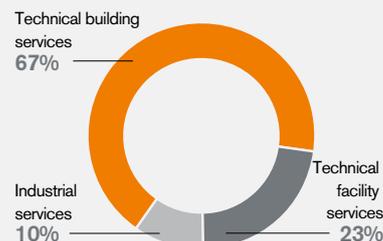


Operating profit

EUR million



Production value by business area



Business areas

	Net sales, EUR million	Personnel (average)
2008 (2007)		
Technical building services	182.5 (155.9)	1,194 (1,176)
Technical facility services	61.6 (51.0)	579 (517)
Industrial services	27.1 (25.3)	240 (225)
Technical building services, total	269.5 (230.2)	2,013 (1,918)

Tekmanni Oy's major subsidiaries

- Tekmanni Tampere Oy
- Tekmanni Pohjanmaa Oy
- Sähköliike Tekno Oy
- Tekmanni Service Oy
 - OOO Tekmen SPb
- Tekmanni Uusimaa Oy
- Oulun LVI-Ykkönen Oy
 - Kajaanin LVI-Ykkönen Oy
- Turun Rakennusputki Oy

The operations of Lemminkäinen's technical building services business sector are the responsibility of Tekmanni Oy and its subsidiaries. Tekmanni is the second biggest player in the Finnish technical building services market in terms of revenue generation. Tekmanni's business areas are technical building services, technical facility services and industrial services.

Large contracts of long duration, e.g. integrated turnkey deliveries of technical systems, are typical of contracting in the technical building services business area. In the case of technical facility services, contracts range from small servicing and repair assignments to comprehensive nationwide maintenance agreements. Typical industrial services include installation contracts and maintenance services for industry.

In recent years the technical building services segment has grown faster than the rest of the construction sector. The fastest growth has been in facility maintenance and servicing. The total

market for technical building services in Finland in 2008 was worth approx. EUR 4 billion, of which Tekmanni's share was about ten per cent.

The company's installation, servicing and maintenance services are provided through a nationwide network of 36 locations, ensuring efficient and flexible local customer service. Tekmanni is also involved in the international projects of its customers. The core business of Tekmanni's subsidiary Tekmanni Service Oy is full-service facility maintenance and servicing. The service network is augmented by the subsidiary OOO Tekmen SPb in St. Petersburg.

The success factors for Lemminkäinen's technical building services business sector are experienced and highly skilled personnel, local customer relations and the nationwide service network, which enable fast-cycle facility servicing and maintenance services as well as the efficient handling of nationwide customer accounts.

TECHNICAL BUILDING SERVICES

- ▶ The slowdown in new building construction will weaken demand for technical building services in 2009.
- ▶ Demand for the business sector's servicing, maintenance and refurbishment works is expected to remain good.

Tekmanni employs about 2,000 professionals specialised in different areas of the field.

SERVICE NETWORK ENLARGED, EXPERTISE DEVELOPED

Lemminkäinen's technical building services business sector has grown rapidly and profitably in recent years. Tekmanni has responded to the growth in demand by strengthening its service capabilities. Regional service points have been corporatised and the service network enlarged by acquiring either special expertise or businesses that expand the coverage of the network.

Tekmanni's regional service offering was further improved when new locations were opened in Hanko, Lahti, Mikkeli and Kajaani.

Tekmanni's future growth areas are facility servicing, industrial installations and building refurbishment contracting, especially modernisations of piped systems. Regulation of the energy and environmental impacts of buildings and facilities increases the demand for technical building systems such as refrigeration and heat recovery equipment. With technical equipment and systems becoming more advanced and complicated, Tekmanni has invested in different areas of expertise, service capabilities, service quality and collaboration with its network of partners.

DEMAND FOR INDUSTRIAL SERVICES CONTINUED TO BE STEADY

Brisk office construction in the first half of the year kept demand for technical building services at a good level. Demand growth

peaked in the second half, and both the number and size of projects decreased. Regional differences were great, and there was a marked slowdown in the Helsinki Metropolitan Area in particular.

The servicing, maintenance and repair of technical building and facility systems are not sensitive to fluctuations in new construction. Tekmanni Service Oy specialises in these services and brisk demand kept its business at a good level. Among other contracts, the company provided energy certificates for over 80 properties owned by Ilmarinen Mutual Pension Insurance Company, and also assessed the condition and replacement needs of the properties' technical systems.

Demand for the business sector's industrial services continued to be steady as industry is investing in power and heat production. In November, Tekmanni's industrial services unit received five significant contract orders for the years 2008–2010. The orders include major installation contracts in Finland and Sweden. Significant ventilation and sprinkler installations are also being done for industry.

Tekmanni has successfully carried out a number of hospital expansions and modernisations in different parts of Finland, and these continue to be important projects for the company. The sites still under construction will be completed in the years 2009–2010. These projects are not only large and very challenging, but also demand special expertise, e.g., in the installation of systems for hospital gases.

Tekmanni had a significant contract package for Vuosaari Harbour's logistics centre.

The availability of labour was good, but there was still a shortage of employers in the servicing business.

The price level of materials fell during the course of the year as metal and oil prices declined.

BUILDING REPAIR ASSISTANCE WILL BOOST DEMAND FOR REFURBISHMENT WORK

The slowdown in new building construction will weaken demand for technical building services in 2009. However, the modernisation of piped systems in residential buildings is expected to increase as a result of the building repair assistance promised in the government's stimulus measures.

Demand for the business sector's servicing, maintenance and refurbishment works is expected to remain good. These operations already account for over a half of the business sector's net sales.

Demand will be affected in the future by factors such as the allocation of public sector funds, the development of municipal finances, and the volume of office construction. ■

BUILDING PRODUCTS

▶ Market position was strengthened

The level of demand for Lemminkäinen's building products was above average in the first half of 2008. In the second half the construction market slowed down quickly, although there were large regional differences. Refurbishment contracting increased, as did the net sales share of contracting related to roofing and concrete products. The business sector's export volumes also grew.

Key figures

	2008	2007	change, %
Net sales, EUR million	156.0	133.8	16.6
Operating profit, EUR million	10.5	11.1	-5.4
Order book, EUR million	25.2	37.7	-33.2
Personnel	839	749	12.0

+17%

The business sector's net sales rose, and volume was up in all business areas.

Lemminkäinen Building Products manufactures and sells roofing and waterproofing products, concrete and natural stone products, and urban environment and sports construction products. The entire offering of domestically manufactured and imported products is supported by a full range of contracting services from design to installation and maintenance.

The operations of Lemminkäinen Building Products are the responsibility of three subsidiaries: Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy and sports construction company Omni-Sica Oy. The companies are all market leaders in their respective business areas in Finland.

The business sector's customers are municipalities, cities, construction companies and contractors, but retailers and households are also important customer groups.

The business sector's companies have production plants in eight locations. There are 15 other service points in Finland and two abroad. In addition to the Finnish market, the business sector's companies export contracting services and products,

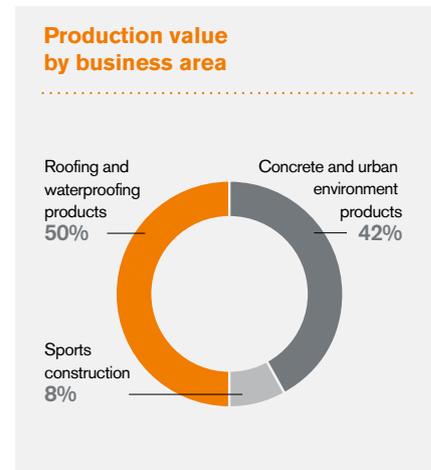
especially bituminous membranes and concrete products, to other Nordic countries, Russia and Central Eastern Europe, the Baltic states and Poland.

MARKET POSITION STRENGTHENED BY INVESTMENTS

Lemminkäinen Building Products has grown strongly in recent years. The companies have invested in their production plants and have actively developed new production methods and products. In concrete construction, for instance, pre-cast concrete staircase models suitable for repair and refurbishment work were developed, and investments were made in staircase production plant and machinery. New paving stone models are being brought to market every year.

Investments were also made in the business sector's internal development. A uniform customer service system was introduced to strengthen sales work and customer service. The companies

BUILDING PRODUCTS



- ▶ The aim in roofing and waterproofing products is to increase the volume of refurbishment work and contracting.
- ▶ The market situation in urban environment construction is expected to remain good in 2009.
- ▶ The production of pre-cast concrete staircase units and wall elements is expected to decline.

were also involved in piloting the Group's new procurement system, which is expected in the long run to improve cost effectiveness.

CONTRACTING, REFURBISHMENT WORK AND EXPORTS GREW

The level of demand for building products in the first half of 2008 was above average for the time of year. The consequences of the international financial crisis began to show up after the summer, when the markets quickly became subdued and the downturn in building construction was reflected in the demand for building products. The differences between individual business areas were large, however, and urban environment construction in particular remained active.

Demand for roofing and concrete products declined sharply in the autumn, but in contracting the second half did not depart from

the normal path of seasonal fluctuation, with activity falling off only slightly in the winter. The share of contracting sales rose to 56 per cent, and refurbishment contracting increased.

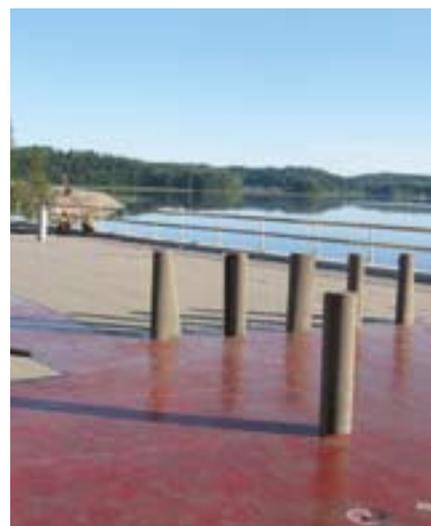
The slowdown in residential and office construction weakened demand for pre-cast concrete staircase units and wall elements. Demand for sports and urban environment construction continued to be good all year due, in part, to municipal investments in the construction of parks and sporting facilities.

Demand for exports was good all year and export volumes rose. Exports of roofing materials to Russia and countries of the Baltic Rim region remained good.

In 2008 the prices of raw materials fell somewhat and their availability improved. However, bitumen was the exception. Its price level continued to rise and did not peak until right at the end of the year.

Companies of Lemminkäinen Building Products

2008 (2007)	Net sales, EUR million	Personnel (average)
Lemminkäinen Katto Oy	79.0 (72.5)	411 (402)
Lemminkäinen Betonituote Oy	42.5 (36.9)	214 (236)
Suonenjoen Betonituote Oy	4.6 (4.3)	42 (29)
Elemento Oy	18.6 (11.4)	126 (56)
Omni-Sica Oy	13.3 (9.4)	46 (26)
Building Products, total	156.0 (133.8)	839 (749)



CYCLICAL FLUCTUATIONS IN BUILDING CONSTRUCTION AFFECT DEMAND

The weakened outlook for new building construction will result in less demand for the business sector's products and services in 2009. In particular, the production of pre-cast concrete staircase units and wall elements is very sensitive to cyclical fluctuations in building construction.

The aim in roofing and waterproofing products is to increase the volume of refurbishment work and contracting. The market situation in urban environment construction is expected to remain good in 2009. ■

ECONOMIC RESPONSIBILITY

► Profitable growth brings economic well-being

Lemminkäinen's key strategic goals are profitable growth and the maintenance of good solvency. Over the last ten years the Company's net sales have grown at an average rate of 13 per cent. The return on investment in 2008 was 18 per cent and the equity ratio 26 per cent (strategic target levels: 18 per cent and 35 per cent, respectively).

Distribution of economic effects to different stakeholder groups¹⁾

		2008	2007	2006
Received income (net sales)	EUR million	2,482	2,174	1,796
Goods suppliers and subcontractors	total purchases	1,634	1,411	1,139
Employees	pay and remuneration	358	327	288
	pension expenses and employee-related expenses	90	79	70
Society	income taxes	28	31	21
Shareholders	dividends	15²⁾	31	26
Financiers	net financing expenses	32	16	15
Investments	gross business investments	60	61	49
Distributed income, total		2,217	1,956	1,608

¹⁾ The figures presented in the table are based on accrual accounting

²⁾ Board of Directors' proposal to the AGM

Lemminkäinen's importance for the economic wellbeing of society can be assessed through the cash flows between the Company and its stakeholder groups. These cash flows include sales revenues from customers, purchases from goods suppliers and subcontractors, wages and salaries paid to employees, different kinds of taxes and social charges, payments to shareholders and finan-

ciers, and business investments. The indirect economic effects are mainly associated with the employees of customers and subcontractors. Central government and local authorities also benefit from the income taxes paid on the wages and salaries of the Company's employees.

▶ CUSTOMERS

In 2008 Lemminkäinen's net sales were EUR 2,482 million (2,174). International business accounted for 27 per cent or EUR 677 million (582) of the total.

▶ GOODS SUPPLIERS AND SUBCONTRACTORS

Lemminkäinen's total purchases from external goods suppliers and subcontractors in 2008 were EUR 1,634 million (1,411), i.e. approx. two-thirds of the Company's net sales. Of this total, purchases of goods and raw materials accounted for EUR 722 million (613), and purchases of external services for EUR 945 million (801). The biggest single item in external services was subcontracting, which totalled EUR 770 million (642). Approximately 19 per cent (20) of purchases were made in countries other than Finland.

▶ EMPLOYEES

The average number of people employed in Lemminkäinen Group in 2008 was 9,776 (9,201), of whom 2,836 (2,565) were working abroad. According to the income statement for 2008, the Company paid wages, salaries and other remuneration totalling EUR 358 million (327), of which EUR 71 million (67) was paid to employees outside Finland.

Employee pension expenses of EUR 55 million (47) and other employee-related expenses of EUR 36 million (32) were paid in 2008.

▶ SOCIETY

The Company paid income taxes totalling EUR 28 million (31) in 2008. In addition, the Company paid other public charges and taxes such as real estate tax, value added tax and environmental charges.

▶ SHAREHOLDERS

Lemminkäinen had 4,511 shareholders (3,643) at the end of the 2008 accounting period. The Board of Directors of Lemminkäinen Corporation will propose to the Annual General Meeting that a dividend per share of EUR 0.90 (1.80), i.e. a total dividend of EUR 15.3 million (30.6), be paid for the 2008 accounting period.

▶ FINANCIERS

The Company's net financing expenses in 2008 were EUR 32 million (16). Lemminkäinen's interest-bearing net debt was EUR 336 million (279), gearing 98 per cent (87) and the equity ratio 26 per cent (33).

▶ INVESTMENTS

Gross investments in 2008 were EUR 60 million (61). The investments were mainly purchases of paving, crushing and excavation equipment, production equipment for building materials, and building construction equipment.

▶ NON-PROFIT ORGANISATIONS

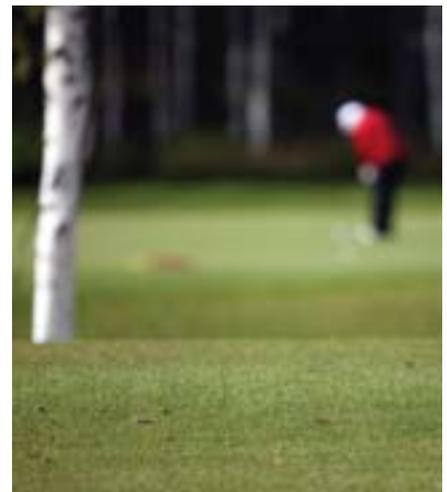
The Oskari Vilamo Fund promotes advanced research into construction and its related sciences. The Fund was established in 1985 and it operates as a special fund of the Finnish Foundation for Economic Education. The Fund annually awards a prize for outstanding contribution to the field, and gives prizes for exceptional academic theses on construction-related topics. Proposals for candidate theses are requested from professors of the field.

The doctoral dissertation prize is EUR 3,500 and the prize for licentiate research and master's theses EUR 2,000. In 2008, prizes were awarded for 3 doctoral dissertations and 6 master's theses. The fund has awarded prizes for 102 academic theses in total.

ENVIRONMENTAL RESPONSIBILITY

► Environmental responsibility in all operations

Lemminkäinen wants to be a leader in environmentally responsible and sustainable construction. The Company takes account of life cycle and environmental perspectives in the development of its operations, products and services. The goal is to provide customers with products and services that embody quality, safety and environmental wellbeing.



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

- complies with the laws of Finland and the foreign countries in which it operates. The Company observes all 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.

MINIMAL ENVIRONMENTAL IMPACTS ARE THE GOAL

All construction changes the environment in which we live. As one of Finland's biggest construction companies, Lemminkäinen develops its operations in accordance with the principles of continuous improvement and sustainable development.

Environmental responsibility is an integral part of the Group's business, management and decision-making. For Lemminkäinen, responsibility means knowing the environmental impacts of its operations, its statutory obligations and the environmental risks, and taking them into consideration when offering products and services.

Lemminkäinen operates in accordance with the principles of the ISO 14001 environmental management system. Systems certificated to this standard are being used in the civil engineering and paving and mineral aggregates business areas of Lemminkäinen Infra Oy, in the building products business sector, and in Lemminkäinen Talo Oy's subsidiary Lemcon Ltd. The certification of Lemminkäinen Talo Oy's entire business has been set as a goal for 2009. Approximately 45 per cent of Lemminkäinen's net sales is presently covered by environmental certification. This coverage will rise to over 80 per cent as the scope of certification is widened.

The Group's environmental work 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 environmental practices, and the acceptance of responsibility for damages caused.

The principle is to prevent the occurrence of environmental damages by paying particular attention 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. Emergency plans have been prepared for production plants and facilities, and emergency exercises have been arranged.

The clean-up of chlorinated solvents found in the groundwater of Sammonmäki industrial area in Tuusula is the subject of an on-going research project. An in-situ cleaning technology based on the use of nano-iron is being investigated. The study is part of a TEKES product development project.

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 and reducing emissions.

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.

ENERGY EFFICIENCY IS A KEY GOAL

Energy and environmental issues, the quality, state, healthiness, safety and productivity of the built environment, as well as the growing demands of real estate owners, users and legislation are common points of departure for all the operations of Lemminkäinen's business sectors.

Lemminkäinen is involved in RYM-SHOK Oy, which co-ordinates the real estate and construction sector's strategic centre for science, technology and innovation. Its goal is to promote

ENVIRONMENTAL RESPONSIBILITY

world-class research driven by the sector's companies and based on their needs, and to increase the R&D inputs of the construction sector and its companies.

The proposed research themes include construction processes and operating models, interaction between buildings and their occupants, and energy efficiency.

Lemminkäinen is one of Finland's biggest building and infrastructure construction companies, so improving the energy efficiency of buildings by means of new structural solutions and better technical building systems is an important goal for the Group. Another key goal is competitive urban infrastructure, where, for example, the condition of the road network and degree of asphalt pavement recycling have a role to play in influencing energy efficiency.

CLIMATE CHANGE POSES NEW CHALLENGES FOR BUILDING CONSTRUCTION

Energy economy factors must be taken into consideration when designing and building a high-quality and sustainable living and working environment. A good example of such an environment is the Westend residential area in Tampere (presented on page 15), which won the Good Construction Prize 2008 for the skilful urban planning and building design required by the historic and highly valued environment.

The manifestations of climate change in building construction include more stringent regulations and the development of new ecological building methods and technical solutions. From the beginning of 2008 new buildings are required to have an energy certificate. Climate warming and the increasing incidence of heavy rainfall and high winds subject building structures, especially external walls and roofs, to greater burdens and stresses, and increase the need for seasonal heating and cooling.

Lemminkäinen is responding to the environmental challenges of climate change by improving the quality and energy efficiency of construction with new structural solutions and better technical building systems. As research knowledge is accumulated, the Company will invest in the development and construction of low-energy buildings.

INFRASTRUCTURE CONSTRUCTION: LESS ENERGY CONSUMPTION, MORE RECYCLING

Lemminkäinen conducts its own research and development in the field of infrastructure construction, and also participates in many

joint industry projects aimed at developing products and production methods that place less burden on the environment.

In its paving business, Lemminkäinen does continuous development work aimed at reducing the energy consumption and energy-related emissions of machines and equipment. Natural gas, fuel oil and liquefied petroleum gas are used as energy sources at production plants. Lemminkäinen uses natural gas to fire its asphalt production plants in 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 during spring 2009.

Asphalt is 100 per cent recyclable, which conserves natural aggregate and bitumen. RAP (reclaimed asphalt pavement) is utilised in over 10 per cent of Lemminkäinen's total asphalt production. The Company's new asphalt plants are fitted with the equipment necessary to produce recycled asphalt. Lemminkäinen is also a significant producer of low-noise asphalt pavements.

Lemminkäinen's Central Laboratory is one of the construction sector's leading specialist laboratories in Finland and the Nordic countries. It has done significant development work aimed at improving the wear-resistance and safety properties of asphalt pavements and reducing harmful environmental effects by developing different types of asphalt for a whole range of conditions.

In its mineral aggregates business, Lemminkäinen strives for environmentally sustainable solutions in the procurement of mineral aggregate extraction sites. Noise and dust emissions are reduced by enclosing conveyor belts, replacing water-sprinkling systems, and siting plants so that landscape features act as noise barriers.

In its civil engineering operations, Lemminkäinen has reduced emissions and energy consumption by procuring new machines and equipment and improving its maintenance and servicing practices. In rock engineering, tunnel ventilation systems are among the largest consumers of electrical energy in tunnel construction projects. Lemminkäinen has developed energy-conserving control systems for these tunnel ventilators. The water used in tunnel boring is cleaned by systems that separate out oil contaminants and remove solids by sedimentation.

GROWING NEED FOR TECHNICAL BUILDING SERVICES

Climate change is expected to increase the need for technical building services in construction. This will show up especially in the demand for air conditioning equipment and the heat recovery devices used in low-energy construction.



- ▶ The manifestations of climate change in building construction include more stringent regulations and the development of new ecological building methods and technical solutions.
- ▶ Climate warming and the increasing incidence of heavy rainfall and high winds subject building structures, especially external walls and roofs, to greater burdens and stresses, and increase the need for seasonal heating and cooling.

In 2008, employees of Tekmanni Service Oy took part in a new training programme that qualifies them to issue building energy certificates.

BUILDING PRODUCTS MUST MEET STRICTER QUALITY REQUIREMENTS

In the building products business sector Lemminkäinen is developing cost-effective production processes, operating models and products that place the least possible burden on the environment. All the companies in Lemminkäinen's building products business sector have certificated environmental systems.

Changing weather conditions call for better-quality materials and higher standards of work. Careful consideration is being given to life cycle and environmental perspectives and stricter regulations concerning thermal insulation and moisture barrier systems. Key issues are the quality, durability, serviceability and recyclability

of products, as well as professional skill and expertise throughout the entire chain from product design and manufacture to installation and maintenance in service. Attention is also being paid to logistics solutions by increasing, for example, the use of recycled materials in product packaging. The Company strives to recycle all waste generated on work sites.

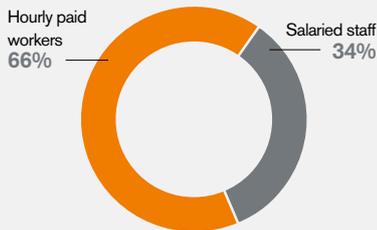
New machine and equipment procurements as well as improved maintenance and servicing practices are reducing emissions and energy consumption in the production of building products. Natural gas, fuel oil and liquefied petroleum gas are used as energy sources in production plants. Energy reviews have also been carried out at Lemminkäinen's production plants. Lemminkäinen Betonituote is taking part in a voluntary energy conservation initiative based on an agreement between the Ministry of Employment and the Economy and the Confederation of Finnish Industry and Employers. The purpose of the agreement is to promote energy conservation in industry. ■

SOCIAL RESPONSIBILITY

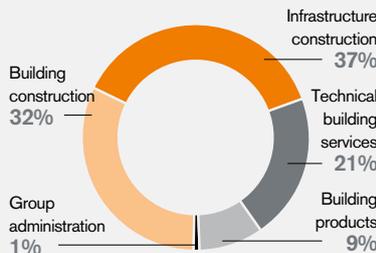
▶ Business sectors intensify their collaboration in personnel issues

The construction sector is in a transitional phase. The changing employee age structure ensures that the sector's long-term need for labour is here to stay. Many of the construction sector's professions have no established training pathways. Lemminkäinen trains people for these professions itself. Particular attention is being given to the training of managers and to preventative occupational healthcare. Occupational safety has developed favourably as a result of active measures.

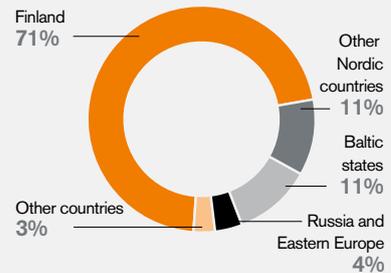
Group personnel



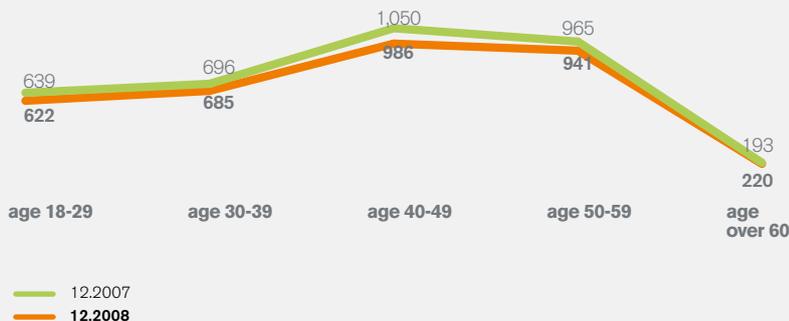
Personnel by business sector



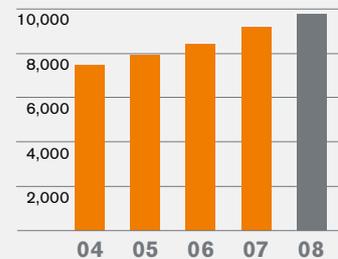
Personnel by market area



Employee age structure, full-time personnel



Personnel (average)



The average number of employees in Lemminkäinen Group in 2008 was 9,776.

PERSONNEL

The goal of Lemminkäinen Group's personnel work is to ensure the availability, retention and development of professionally qualified personnel. Particular attention is paid to personal development, achieving the right balance between work and leisure time, and occupational health and safety issues.

With the reorganisation that came into effect at the beginning of 2008, Lemminkäinen's business sectors have been working together more closely on personnel issues. The development of recruitment, training and employee relations, among other issues, is now being considered in internal collaboration networks. The aim is to develop ways to improve the attractiveness of the sector and the identification of personnel risks.

Co-operation on an international scale

The scope and international reach of Lemminkäinen's business characterise the nature of the Group's personnel work. 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.

Employer-employee relations at Lemminkäinen are sound, and both sides negotiate employment-related issues in good faith. In addition to collaboration in the business sectors, a Group Co-operation Meeting is arranged annually for representatives of management and the employees. Lemminkäinen works actively with labour market organisations, and the Group is strongly represented in the national collective bargaining process. Lemminkäinen has a local pay system for salaried employees that is applied right across the Group, unique in the business.

Changing age structure brings a change of culture

The changing age structure and retirement of the post-war generation affect the need for labour. Lemminkäinen has focused on developing its image as an employer among young people in particular.

Generational change has been accompanied by a culture change in the expectations set for the employer and the manager. Managerial training and support are one of Lemminkäinen's focus areas in personnel work. The deep leadership training introduced in some of the Group's business sectors has yielded good results, for instance in management skills, and the aim is to enlarge the group of trainees.

Job satisfaction and workplace atmosphere are surveyed at least every other year, depending on the company.

At the beginning of 2008 Lemminkäinen started producing a magazine for the whole Group's personnel. The magazine aims to support the flow of information across business sector boundaries and to familiarise employees with the work of colleagues in different parts of the Group.

Training for professions with no established pathways

Lemminkäinen supports employee training and internal job rotation. The construction sector has a lot of professions for which there are no direct training pathways. For these professions, Lemminkäinen trains newcomers in its own programmes as well as in apprentice-based and other similar professional training schemes. In areas such as building materials production, installation and maintenance work, and specialist professions of the technical building services sector, there are often no other training pathways.

Special training in refurbishment work gives professionals the knowledge and skills needed for challenging repair projects.

Lemminkäinen trains personnel for specialist professions in partnership with many outside organisations. Long-term partnerships with colleges of different educational levels and other actors is essential when training professionals of the future.

Project know-how is a key development area for Lemminkäinen. Tailored training on construction project expertise is continuously organised in the Group.

Every year the Group provides young people with summer vacation work, trainee placements and pre-grad work experience opportunities. In 2008, over 500 young people had summer vacation jobs or trainee placements with Lemminkäinen. Seven students did their academic thesis works in the Group.

OCCUPATIONAL HEALTH

The aim of Lemminkäinen's occupational healthcare service is to promote employee wellbeing and the healthiness and safety of the work environment. The occupational healthcare service identifies, prevents and controls risks to the employees' fitness for work. Prevention plays a central role in the maintenance of wellbeing and fitness for work, the aim being to reduce premature retirement and the adverse impacts of illness, accidents and lack of physical fitness.

The emphasis of Lemminkäinen's occupational healthcare is on the prevention, early detection and prompt treatment of illnesses. Key issues concerning occupational healthcare are included in the Group's internal safety programme.

Surveys and questionnaires provide information on risks

In 2008 Lemminkäinen launched a project to clarify the biggest factors for musculoskeletal loading in different professional groups. Describing physically strenuous jobs, work methods, tools

SOCIAL RESPONSIBILITY

and environments gives occupational healthcare providers a better understanding of working conditions and helps them to identify the loading factors of work.

The occupational healthcare service conducts workplace studies together with OSH personnel at typical sites of the Group's different business sectors. Measures aimed at reducing health risks and hazards are proposed on the basis of the findings.

A health questionnaire was introduced at the beginning of 2008 in connection with regular health check-ups and stage-of-life examinations. The questionnaire guides the timing of health examinations and the results obtained from it help to focus measures and resources on high-risk employee groups.

Putting early reaction into practice

The first model for the monitoring of sick leave absences was completed and has been in trial use with Oy Alfred A. Palmberg Ab since the beginning of December 2008. The purpose of the monitoring system is to react to threatening fitness-for-work problems at the earliest possible stage. The system will be developed on the basis of experience gained from the pilot, and its use will be extended to all the business sectors of the Group in 2009.

The occupational healthcare service and the HR function will arrange management training on the practical implementation of early reaction. The objective of preventive action is the timely detection and resolution of health problems.

The support of employee wellbeing will be expanded in 2009. New operating models will be sought, for instance, through closer collaboration between the Group's HR personnel and OSH representatives. In particular, solutions will be sought to the problem of getting employees in poor physical shape back to full fitness for work.

Physical exercise programme

Taking care of the personnel's mental and physical wellbeing for the full duration of the employment relationship is important for Lemminkäinen Group: employees are offered not only occupational healthcare but also an extensive range of physical exercise benefits.

The Group's physical exercise programme has been developing since the early 2000s. The aim of the programme is to improve the wellbeing of the personnel both at work and in their leisure time by developing their physical activity. 49 per cent of male employees and 70 per cent of female employees take part in physical exercise activities supported by the employer. Lemminkäinen's support for physical exercise amounts to approximately EUR 110 per participating employee. The theme of the 2009 physical exercise programme is community spirit, so especially team sports and participation in mass exercise events are being supported.

Especially employees who exercise too little to maintain themselves in good health are actively encouraged to take physical

exercise. The activities organised by Lemminkäinen include professionally guided early rehabilitation, physical workouts for site workers, and weight control groups.

SAFETY

Safety work in Lemminkäinen is based on an annually updated safety programme that is approved by the Board of Directors and observed throughout the Group. The programme covers safety management, risk management and measures that improve occupational safety. The key principles, aims, actions and methods of monitoring occupational health and safety are documented in the safety programme. The programme is an integral part of Lemminkäinen's management systems.

Occupational safety is continuously developed

Lemminkäinen's safety work is based on 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.

Lemminkäinen's safety work is purposeful and preventative:

- Occupational health and safety risks are evaluated systematically using reliable safety analyses.
- Lemminkäinen has the programmes, plans and instructions necessary to ensure the occupational wellbeing, health and safety of its employees.
- 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. The aim is that every employee should receive two days of training a year.
- The employer and the employees work together to promote safety.
- 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.
- Lemminkäinen observes all occupational safety, occupational health and environmental legislation.
- 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.

OHSAS 18001 occupational health and safety certificates have been awarded to:

- Lemminkäinen Talo Oy's subsidiary Lemcon Ltd
- Lemminkäinen Infra Oy's business functions: paving, mineral aggregates, and civil engineering
- Lemminkäinen Building Products: Lemminkäinen Katto Oy, and Lemminkäinen Betonituote Oy's subsidiary Suonenjoen Betonituote Oy

The certification work continues. For example, Lemminkäinen Talo Oy aims to have all of its subsidiaries certificated by the end of 2009.

Active work has raised the standard of safety

The development of safety work is monitored monthly and annually. The annual report contains information such as the previous year's dangerous situations and accidents, personnel safety training, the most significant measures taken and their effects, and the action plan for the following year. The monthly report includes information such as details of workplace accidents, accumulated sick leave absences, and the development of claims and the accident frequency.

The "Golden Helmet" internal safety competition is arranged as part of the annual "Safe Tar Boy" campaign, and communications material such as an occupational safety guide, safety notebook and personal safety guide is produced. Occupational safety is given plenty of column inches in the personnel magazine.

The Group has been a member of the Zero Accident Forum since 2005. In 2008 Lemminkäinen became the first construction group to achieve class III status "Heading for the world's forefront in safety". This achievement required a favourable safety trend in the whole Group measured in terms of accident frequency and seriousness.

Safety audits and reviews are made regularly at all workplaces. In 2008, safety reviews were made in Tekmanni Oy and in some subsidiaries of Lemminkäinen Talo Oy. In these reviews the safety management systems and workplace safety practices of the companies were examined and recommendations were made to improve occupational safety.

The safety standard is monitored and deficiencies identified by means of weekly site safety measurements. In 2008, investigations into dangerous situations and accidents were stepped up in order to clarify their causes and prevent their recurrence.

Lemminkäinen is actively involved in nationwide safety competitions and campaigns, such as the Confederation of Finnish Construction Industries RT's "Scaffolding Thursday" campaign.

Good practices, information and skills concerning safety are disseminated through Lemminkäinen's network of safety managers. The network has contributed to the rapid rise of the safety standard in the Group.

Good practices to be firmly established on work sites

The Group's aim is to reduce the frequency of workplace accidents by 10 per cent per annum.

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.

In future, particular attention will be given to the establishment of safety measures and good practices on the Group's work sites. Occupational safety will be developed by increasing the use of personal protective equipment, intervention in dangerous situations, safety training and safety certification. Theme days will be organised and training and communications materials will be produced. The "Safe Tar Boy" campaign will be continued and investigation practices for accidents and dangerous situations will be further developed. ■

CORPORATE GOVERNANCE OF LEMMINKÄINEN GROUP

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

PRINCIPLES OF CORPORATE GOVERNANCE

Lemminkäinen Corporation is administered in accordance with current legislation such as the Companies Act and the Securities Market Act as well as the Company's Articles of Association

Lemminkäinen Corporation observes the rules and insider guidelines of NASDAQ OMX Helsinki Ltd as well as corporate governance recommendations concerning Finnish listed companies.

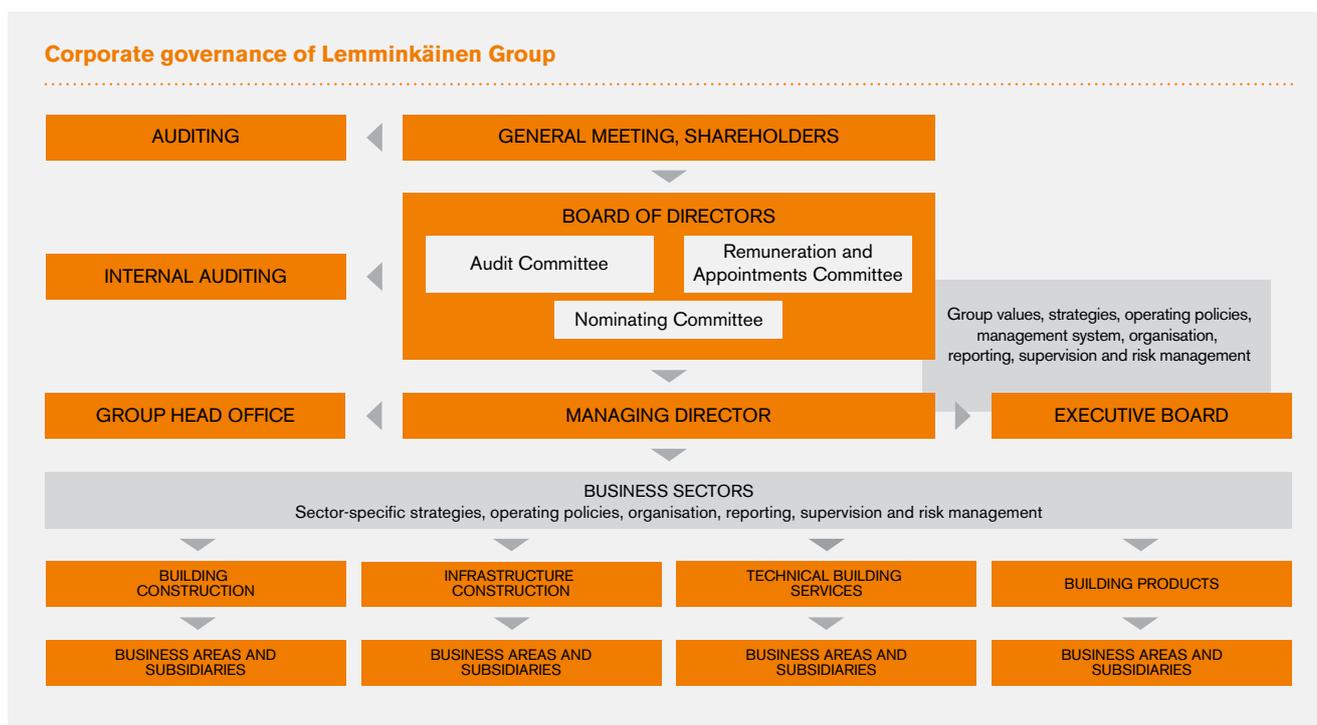
GENERAL MEETING OF SHAREHOLDERS

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 the granting of discharge from liability to the members of the Board of Directors and the Managing Director. 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 in 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 Euroclear Finland Oy at least ten days prior to the meeting. Nominee-registered shareholders can be included on the Company's list of shareholders temporarily for the purpose of attending a general meeting of shareholders. Lemminkäinen has one share class, and each share carries one vote at a general meeting of shareholders.

Lemminkäinen's Board of Directors is responsible for ensuring 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 given in the summons to the general meeting, in other bulletins and releases, and on the Company's website.

A shareholder is entitled to have a matter dealt with at a general meeting of shareholders if such matter falls within the competence of a general meeting according to the Companies Act and if the shareholder makes the proposal in writing to the Board of Directors in sufficient time for it to be included in the meeting summons. The minutes of a general meeting of shareholders, including



the voting results and the appendices of the minutes that are part of a decision made by the meeting, shall be posted on Lemminkäinen's website within two weeks of the general meeting.

Lemminkäinen Corporation's Annual General Meeting 2008 was held on 14 March 2008. The AGM adopted the year-end financial statements for 2007 and granted discharge from liability to the members of the Board of Directors and the Managing Director.

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 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/her 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 2008 elected six persons to serve as members of the Board of Directors, namely: Heikki Pentti, Berndt Brunow, Juhani Mäkinen, Kristina Pentti-von Walzel, Teppo Taberman and Sakari Tamminen. Heikki Pentti passed away on 19 April 2004, following a serious illness. After the passing away of Heikki Pentti, the Board of Directors of Lemminkäinen Corpora-

tion held an organising meeting and elected from among the members Berndt Brunow to serve as the new Chairman and Juhani Mäkinen as the new Vice Chairman.

The five members of the Board of Directors of Lemminkäinen Corporation in 2008:

- Berndt Brunow, b. 1950, Chairman of the Board
- Juhani Mäkinen, b. 1956, Vice Chairman of the Board
- Kristina Pentti-von Walzel, b. 1978
- Teppo Taberman, b. 1944
- Sakari Tamminen, b. 1953

All the board members are independent of the Company and four of them are independent of its major shareholders.

Meetings

Lemminkäinen Corporation's Board of Directors generally convenes once a month. There were 13 board meetings in 2008 and the attendance rate of the board members was 95 per cent (100).

Fees

The 2008 Annual General Meeting decided that the Chairman would be paid a fee of EUR 11,000 (11,000) per month and the board members would each received a fee of EUR 3,000 (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.

CORPORATE GOVERNANCE OF LEMMINKÄINEN GROUP

Berndt Brunow acted as the Chairman of the Nominating Committee in 2008, with Teppo Taberman and Sakari Tamminen serving as committee members. All the members of the committee are independent of the Company and its major shareholders. The Nominating Committee convened once in 2008. All the members of the committee attended the meeting.

Audit Committee

The role of the Board of Directors' Audit Committee is to monitor the annual and interim financial reporting processes as well as the statutory auditing of the parent company and consolidated financial statements. The Board of Directors deals with the corporate governance statement and monitors the adequacy and effectiveness of the Group's risk management, internal controls and internal auditing. The Audit Committee deals with reports and plans prepared for the committee by the internal control and internal audit functions. Furthermore, the Audit Committee assesses external auditing services, considering the quality, independence and costs of the audit work, and carries out preparatory work on the election of the auditor for the Board of Directors' consideration. The Company's auditor and internal auditor as well as management representatives attend the committee's meetings when summoned to do so.

On 1 January 2008 the Chairman of the Audit Committee was Sakari Tamminen, with Berndt Brunow, Teppo Taberman and Heikki Pentti serving as committee members. From 7 May onward, Sakari Tamminen was the Chairman, and Juhani Mäkinen and Kristina Pentti-von Walzel served as committee members. All the members of the committee are independent of the Company and two of them are independent of its major shareholders.

The Audit Committee convened three times in 2008. All the members of the committee attended the meetings.

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.

On 1 January 2008 the Chairman of the Audit Committee was Heikki Pentti, with Berndt Brunow and Teppo Taberman serving as committee members. From 7 May onward, Teppo Taberman was the Chairman, and Juhani Mäkinen and Berndt Brunow served as committee members. All the members of the committee are independent of the Company and its major shareholders.

The Remuneration and Appointments Committee convened once in 2008. All the members of the committee attended the meeting.

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.

Juhani Sormaala

Juhani Sormaala served as the Company's Managing Director from 1994 to 2008. In 2008 Managing Director Sormaala was paid a total of EUR 775,393 (706,436), which included a performance-related bonus of EUR 126,000 (115,200) and a retention bonus of EUR 170,025 (150,036), making a total bonus package of EUR 296,025 (265,236).

Timo Kohtamäki

Timo Kohtamäki was appointed to serve as Managing Director of Lemminkäinen Corporation with effect from 1 January 2009. 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. 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.

Executive Board

The Executive Board of Lemminkäinen Group comprises, in addition to the Managing Director of the parent company, the heads of the Group's business sectors; i.e. the managing directors of Lemminkäinen Talo Oy, Lemminkäinen Infra Oy and Tekmanni Oy, and the director of Lemminkäinen Building Products, and Lemminkäinen Corporation's directors of finance, human resources and legal affairs.

Boards of directors of subsidiaries

The members of the boards of directors of subsidiaries are generally senior executives employed in Lemminkäinen Group. The managing directors of Lemminkäinen's biggest subsidiaries act as presenters at 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 per cent 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.

INSIDER ADMINISTRATION

Lemminkäinen Corporation observes insider guidelines based on the provisions of the Security Markets Act currently in force, the standards of the Finnish Financial Supervision Authority, and the insider rules drawn up by NASDAQ OMX Helsinki Ltd, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

Lemminkäinen's public insiders are Lemminkäinen Corporation's board members, the Managing Director and the assigned chief auditor. In addition, 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 are defined by the Company as insiders subject to the disclosure obligation.

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

AUDITING

The scope of the audit encompasses the accounting records, financial statements, report of the Board of Directors and administration of the Company for each accounting period. The Auditor reports regularly to the Audit Committee of the Board of Directors and submits an Auditors' Report to the Annual General Meeting.

The Auditors' Report contains a statement as to whether the financial statements and the report of the Board of Directors give a true and fair view, as defined in the pertinent rules governing financial reporting, of the Company's result of operations and financial position, and as to whether the information contained in the report of the Board of Directors for the accounting period and in the financial statements are consistent.

Lemminkäinen Corporation's auditor for the 2008 accounting period was PricewaterhouseCoopers Oy, a firm of authorised public accountants, with Jan Holmberg, A.P.A. acting as the chief auditor. PricewaterhouseCoopers Oy has been acting as Lemminkäinen Corporation's auditor since 2004. The auditor's fee is paid on the basis of an approved invoice.

In 2008 Lemminkäinen Corporation's auditors were paid EUR 657,745 (436,552) for their auditing work and EUR 97,604 (292,385) in consulting fees.

INTERNAL AUDITING

The Company's internal audit function assists the Board of Directors in its supervisory role. The Board of Directors approves the internal auditing procedures as well as the annual action and audit plan. Internal audit planning is based on discussions with senior management and on risk analyses made in accordance with the Group's structure. 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 audits, plans and activities.

The primary task of the internal audit function is to examine and assess the efficiency and functionality of Lemminkäinen Group's risk management and the internal controls of its business units. 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. ■

INTERNAL CONTROLS AND RISK MANAGEMENT

Lemminkäinen Corporation's Board of Directors is responsible for ensuring that the Group's internal controls and risk management as a whole are adequate given the scope of business operations, and that their supervision is appropriately organised.

The purpose of internal controls and risk management is to ensure that business is conducted efficiently and profitably, that reporting is reliable, and that applicable laws, regulations and the Group's operating principles are observed. Internal controls and risk management are the responsibility of operative management. The internal audit function assists the Board of Directors in its supervisory role.

The Group's businesses and treasury management are planned and controlled by means of efficient planning and supervisory systems and a unit-specific reporting system. Lemminkäinen's Board of Directors deals with reviews of the Group's individual business sectors and the Group's financial reports as well as essential changes in the business in order to ensure adequate risk management.

Risks threatening the attainment of Lemminkäinen's goals are identified and assessed as a part of everyday business and the actions necessary to control the risks are implemented. Significant risks concerning individual sectors, business areas and projects are reported to the Managing Director and the Board of Directors. The key results of risk analyses made in accordance with the Group's structure as well as management's action plans for the development of risk management are reported to Lemminkäinen Corporation's Board of Directors. The aim of the risk analyses is to identify essential risks threatening the organisation and to assess their significance as well as the adequacy of control measures and the need for development.

Lemminkäinen's risks are divided into six categories: market risks, project risks, financing risks, credit loss risks, environmental risks, and accidents and damage. Short-term risks and uncertainties are described more precisely in the interim financial reviews and financial statements bulletins.

MARKET RISKS

The most significant of Lemminkäinen's market risks is the cyclical nature of new construction in Finland. This risk is managed structurally and operationally. Unlike most other construction companies, the structure of the Lemminkäinen Group is such that business sectors 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 projects are exposed to the risk of estimated contract costs being exceeded. Lemminkäinen manages its project

risks in many ways. 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 per cent of the Group total in any given year. This means that the failure of an individual contract cannot have a major impact on the Group's result.

Lemminkäinen is also 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. In addition, 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, CREDIT LOSSES

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.

Credit loss risks are avoided by actively monitoring trade receivables.

ENVIRONMENTAL RISKS

The environmental risks associated with the Group's operations have been identified. 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 control programmes.

ACCIDENTS AND DAMAGE

Owing to the accident-prone nature of construction work, special attention is continuously paid to the development of industrial health and safety.

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.

PARENT COMPANY BOARD OF DIRECTORS



Berndt Brunow

Berndt Brunow

- Born 1950
- B.Sc. (Econ.)
- Chairman of the Board, 2008–
- Member of the Board of Directors, 2002–
- Independent of the Company and its major shareholders
- Managing Director of Oy Karl Fazer Ab, 2002–2007, Managing Director of Sanitec Corporation, 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



Juhani Mäkinen

Juhani Mäkinen

- Born 1956
- Counsellor of Law, Attorney
- Chairman of the Board of Hannes Snellman Attorneys Ltd.
- Vice Chairman of the Board of Directors, 2008–
- Independent of the Company and its major shareholders
- Hannes Snellman Attorneys Ltd., Partner 1985–
- Resident lawyer, Scandinavian Law Office, Rotterdam, Netherlands, 1982–1984
- Chairman of the Board of Directors of Oy Forcit Ab, Vice Chairman of the Board of Directors of Myllykoski Corporation and Componenta Corporation, Member of the Board of Directors of Oy Karl Fazer Ab, Polttimo Yhtiöt Oy and Virala Oy
- 1,600 Lemminkäinen Corporation shares



Kristina Pentti-von Walzel

Kristina Pentti-von Walzel

- Born 1978
- M.Sc. (Econ.), M.Sc.(Pol.Sc.)
- Campaign manager/fundraising, Hanken School of Economics, 2008–
- Member of the Board of Directors, 2007–
- Independent of the Company and non-independent of its major shareholders



Teppo Taberman

- 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
- 635,660 Lemminkäinen Corporation shares

Teppo Taberman

- Born 1944
- M.Sc. (Econ.)
- Professional board member and economic advisor, 1995–
- Member of the Board of Directors, 1997–
- Vice Chairman of the Board of Directors, 1998–2008
- Independent of the Company and its major shareholders
- 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 Corporation and SKS Group Oy, among others
- 2,500 Lemminkäinen Corporation shares



Sakari Tamminen

Sakari Tamminen

- Born 1953
- M.Sc. (Econ.)
- Managing Director of Rautaruukki Corporation, 2004–
- Member of the Board of Directors, 2003–
- Independent of the Company and its major shareholders
- Occupied executive positions in Metso Corporation, Rauma Oy and Rauma-Repola Oy, 1987–2003
- Chairman of the Board of Directors of the Confederation of Finnish Industries, EK, Member of the Board of Directors of Sanoma Corporation, Chairman of the Board of Directors of 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, and Member of the Board of Directors of the Finnish Foundation for Share Promotion
- 1,400 Lemminkäinen Corporation shares

Shareholdings as of 31 December 2008

LEMMINKÄINEN GROUP EXECUTIVE BOARD

Timo Kohtamäki

- Born 1963
- Lic.Tech.
- Managing Director of Lemminkäinen Corporation, 2009–
- 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/Geoinstituutti Oy, Geotechnical Project Manager, 1989–1996
- Chairman of the Board of Directors of Lemminkäinen Talo Oy, Lemminkäinen Infra Oy, Tekmanni Oy, Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy
- Member of the Board of Directors of the Confederation of Finnish Construction Industries (RT), 2008–
- Chairman of the Board of Directors of the Infra Association, 2007–
- 97 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
- WPL-System Oy, construction manager, project manager, project planning manager and project engineer, 1985–1991
- Group employee since 1985
- Member of the Board of Directors of Lemminkäinen Infra Oy and Tekmanni Oy
- 300 Lemminkäinen Corporation shares

Henrik Eklund

- Born 1961
- M.Sc. (Eng.)
- Managing Director of Lemminkäinen Infra Oy, 2009–
- Lemminkäinen Infra Oy, Head of Paving and International Operations, 2008
- Lemminkäinen Corporation, Head of Paving and Mineral Aggregates Division 2005–2007
- Lemcon Ltd, Export Director, 2001–2004
- Rakennus Oy Lemminkäinen, project planning manager, project manager, regional manager, 1995–2000
- Group employee since 1989
- Member of the Board of Directors of Lemminkäinen Talo Oy
- Member of the Board of Directors of the Infra Association, 2007–
- Member of the Supervisory Board of Etera Mutual Pension Insurance Company, 2007–
- 525 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, LVI-TU ry and the Employers' Association TIKLI
- Member of the Executive Board of LVI-TU ry
- Member of the Supervisory Board of Fennia Mutual Pension Insurance Company
- 3,000 Lemminkäinen Corporation shares

Erkki Lönnrot

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

Jukka Ovaska

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

Tiina Mikander

- Born 1967
- Master of Laws
- Lemminkäinen Corporation, Director, Legal Affairs, 2005–
- Lemminkäinen Corporation, 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
- No holdings of Lemminkäinen Corporation shares

Tiina Kihlakaski

- Born 1960
- M.Sc. (Econ.)
- Lemminkäinen Corporation, Director, Human Resources, 2009–
- Group employee since 2009
- TietoEnator, HR Centre, Vice President, 2005–2008
- TietoEnator, Processing & Network, Director for Business Development, 2004–2005; Head of Profit Unit, 1999–2004; Department Manager, 1997–1998
- Avancer, Personnel Manager, 1995–1996
- VTT, Personnel Unit, IT project manager, HR specialist, group manager 1987–1995
- Tietotehdas, IT planner, 1985–1986
- Member of the Board of Directors of Tekmanni Oy
- No holdings of Lemminkäinen Corporation shares

Shareholdings
as of 31 December 2008



Lemminkäinen Group Executive Board 2009: Henrik Eklund (left), Erkki Lönnrot, Jukka Ovaska, Juha Nurmi, Tiina Kihlakaski, Timo Kohtamäki, Tiina Mikander and Antero Huhta.

BOARD OF DIRECTORS' REPORT

1.1.-31.12.2008

OPERATING ENVIRONMENT

Finland

The year 2008 marked the onset of a downturn for both the global economy and the construction sector. Uncertainty as to the development of construction demand grew as the year progressed. The effects of the international financial crisis became manifest in the real economy towards the end of the year, and the economy drifted towards recession.

The volumes of commercial, logistics and industrial construction peaked and began to decline in the second half of the year. Office construction was brisk during the first half of the year, especially in the Helsinki Metropolitan Area, and the interest shown by real estate investors in Finnish real estate properties was good. The investment returns required by investors rose towards the end of the year, and especially international real estate investors pulled out of the market. Demand for housing fell sharply and the number of unsold completed housing units rose. Barely 24,000 new housing starts were made in 2008 (31,000).

In infrastructure construction, especially the paving and mineral aggregates market continued to enjoy good demand. However, the civil engineering market was somewhat weaker than in the previous year.

Brisk building construction in the first half of the year boosted demand for technical building services. The slowdown in new construction weakened demand for some building products, such as pre-cast concrete staircase units and wall elements.

Relevant markets for Lemminkäinen abroad

In Sweden and Norway the infrastructure construction market remained reasonably good, demand being boosted by stimulus measures aimed at infrastructure construction by the governments of both countries. In Sweden the rock engineering market continued to be brisk, while in Denmark demand for paving works weakened slightly.

In the Baltic states the construction market remained difficult. Some new road construction and upgrade projects were launched with EU funding in the region, but the total volume of construction was lower than in the previous year.

In Russia the economic growth rate slowed down in the second half of the year due to the lower oil price and the global financial crisis. Demand for construction collapsed and housing sales fell sharply towards the end of the year.

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.

Lemminkäinen's operations in the building construction and infrastructure construction business sectors are the responsibility of two newly established companies: Lemminkäinen Talo Oy and Lemminkäinen Infra Oy, respectively. Tekmanni Oy is a provider of technical building services, technical facility services and industrial services. The building products business sector, Lemminkäinen Building Products, comprises the subsidiaries Lemminkäinen Katto Oy (roofing), Lemminkäinen Betonituote Oy (concrete products) and Omnisica Oy (sports construction).

NET SALES, PROFIT AND FINANCIAL POSITION IN 2008

October-December 2008:

The Group's net sales in the fourth quarter of 2008 were EUR 742.5 million (638.5) and the operating profit EUR 37.5 million (23.6). Net sales and profit were boosted by real estate deals totalling EUR 200 million at the turn of the year, most of which were recognised as income in the fourth quarter of 2008. When comparing the Q4 performance with the previous year, it should be noted that a EUR 14 million infringement fine was expensed in the fourth quarter of 2007. The Q4 profit before taxes was EUR 23.0 million (19.6). Exchange rate losses and higher interest expenses increased net financing expenses to EUR 14.5 million (4.0).

Year 2008:

Lemminkäinen Group's net sales were EUR 2,481.8 million (2,174.1). 73% (73) of net sales was generated in Finland, 13% (14) in other Nordic countries, 4% (2) in Russia, 7% (7) in the Baltic states and Eastern Europe, and 3% (4) in other countries. The operating profit for the accounting period was EUR 123.2 million (127.2), and the operating margin (operating profit / net sales) was 5.0% (5.8).

Key figures

EUR million	2008	2007	2006
Net sales, of which	2,481.8	2,174.1	1,795.9
operations abroad	676.7	581.6	530.3
Operating profit	123.2	127.2	109.2
Operating margin, %	5.0	5.8	6.1
Profit before taxes	91.0	111.2	94.2
Profit for accounting period, of which Profit share of parent company's shareholders	63.5	80.6	72.9
Earnings per share, EUR	3.28	4.29	3.87
Dividend per share, EUR	0.90 ¹⁾	1.80	1.50
Return on investment, %	17.7	20.7	20.6
Return on equity, %	19.2	27.5	30.2
Equity ratio, %	26.2	32.7	31.2
Gearing, %	98.4	87.2	105.7
Liquid funds	250.1	78.5	60.6
Interest-bearing liabilities	586.5	357.0	343.6

¹⁾ Board of Directors' proposal to the AGM

Business volume grew in all of Lemminkäinen's business sectors in 2008. The Company's net sales were boosted, especially in the first half of the year, by continued brisk activity in commercial and office construction in Finland, which also sustained demand for technical building services at a good level throughout the year. In Russia, housing sales were good in the first half, but fell away sharply in the final months of the year. Paving and mineral aggregate operations in Finland were brisk, but in the Baltic states the market situation for infrastructure remained weak. Lemminkäinen's order book at the end of the accounting period was 25% down on the previous year.

Profitability in 2008 was impacted by the poor market situation in the Baltic states, the weak results of some projects, and reduced housing sales. The profit before taxes was down 18% on the previous year due to increased financing costs. Financing expenses were raised by the growth of interest-bearing debt, higher interest rates and exchange rate losses. The profit for the accounting period was 21% down at EUR 63.5 million (80.6).

The Company's cash funds at the end of the accounting period were EUR 250.1 million (78.5). The financial position was strengthened by drawing on the full EUR 150 million credit limit. Good cash flows from operating activities in the final quarter of the year also strengthened the Company's cash reserves. The Company has unused TyEL pension premium loan allocations.

Net sales by business sector

EUR million	2008	2007	2006
Building construction	1,205.7	1,042.9 ¹⁾	839.3 ¹⁾
Infrastructure construction	902.8	820.3 ¹⁾	701.2 ¹⁾
Technical building services	269.5	230.2	191.7
Building products	156.0	133.8	104.4
Other functions and Group eliminations	-52.2	-53.0	-40.7
Group, total	2,481.8	2,174.1	1,795.9

¹⁾ pro forma

Operating profit by business sector

EUR million	2008	2007	2006
Building construction	71.8	71.7 ¹⁾	58.4 ¹⁾
Infrastructure construction	30.7	39.3 ¹⁾	43.1 ¹⁾
Technical building services	17.0	11.9	6.9
Building products	10.5	11.1	5.0
Others	-6.8	-6.7	-4.3
Group, total	123.2	127.2	109.2

¹⁾ pro forma

BUSINESS SECTORS

BUILDING CONSTRUCTION

The net sales of the building construction business sector rose 16% to EUR 1,205.7 million (1,042.9)¹⁾, of which 80% was generated in Finland, 5% in other Nordic countries, 6% in Russia, and 9% in other countries. Net sales were boosted by the sustained level of commercial and office construction activity in Finland and building construction in Russia, especially during the first half of the year.

The operating profit of the building construction business sector remained at the level of the previous year and was EUR 71.8 million (71.7)¹⁾.

The business sector's order book fell almost 40% to EUR 576.3 million (938.0)¹⁾, of which international orders were worth EUR 89.4 million (106.9)¹⁾.

BOARD OF DIRECTORS' REPORT

Building construction, key figures

EUR million	2008	2007 ¹⁾	2006 ¹⁾
Net sales, of which	1,205.7	1,042.9	839.3
operations abroad	243.9	196.1	203.3
Operating profit	71.8	71.7	58.4
Operating margin, %	6.0	6.9	7.0
Order book at end of period	576.3	938.0	893.5
Personnel (average)	3,159	3,055	2,819

¹⁾ pro forma

Operations in Finland

The number of new private-sector housing starts made in 2008 was 504 (2007: 852). The proportion of completed units that remain unsold has grown substantially in some localities, and after the summer not a single new housing start was made. The Company estimates that it is currently selling 20–30 housing units a month.

Lemminkäinen's private-sector housing production

Finland	2008	2007	2006
Housing starts	504	852	1,558
Housing units sold	634	883	1,156
Unsold completed units	496	283	83
Completed	1,030	1,488	1,173
Under construction at end of period	587	1,123	1,698

At the end of the accounting period Lemminkäinen owned a total of 818,000 m² of unused building rights, of which about 361,000 m² were residential building rights. The Company also has binding or conditional co-operation and zoning agreements for about 752,000 m², of which about 293,000 m² are residential building rights. The balance sheet value of the building plots was EUR 74.8 million (80.5).

Commercial, office and logistics construction activity was brisk at the beginning of the accounting period, but demand growth peaked and began to decline in the autumn. The volume of office construction in the Helsinki Metropolitan Area remained at a good level all year, but a marked fall-off in demand is expected in 2009. Among other consequences, the international financial crisis has weakened the financing opportunities open to foreign real estate investors. The yield requirements of investors rose significantly during the accounting period, especially in the case of properties located outside the Helsinki Metropolitan Area.

Refurbishment contracting continued to grow steadily in 2008 and the outlook for the near future is also favourable. Refurbishment contracting accounted for 17% of Lemminkäinen's building construction during the accounting period, and that percentage is expected to rise in the future.

International operations

International operations accounted for EUR 243.9 million of the building construction business sector's net sales in 2008. Almost a third of this international business was in Russia.

As a result of the international financial crisis the outlook in Russia has become gloomy and demand for construction has collapsed. No significant pick-up in the housing market is expected in the near future. The growth of private consumption in Russia will be weakened by factors such as devaluation of the rouble and the greater difficulty of obtaining consumer credit.

In 2008 new starts were made on 479 (91) private-sector housing units in Russia. Towards the end of the year, work on 264 of these units was halted due to the sharp decline in housing sales. At the end of the accounting period the Company had 306 (91) housing units under construction. The number of housing units sold in 2008 was 61.

Despite the growth of recent years, the amount of capital that Lemminkäinen has tied up in Russia is still not significant. The region's seriously weakened market situation and slowdown in demand for housing does not therefore have any essential bearing on the Group's financial result.

In Sweden the Company made 84 new housing starts in the accounting period. The number of sold units at the end of the accounting period was 42.

The focus of international project management contracting is still on the plant investment projects of Finnish industrial companies in countries such as China and India.

In telecom networks construction the volume of business remained unchanged in 2008, but price competition in this area was fierce. The market situation is not expected to change greatly in the near future. The focus of Lemcon Networks' business remains on Latin America and Asia.

IKEA and Lemminkäinen have settled their dispute over the termination of the construction contract for the St. Petersburg MEGA shopping centre. In accordance with the settlement, Lemminkäinen has received the payment from IKEA and all the claims made by the parties at the arbitral tribunal regarding the termination of the construction contract have been withdrawn (Bulletin 30.12.2008).

INFRASTRUCTURE CONSTRUCTION

The net sales of the infrastructure construction business sector rose 10% to EUR 902.8 million (820.3)¹⁾. The increase in business volume was mainly due to paving and mineral aggregate operations in Finland. The business sector generated 54% of its net sales in Finland, 30% in other Nordic countries, 14% in the Baltic states and 2% in Russia.

The business sector's operating profit was down by a fifth at EUR 30.7 million (39.3)¹⁾. The result was weakened by increased

input costs, the poor market situation in the Baltic states, and weak results in certain infrastructure projects in Finland.

The infrastructure construction order book was 10% up on the previous year.

Infrastructure construction, key figures

EUR million	2008	2007 ¹⁾	2006 ¹⁾
Net sales, of which	902.8	820.3	701.2
operations abroad	420.0	366.7	310.3
Operating profit	30.7	39.3	43.1
Operating margin, %	3.4	4.8	6.2
Order book at end of period	365.4	326.5	334.9
Personnel (average)	3,658	3,365	3,072

¹⁾ pro forma

Operations in Finland

Lemminkäinen's paving operations continued to be brisk all year and the work season lasted well into the autumn. Approx. 6 million tonnes of asphalt mix was produced in Finland in 2008. Lemminkäinen's share of this national total was almost a half. However, the price level of asphalt paving remained low.

In civil engineering, competition for new infrastructure projects remained fierce in 2008, and there was surplus capacity in the industry. Lemminkäinen's order book was supported by on-going transport infrastructure projects. Transport infrastructure construction is expected to pick up in the near future as a result of the government's stimulus measures and the start-up of some major projects in 2010–2011.

In foundation engineering there were plenty of deep stabilisation contracts and foundation reinforcement works. In rock engineering Lemminkäinen strengthened its expertise during the summer by acquiring Tolarock Oy, a company specialised in mining excavation.

Demand for mineral aggregates and ready-mix concrete continued to be brisk in 2008. Lemminkäinen is a partner in Scandinavian Cement, a cement importing company set up in autumn 2008 to ensure the supply of cement and improve competitiveness. The slowdown of building construction will weaken demand for mineral aggregates and ready-mix concrete in 2009.

International operations

Net sales from the infrastructure construction business sector's international operations grew, but profitability was significantly weaker than in the previous year. The result was weakened mainly by the poor market situation in the Baltic states. Business volume will remain at a low level in the near future, even though EU-funded development of the Baltic states' road network will continue.

In Sweden the rock engineering market remained brisk and in summer 2008 Lemminkäinen received new railway tunnel construction contracts from Ådalsbana. To date, the Company has constructed

no fewer than 14 railway tunnels in Sweden. In Norway and Denmark the volume of paving work remained at the previous year's level, but profitability was impacted by increased input costs.

In Sweden and Norway the outlook for infrastructure construction is good, and demand will be boosted by stimulus measures aimed at infrastructure construction by the governments of both countries. In Denmark the distressed state of municipal finances may weaken demand for paving works to some extent.

TECHNICAL BUILDING SERVICES

The net sales of the technical building services business sector rose 17% to EUR 269.5 million (230.2). Operating profit was up 44% at EUR 17.0 million (11.9). Business volume grew profitably in all segments of the business sector.

The business sector's order book at the end of the accounting period was down 13% at EUR 97.7 million (111.9).

Technical building services, key figures

EUR million	2008	2007	2006
Net sales, of which	269.5	230.2	191.7
operations abroad	7.7	9.7	9.6
Operating profit	17.0	11.9	6.9
Operating margin, %	6.3	5.2	3.6
Order book at end of period	97.7	111.9	74.9
Personnel (average)	2,013	1,918	1,812

Brisk activity in commercial and office construction sustained demand for technical building services at a good level during the first half of the year. However, demand growth peaked in the second half and there has been a clear reduction in both the size and number of contracts. Regional variations are large, and especially in Helsinki Metropolitan Area the market has clearly become more subdued. The business sector's order book at the end of the accounting period was down by about a tenth on the previous year.

The servicing and maintenance of technical building and facility systems is not sensitive to cyclical fluctuations in new building construction, and demand for such services continued to be brisk in 2008. The operations of Tekmanni Service Oy, which specialises in these services, developed favourably and the outlook for the near future is also good. Among other contracts, the company provided energy certificates for over 80 properties and also assessed the condition and replacement needs of the properties' technical systems.

Demand for the business sector's industrial services continued to be steady as industry is investing in power and heat production. In November Tekmanni's industrial services unit received five significant contract orders for the years 2008–2010. The orders include major installation contracts in Finland and Sweden.

BOARD OF DIRECTORS' REPORT

The slowdown in new building construction will weaken demand for technical building services in 2009. However, the modernisation of piped systems in residential buildings is expected to increase as a result of the grants promised for the government's stimulus measures. Demand for the business sector's servicing, maintenance and refurbishment works is expected to remain good. These operations already account for over a half of the business sector's net sales.

BUILDING PRODUCTS

The net sales of the building products business sector rose 17% to EUR 156.0 million (133.8). Business volume was up in all segments of the business sector. Operating profit was slightly down at EUR 10.5 million (11.1).

The order book fell by a third and at the end of the review period was EUR 25.2 million (37.7).

Building products, key figures

EUR million	2008	2007	2006
Net sales, of which	156.0	133.8	104.4
operations abroad	9.0	10.7	7.7
Operating profit	10.5	11.1	5.0
Operating margin, %	6.7	8.3	4.8
Order book at end of period	25.2	37.7	23.4
Personnel (average)	839	749	609

In roofing and waterproofing products the volume of contracting was up and the share of refurbishment contracting increased. The costs of raw materials, except bitumen, fell and their availability improved. Exports of roofing materials to Russia and countries of the Baltic Rim region remained at a good level, and the exporting business was expanded into new market areas.

The slowdown in residential and office construction weakened demand for pre-cast concrete staircase units and wall elements. The market situation for sports and urban environment construction remained good. For example, the municipalities made significant investments in the construction of parks and sporting facilities.

The weakened outlook for new building construction will result in less demand for the business sector's products and services in 2009. In particular, the production of pre-cast concrete staircase units and wall elements is very sensitive to cyclical fluctuations in building construction. The aim in roofing and waterproofing products is to increase the volume of refurbishment work and contracting. The market situation in urban environment construction is expected to remain good also in 2009.

THE GROUP'S ORDER BOOK

The Group's order book was down by a quarter on the previous year. The market breakdown of the order book was Finland 75% (80),

other Nordic countries 16% (11), Russia 2% (2), the Baltic countries 5% (3), and other countries 2% (4).

Order book by business sector

EUR million	2008	2007	2006
Building construction	576.3	938.0 ¹⁾	893.5 ¹⁾
Infrastructure construction	365.4	326.5 ¹⁾	334.9 ¹⁾
Technical building services	97.7	111.9	74.9
Building products	25.2	37.7	23.4
Group, total, of which	1,064.5	1,414.1	1,326.7
International orders	263.1	284.0	331.8

¹⁾ pro forma

Significant orders received in 2008

Work started on the construction of a plant for Nokia Siemens Networks Oy in Chennai, India. The total floor area of the building is 33,700 m².

Construction work began on a spa resort for the City of Sundsvall in Sweden. The construction works are worth approx. EUR 19 million.

Lemminkäinen signed an agreement with Nokian Tyres Plc concerning the technical building works on an extension to the company's tyre production plant in Vsevolozhsk, Russia. The total floor area of the new plant extension is 29,000 m².

A service agreement was signed with the Estonian Road Administration whereby Lemminkäinen assumed responsibility for the summer and winter maintenance of the road network in Ida-Viru County for a period of 8 years.

In Russia, Lemminkäinen won a remix paving contract for a 150-kilometre-section of the M18 highway between St. Petersburg and Murmansk.

In the summer, excavation work began on underground spaces of the CityCenter and Tallberg commercial buildings that connect to Helsinki's downtown service tunnel. In addition, fitting-out work began on the eastern end of the service tunnel. The combined value of the new works is approximately EUR 18 million.

Lemminkäinen received two significant railway tunnel construction contracts from Ådalsbana in Sweden. The combined length of the tunnels is approx. 5.5 kilometres and the contracts are together worth EUR 43 million.

Significant orders received after the accounting period

Lemminkäinen has received a substantial road contract from Moldova that involves basic improvement works on a 14-kilometre-long section of the highway. The contract will be completed at the end of 2010 and is worth EUR 13.5 million.

CASH FLOW, FINANCING AND BALANCE SHEET

According to the source and application of funds statement, the cash flow from operating activities was EUR 24.6 million (79.6), the cash flow from investing activities EUR -27.9 million (-29.5) and the cash flow from financing activities EUR 177.3 million (-32.0). The cash flow for the accounting period includes dividends totalling EUR 32.6 million (27.4) paid in respect of the previous year.

The Company's net working capital rose 18% to EUR 411.4 million (342.7), Net working capital was increased by housing production in progress and growth in trade receivables.

Liquid funds at the end of the accounting period were EUR 250.1 million (78.5). The financial position was strengthened by drawing on the full EUR 150 million credit limit. Good cash flows from operating activities in the final quarter of the year also strengthened the Company's cash reserves. The Company was unused TyEL pension premium loan allocations.

Interest-bearing debt at the end of the accounting period were EUR 586.5 million (357.0) and interest-bearing net debt was EUR 336.4 million (278.5). Net financing expenses were EUR 32.1 million (16.0), representing 1.3% (0.7) of net sales. Financing costs were increased by the growth of net debt and higher interest rates.

Short-term interest-bearing liabilities at the end of the accounting period were EUR 467.7 million, about 60% of which were loans from financial institutions. The remainder was composed of commercial paper issued on the Finnish market, finance leasing liabilities, and project loans associated with the Company's own housing production. Long-term interest-bearing liabilities were EUR 118.8 million.

The balance sheet total was EUR 1,413.3 million (1,069.0). The return on investment was 17.7% (20.7) and the equity ratio was 26.2% (32.7). Gearing was 98.4% (87.2).

SHARES AND SHARE CAPITAL

The listed price of Lemminkäinen Corporation's share was EUR 31.50 (36.10) at the beginning of the accounting period and EUR 13.05 (31.50) at the end of the accounting period. The market capitalisation at the end of the accounting period was EUR 222.1 million (536.2). Altogether 3,185,174 shares (5,203,588) were traded during the accounting period. The total value of the turnover was EUR 87.3 million (233.6). At the end of the accounting period the Company had 4,511 (3,643) 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.

During the accounting period Lemminkäinen was informed, in accordance with Chapter 2, Section 9 of the Finnish Securities Markets Act, of a change in the ownership of the Company's shares. The

Estate of Heikki Pentti disclosed that its holdings of Lemminkäinen Corporation shares had decreased from 3,813,956 to 1,906,976 shares, i.e. to approximately 11.2% of all the shares and votes in Lemminkäinen Corporation.

INVESTMENTS

Investments in the accounting period amounted to EUR 60.2 million (61.4). The investments were mainly purchases of paving, crushing and excavation equipment, production equipment for building materials, and building construction equipment. The investments also include some acquisitions of fairly small businesses and enterprises.

PERSONNEL

The average number of employees in the Group during the accounting period was 9,776 (9,201), of whom 71% (72) worked in Finland, 11% (11) in other Nordic countries, 11% (11) in the Baltic states and 7% (6) in other countries.

Lemminkäinen has set about adjusting its personnel levels in accordance with the prevailing market situation. Codetermination negotiations have been initiated locally and in individual business sectors, and about 1,000 employees fall within the scope of the negotiations. Adjustment measures also continued after the accounting period due to a further deterioration in the market situation.

Personnel (average)

	2008	2007	2006
Hourly paid workers	6,490	6,084	5,480
Salaried staff	3,286	3,117	2,938
Total personnel, of whom working abroad	9,776	9,201	8,418
Personnel at end of period	2,836	2,565	2,235
Total wages, salaries and other remuneration for the accounting period, EUR million	8,910	8,718	8,087
	358.1	327.2	288.0

ANNUAL GENERAL MEETING 2008 AND CORPORATE GOVERNANCE

Lemminkäinen Corporation's Annual General Meeting held on 14 March 2008 adopted the Company's final accounts and consolidated financial statements for 2007 and granted the Managing Director and the members of the Board of Directors discharge from liability. The Annual General Meeting decided, in accordance with the Board of Directors' proposal, to pay a dividend of EUR 1.80 per share, i.e. a total dividend of EUR 30,638,250.00. The dividend's record date was 19 March 2008 and the payment date was 28 March 2008.

The Annual General Meeting decided, in accordance with the Board of Directors' proposal, to amend the Company's Articles

BOARD OF DIRECTORS' REPORT

of Association so that the regulations concerning the nominal value of the Company's share and the minimum and maximum amounts of its share capital would be abolished.

Messrs. Berndt Brunow, Heikki Pentti, Teppo Taberman, Sakari Tamminen and Ms. Kristina Pentti were re-elected to serve as members of the Board of Directors. Mr. Juhani Mäkinen, Counsellor of Law, attorney, was newly elected to serve as a Board member. PricewaterhouseCoopers Oy, a firm of authorised public accountants, was re-elected to serve as the Company's auditor, with Mr. Jan Holmberg, APA acting as the chief auditor.

Heikki Pentti, long-serving Chairman of Lemminkäinen Corporation's Board of Directors and the Company's biggest shareholder, passed away on 19 April 2008. Heikki Pentti was a director of the Company for 39 years. He served as the Company's Managing Director in the years 1983–1993 and as the Chairman of the Board of Directors from 1994 onwards.

Lemminkäinen Corporation's Board of Directors held an organising meeting after the death of Heikki Pentti. Mr. Berndt Brunow was elected to serve as the Chairman of the Board, and Mr. Juhani Mäkinen as the Vice Chairman. The Board of Directors will work as a five-member body until the next Annual General Meeting is held in spring 2009.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors chooses 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 of the Board members can participate in meetings of the Audit Committee and the Remuneration and Appointments Committee.

In 2008 Mr. Berndt Brunow served as the Chairman of the Nominating Committee, with Messrs. Teppo Taberman and Sakari Tamminen serving as committee members. On 1 January 2008 the Chairman of the Audit Committee was Mr. Sakari Tamminen, with Messrs. Berndt Brunow, Teppo Taberman and Heikki Pentti serving as committee members. From 7 May 2008 onwards, Mr. Sakari Tamminen served as the Chairman, with Mr. Juhani Mäkinen and Mrs. Kristina Pentti-von Walzel serving as committee members. On 1 January 2008 the Chairman of the Remuneration and Appointments Committee was Mr. Heikki Pentti, with Messrs. Berndt Brunow and Teppo Taberman serving as committee members. From 7 May 2008 onwards, Mr. Teppo Taberman served as the Chairman, with Messrs. Juhani Mäkinen and Berndt Brunow serving as committee members.

CHANGES IN THE COMPANY'S MANAGEMENT

On 5 November 2008 the Board of Directors appointed Mr. Timo Kohtamäki, Lic.Tech. to serve as the Managing Director of Lemminkäinen Corporation with effect from 1 January 2009. Mr. Juhani Sormaala, M.Sc.(Eng.), B.Sc.(Econ.) retired, having served as the Managing Director of Lemminkäinen Corporation since 1994.

Mr. Henrik Eklund, M.Sc.(Eng.) the Company's present Deputy Managing Director, was appointed to serve as the head of the infrastructure construction business sector and Managing Director of Lemminkäinen Infra Oy.

After the end of the accounting period Ms. Tiina Kihlakaski, M.Sc.(Econ.) was appointed to serve as Lemminkäinen Corporation's Director, Human Resources, and a member of the Executive Board with effect from 7 January 2009.

LITIGATION

Asphalt industry cartel case

In December 2007 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.

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 charged as an expense in the fourth quarter of 2007. Since the decision has been appealed, the total amount of the fine may change.

On 18 June 2008 Lemminkäinen was informed of an application for a summons in which the Finnish Road Administration is demanding compensatory damages from different asphalt companies before the Helsinki District Court. Lemminkäinen's share of the claimed compensation is at most EUR 10.5 million. The Finnish Road Administration is also seeking damages of at most EUR 5.6 million from Lemminkäinen, under joint and several liability with other defendant companies. The Finnish Road Administration has asked the Helsinki District Court to postpone the hearing of the case until the competition restriction case has been resolved in the Supreme Administrative Court.

IKEA

IKEA and Lemcon, a Lemminkäinen Group company, have reached an agreement on the payment to be paid by IKEA to Lemcon due to the termination of a construction contract. The contract in question concerned the St. Petersburg MEGA shopping centre and was

worth EUR 92 million. The parties have agreed not to disclose the amount of the payment. As a result of the settlement, the parties will withdraw all claims made at the arbitral tribunal regarding the termination of the construction contract. Arbitration proceedings regarding the dispute have been ongoing in Stockholm since 2006 in accordance with the rules of the Stockholm Chamber of Commerce's Arbitration Institute.

RISKS AND UNCERTAINTIES

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

Market risk poses the most significant threat to Lemminkäinen in the near future. The international financial crisis and economic downturn are creating uncertainty in key sectors of Lemminkäinen's operating environment and making it more difficult to foresee future changes. As a consequence of this, Lemminkäinen has set about making the necessary adjustments to its business operations.

The sharp fall-off in demand for housing production has increased Lemminkäinen's exposure to market risk. The Company has significantly reduced the volume of its housing production from the level of the previous year. In 2009 new housing starts will be made only if a sufficiently high percentage of the units are reserved by buyers in advance. In Russia, Lemminkäinen has halted construction work on almost 300 housing units.

The financing difficulties experienced by Lemminkäinen's customers may have a weakening effect on demand for the Company's goods and services. Particular attention is being paid to credit loss risks, and trade receivables are being actively monitored.

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

RESEARCH AND DEVELOPMENT

Lemminkäinen's research and development work focuses on the development of operational prerequisites and the quality assurance of products and services. Careful consideration of safety issues and environmental effects is an important principle 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 2008 the Group's research and development expenditure accounted for 0.7% 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.

OUTLOOK FOR 2009

The volume of new building construction in Finland will contract in 2009. No significant pick-up in the housing market is expected, and there will be a marked reduction in commercial and office construction activity, especially towards the end of the year. Refurbishment contracting will continue to grow steadily. In Russia the uncertain economic situation will probably keep the volume of construction at a low level.

The Finnish government has decided on a stimulus package that will boost infrastructure appropriations for 2009. Major infrastructure projects now starting up will keep the market situation favourable for the next few years. In other Nordic countries the situation will be similar to Finland, but the markets of the Baltic states will remain weak.

Forecasting economic development over the second half of the year is exceptionally challenging. Based on the existing order book and the uncertain market situation, Lemminkäinen expects its full-year net sales and profit before taxes to fall well short of the 2008 level.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable shareholders' equity shown on the consolidated balance sheet as of 31 December 2008 amounts to EUR 261,326,385.32. The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, amounts to EUR 87,955,318.59, consisting of EUR 718,416.16 in retained earnings from previous years and EUR 87,236,902.43 in profit 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 0.90 per share for the 2008 accounting period, i.e. a total of EUR 15,319,125.00, after which retained earnings would stand at EUR 72,636,193.59.

Helsinki, 11 February 2009

LEMMINKÄINEN CORPORATION
Board of Directors

CONSOLIDATED INCOME STATEMENT (IFRS)

EUR 1,000	Note	1.1.–31.12.2008	1.1.–31.12.2007
NET SALES	1, 2	2,481,758	2,174,117
Other operating income	5	12,403	13,231
Increase or decrease in stocks of finished goods and work in progress		34,721	39,186
Production for own use		101	154
Use of materials and equipment		1,633,709	1,411,295
Employee benefit costs	8	448,489	406,468
Depreciation	7	34,891	34,208
Other operating expenses	6	289,978	248,425
Share of the result of affiliated undertakings	9	1,244	897
OPERATING PROFIT		123,161	127,188
Financial expenses	10	50,675	22,193
Financial incomes	10	18,545	6,166
RESULT BEFORE TAXES		91,031	111,160
Income taxes	11	-27,549	-30,604
RESULT FOR THE ACCOUNTING PERIOD		63,482	80,557
Distribution of the result for the accounting period			
To shareholders of the parent company		55,871	72,940
To minority interests		7,611	7,617
EPS calculated from result belonging to parent company shareholders, EUR			
Earnings per share, diluted and undiluted		3.28	4.29

The Notes to the Financial Statements are an integral part of these financial statements.
The Notes may be examined on the company's website at www.lemminkainen.com

CONSOLIDATED BALANCE SHEET (IFRS)

EUR 1,000	Note	31.12.2008	31.12.2007
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	13	186,954	176,060
Goodwill on consolidation	14	74,945	75,093
Other intangible assets	14	2,545	2,632
Participations in affiliated undertakings	9	4,626	4,742
Available-for-sale investments	16	6,038	4,990
Deferred tax asset	17	7,237	4,852
Other non-current receivables	19	6,345	3,740
		288,690	272,110
CURRENT ASSETS			
Inventories	18	398,232	330,948
Trade and other receivables	19	476,333	387,404
Funds	20	250,090	78,534
		1,124,656	796,886
ASSETS, TOTAL		1,413,346	1,068,996
SHAREHOLDERS' EQUITY AND LIABILITIES			
PARENT COMPANY SHAREHOLDERS' EQUITY			
Share capital	21	34,043	34,043
Share premium account	21	5,750	5,750
Translation difference	21	-4,711	59
Revaluation reserve	21	-1,730	211
Retained earnings	21	224,824	182,510
Result for the period	21	55,871	72,940
		314,046	295,513
MINORITY INTEREST		27,751	23,701
SHAREHOLDERS' EQUITY, TOTAL		341,796	319,214
NON-CURRENT LIABILITIES			
Loans	24	118,810	139,454
Deferred tax liability	17	18,693	12,918
Pension liabilities	22	192	640
Provisions	23	2,181	1,748
Other non-current liabilities	25	1,293	1,856
		141,169	156,614
CURRENT LIABILITIES			
Loans	24	467,728	217,552
Provisions	23	7,092	6,404
Accounts payable and other liabilities	25	455,561	369,211
		930,380	593,167
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		1,413,346	1,068,996

The Notes to the Financial Statements are an integral part of these financial statements.
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CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR 1,000	Note	1.1.–31.12.2008	1.1.–31.12.2007
<hr/>			
Cash flow from business operations			
Result before taxes		91,031	111,160
Adjustments	28		
Depreciation		34,891	34,208
Share of the result of affiliated undertakings		-1,244	-897
Other unpaid income and expenses		1,576	936
Financial income and expenses		32,130	16,028
Other adjustments		-5,750	-8,397
Cash flow before change in working capital		152,635	153,038
Change in working capital			
Increase in current business receivables		-82,938	-45,897
Increase in inventories		-68,389	-39,909
Increase in current liabilities		105,992	52,924
Cash flow from operations before financial items and taxes		107,300	120,157
Interest and other financial expenses paid		-45,207	-22,095
Dividends received		3,771	130
Interest and other financial income received		9,992	4,025
Direct taxes paid		-51,209	-22,647
CASH FLOW FROM BUSINESS OPERATIONS		24,647	79,569
Cash flow from investments			
Investments in tangible and intangible assets		-38,080	-37,840
Proceeds from the sale of tangible and intangible assets		13,351	11,573
Investments in other assets		-1,835	-349
Proceeds from the sale of other investments		461	3,219
Purchases of subsidiary shares			
less cash funds at time of purchase	3	-3,149	-15,648
Sales of subsidiary shares			
less cash funds at time of sale		1,432	9,549
Purchases of shares in affiliated undertakings		-115	
CASH FLOW FROM INVESTMENTS		-27,935	-29,496
Cash flow from financing			
Increase in non-current receivables		-1,604	-1,408
Drawings of short-term loans		1,740,434	225,494
Repayments of short-term loans		-1,473,200	-275,758
Drawings of long-term loans			103,794
Repayments of long-term loans		-40,108	-39,621
Repayments of finance leasing debts		-15,599	-17,095
Dividends paid		-32,643	-27,408
CASH FLOW FROM FINANCING		177,280	-32,002
INCREASE (+)/DECREASE(-) IN CASH FUNDS		173,991	18,071
Cash funds at beginning of accounting period	20	78,534	60,639
Translation difference of cash funds		-2,435	-176
CASH FUNDS AT END OF ACCOUNTING PERIOD		250,090	78,534

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

EUR 1,000	Note	Share capital	Share premium account	Translation difference	Revaluation reserve	Retained earnings	Parent company share-holders' equity	Minority interest	Share-holders' equity, total
Shareholders' equity 1.1.2007		34,043	5,750	109	70	208,032	248,004	19,709	267,713
Translation difference	21			361			361		361
Hedging a net investment in a foreign operation	27			-411			-411		-411
Cash flow hedges	27				207		207		207
Effect of sold shares	16				-65		-65		-65
Reversal of dividend liability	21					9	9		9
Dividends paid	21					-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
Shareholders' equity 1.1.2008		34,043	5,750	59	211	255,449	295,513	23,701	319,214
Translation difference	21			-6,374			-6,374		-6,374
Hedging a net investment in a foreign operation	27			1,604			1,604		1,604
Cash flow hedges	27				-1,942		-1,942		-1,942
Reversal of dividend liability	21					12	12		12
Dividends paid	21					-30,638	-30,638	-2,940	-33,578
Result for the period						55,871	55,871	7,616	63,487
Change in minority interest								-627	-627
Equity 31.12.2008		34,043	5,750	-4,711	-1,730	280,695	314,046	27,751	341,796

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

PARENT COMPANY INCOME STATEMENT (FAS)

EUR 1,000	Note	1.1.–31.12.2008	1.1.–31.12.2007
NET SALES	1.1	7,999	303,684
Increase (+) or decrease (-) in stocks of finished goods and work in progress			1,676
Other operating income	1.2	1,990	5,420
Materials and services	1.3	35	158,401
Personnel expenses	1.4	8,011	71,006
Depreciation	1.5	865	8,145
Other operating expenses		8,978	84,544
OPERATING LOSS		-7,899	-11,317
Financial income and expenses	1.6	81,284	-8,082
PROFIT BEFORE EXTRAORDINARY ITEMS		73,385	-19,398
Extraordinary items	1.7	15,000	7,200
RESULT BEFORE APPROPRIATIONS AND TAXES		88,385	-12,198
Appropriations	1.8	-724	1,649
Direct taxes	1.9	-425	-3,125
RESULT FOR THE ACCOUNTING PERIOD		87,237	-13,675

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

PARENT COMPANY BALANCE SHEET (FAS)

EUR 1,000	Note	31.12.2008	31.12.2007
ASSETS			
NON-CURRENT ASSETS	2.1		
Intangible assets	2.1.1	799	1,004
Tangible assets	2.1.2	13,695	56,033
Holdings in group undertakings	2.1.3	164,725	176,081
Holdings in affiliated undertakings	2.1.3	293	293
Other investments	2.1.3	1,712	1,841
		181,224	235,253
CURRENT ASSETS	2.2		
Inventories	2.2.1		32,598
Deferred tax asset	2.2.2		46
Non-current receivables	2.2.2	4,779	3,739
Current receivables	2.2.3	213,332	98,980
Investments	2.2.4	81,000	5,700
Cash in hand and at banks		76,039	5,322
		375,149	146,385
		556,373	381,638
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	2.3		
Share capital		34,043	34,043
Share premium account		5,675	5,675
Retained earnings		718	45,053
Result for the accounting period		87,237	-13,675
		127,673	71,095
APPROPRIATIONS	2.4		3,857
LIABILITIES	2.5		
Deferred tax liability	2.5.1	1,441	1,453
Non-current liabilities	2.5.2	55,143	70,755
Current liabilities	2.5.3	372,117	234,477
		428,701	306,685
		556,373	381,638

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

PARENT COMPANY CASH FLOW STATEMENT (FAS)

EUR 1,000	1.1.–31.12.2008	1.1.–31.12.2007
Cash flow from business operations		
Result before extraordinary items	73,385	-19,398
Adjustments		
Depreciation according to plan	865	8,145
Financial income and expenses	-81,284	8,082
Other adjustments	-1,146	1,084
Cash flow before change in working capital	-8,180	-2,088
Change in working capital		
Increase (-)/decrease(+) in current interest-free business receivables	-1,178	5,955
Increase (-)/decrease(+) in inventories	235	-3,647
Increase in current interest-free liabilities	3	11,899
Cash flow from operations before financial items and taxes	-9,120	12,120
Interest and other financial expenses paid	-21,001	-13,918
Dividends received		401
Interest and other financial income received	17,853	6,012
Direct taxes paid	-1,336	-889
CASH FLOW FROM BUSINESS OPERATIONS	-13,603	3,725
Cash flow from investments		
Investments in tangible and intangible assets	-120	-10,224
Proceeds from the sale of tangible and intangible assets	805	3,963
Investments in other assets		-3
Proceeds from the sale of other investments	299	2,029
Purchases of subsidiary shares	-5	-1,194
Sales of subsidiary shares		2,549
CASH FLOW FROM INVESTMENTS	979	-2,880
Cash flow from financing		
Increase (-)/decrease(+) in non-current receivables	-1,039	-1,850
Change in group receivables/liabilities	-10,120	14,351
Drawings of short-term loans	1,670,390	101,500
Repayments of short-term loans	-1,457,190	-163,086
Drawings of long-term loans		80,000
Repayments of long-term loans	-12,710	-7,793
Dividends paid	-30,638	-25,532
CASH FLOW FROM FINANCING	158,693	-2,410
INCREASE (+)/DECREASE (-) IN CASH FUNDS	146,069	-1,565
Cash funds at beginning of accounting period	11,022	12,584
Corporate restructuring	-52	2
CASH FUNDS AT END OF ACCOUNTING PERIOD	157,039	11,022

The Notes may be examined on the company's website at 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

ECONOMIC TRENDS AND FINANCIAL INDICATORS (IFRS)

EUR million	2008	2007	2006	2005	2004
Net sales	2,481.8	2,174.1	1,795.9	1,601.7	1,431.3
Exports and operations abroad	676.7	581.6	530.3	499.6	358.6
% net sales	27.3	26.8	29.5	31.2	25.1
Operating profit	123.2	127.2	109.2	73.6	64.2
% net sales	5.0	5.8	6.1	4.6	4.5
Result before taxes	91.0	111.2	94.2	65.9	55.1
% net sales	3.7	5.1	5.2	4.1	3.8
Result for the accounting period ¹⁾	55.9	72.9	65.8	43.7	37.4
% net sales	2.3	3.4	3.7	2.7	2.6
Non-current assets	288.7	272.1	255.9	245.9	246.1
Inventories	398.2	330.9	281.9	223.7	212.9
Financial assets	726.4	465.9	401.4	305.8	259.1
Shareholders' equity	314.0	295.5	248.0	200.9	165.8
Minority interests	27.8	23.7	19.7	14.6	15.2
Interest-bearing liabilities	586.5	357.0	343.6	264.0	279.5
Interest-free liabilities	485.0	392.8	327.8	295.9	257.6
Balance sheet total	1,413.3	1,069.0	939.2	775.4	718.1
Return on equity, %	19.2	27.5	30.2	24.5	21.9
Return on investment, %	17.7	20.7	20.6	16.5	14.8
Equity ratio, %	26.2	32.7	31.2	31.0	27.5
Gearing, %	98.4	87.2	105.7	102.9	132.4
Interest-bearing net liabilities	336.4	278.5	283.0	221.6	239.6
Gross investments	60.2	61.4	48.7	37.4	40.8
% net sales	2.4	2.8	2.7	2.3	2.9
Order book 31.12.	1,064.5	1,414.1	1,326.7	1,011.3	783.4
Number of employees	9,776	9,201	8,418	7,912	7,479

¹⁾ Result attributable to the parent company's shareholders

FORMULAE FOR CALCULATION OF FINANCIAL INDICATORS

RETURN ON INVESTMENTS, %

$$\frac{\text{Result before taxes + interest expenses and other financial expenses}}{\text{Balance sheet total - interest-free liabilities (average)}} \times 100$$

RETURN ON EQUITY, %

$$\frac{\text{Result for the accounting period}}{\text{Shareholders' equity, total (average)}} \times 100$$

EQUITY RATIO, %

$$\frac{\text{Shareholders' equity total}}{\text{Balance sheet total - advances received}}$$

GEARING, %

$$\frac{\text{Interest-bearing liabilities - funds}}{\text{Shareholders' equity, total}} \times 100$$

INTEREST-BEARING NET DEBT

$$\text{Interest-bearing liabilities - funds}$$

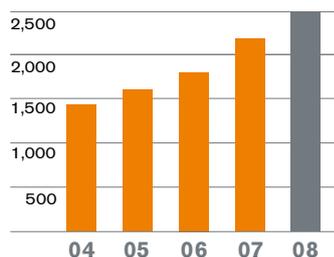
EMPLOYEES

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

ECONOMIC TRENDS AND FINANCIAL INDICATORS (IFRS)

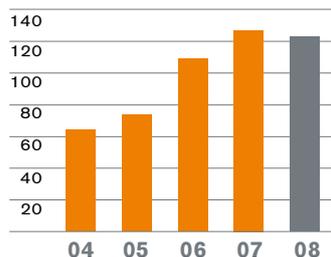
Net sales

EUR million



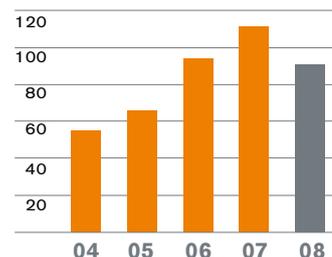
Operating profit

EUR million



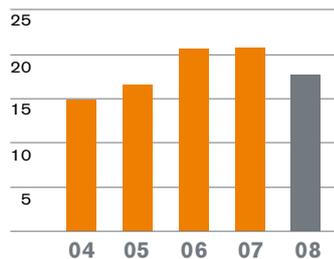
Profit before taxes

EUR million



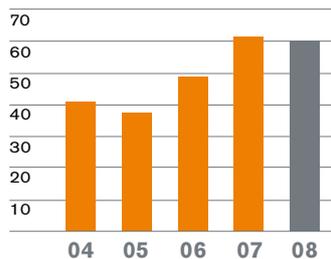
Return on investment

%



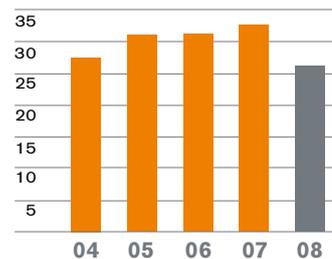
Gross investments

EUR million



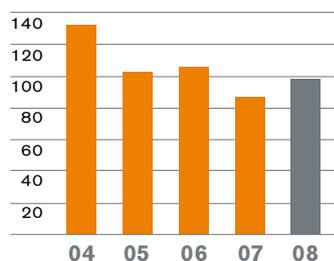
Equity ratio

%



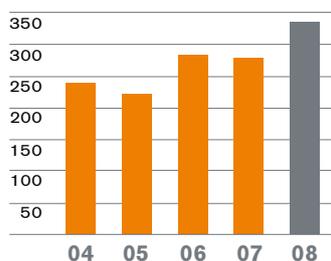
Gearing

%



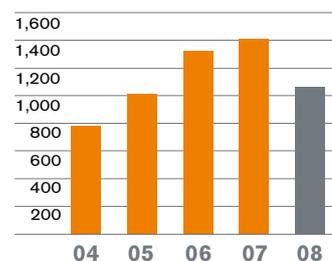
Interest-bearing net liabilities

EUR million



Order book

EUR million



SHARE-RELATED FINANCIAL INDICATORS (IFRS)

EUR	2008	2007	2006	2005	2004
Earnings per share (EPS)	3.28	4.29	3.87	2.57	2.20
Equity per share	18.45	17.36	14.57	11.80	9.74
Dividend per share	0.90¹⁾	1.80	1.50	1.00	0.60
Dividend to earnings ratio, %	27.4	42.0	38.8	38.9	27.3
Effective dividend yield, %	6.9	5.7	4.2	3.3	3.8
Price/earnings ratio (P/E)	4.0	7.4	9.3	11.9	7.2
Share price					
mean	27.40	44.88	34.00	21.74	15.98
lowest	12.53	31.03	28.38	15.75	13.00
highest	37.55	55.61	39.34	30.61	19.55
at end of accounting period	13.05	31.50	36.10	30.50	15.74
Market capitalisation, EUR mill.	222.1	536.2	614.5	519.1	267.9
Shares traded, 1,000	3,185	5,204	4,114	4,610	5,005
% of total	18.7	30.6	24.2	27.1	29.4
Issue-adjusted number of shares					
average for the period, 1,000	17,021	17,021	17,021	17,021	17,021
at end of period, 1,000	17,021	17,021	17,021	17,021	17,021

¹⁾ Board of Directors' proposal to the AGM

FORMULAE FOR CALCULATION OF FINANCIAL INDICATORS

EARNINGS PER SHARE

$$\frac{\text{Result for the accounting period - minority interests}}{\text{Share-issue-adjusted average number of shares}}$$

EFFECTIVE DIVIDEND YIELD, %

$$\frac{\text{Dividend per share}}{\text{Share-issue-adjusted number of shares at the end of period}} \times 100$$

SHAREHOLDERS' EQUITY PER SHARE

$$\frac{\text{Equity belonging to shareholders of the parent company}}{\text{Share-issue-adjusted number of shares at the end of period}}$$

P/E RATIO

$$\frac{\text{Share-issue-adjusted number of shares at the end of period}}{\text{Earnings per share}}$$

DIVIDEND PER SHARE

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

MEAN SHARE PRICE (share-issued-adjusted)

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

DIVIDEND TO EARNINGS RATIO, %

$$\frac{\text{Dividend for the accounting period}}{\text{Result for the accounting period - minority interest}} \times 100$$

MARKET CAPITALISATION

$$\text{Number of shares} \times \text{final share quotation}$$

BOARD OF DIRECTORS' PROPOSAL FOR APPROPRIATION OF RETAINED EARNINGS

Distributable shareholders' equity shown on the consolidated balance sheet at 31st December 2008 amounts to EUR 261,326,385.32. Distributable shareholders' equity shown on the parent company balance sheet at 31st December 2008 amounts to EUR 87,955,318.59, consisting of EUR 718,416.16 in retained earnings from previous years and EUR 87,236,902.43 in profit for

the accounting period. The Board of Directors will propose to the Annual General Meeting that the Company pay a dividend of EUR 0.90 per share for the 2008 accounting period, i.e. total EUR 15,319,125.00, after which retained earnings would stand at EUR 72,636,193.59.

Helsinki, 11th February 2009

Berndt Brunow

Juhani Mäkinen

Kristina Pentti-von Walzel

Teppo Taberman

Sakari Tamminen

Timo Kohtamäki
Managing Director

AUDITORS' REPORT

TO THE ANNUAL GENERAL MEETING 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 year ended on 31.12.2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures

selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

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

Helsinki, 3 March 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

SHARES AND SHAREHOLDERS

LEMMINKÄINEN'S SHARE AND SHARE CAPITAL

Lemminkäinen Corporation's share (LEM1S) is quoted on the Mid Cap list of NASDAQ OMX Helsinki Ltd under industrial products and services. The Company has one share class. 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. The Annual General Meeting held in March 2008 decided to amend the Articles of Association so that the regulations concerning the nominal value of the Company's share as well as the minimum and maximum amounts of share capital were abolished.

SHARE PRICE AND TURNOVER

The price of Lemminkäinen's share on the last trading day of 2008 was EUR 13.05 (2007: 31.50). The share price fell 59% during the year. The highest quoted price was EUR 37.55 (in April) and the lowest EUR 12.53 (in December). The average price in 2008 was EUR 27.40 (44.88). The year-end market capitalisation was EUR 222.1 million (536.2).

Share turnover in 2008 on NASDAQ OMX Helsinki Ltd was 3,185,174 shares (5,203,588) and the turnover value was EUR 87.3 million. 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%, 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 NASDAQ OMX Helsinki's trading system every day for at least 85% of the continuous trading period and also in the daily opening and closing procedures applicable to the security.

SHAREHOLDERS

At the end of 2008 Lemminkäinen had 4,511 shareholders (3,643). The biggest single shareholder group was households, which owned 78% of the Company's shares. International investors held 10% of Lemminkäinen's shares.

FLAGGING DISCLOSURES

In December 2008 Lemminkäinen Corporation received a flagging disclosure in accordance with the provisions of Chapter 2, Section 9 of the Finnish Securities Markets Act. According to the disclosure, the number of Lemminkäinen Corporation shares held by the Estate of Heikki Pentti decreased from 3,813,956 to 1,906,976, i.e. to approximately 11.2% of all the shares and votes in Lemminkäinen Corporation. According to the disclosure the widow of Heikki Pentti, Karin Salovaara-Pentti, has, based on a will, right of possession to the shares remaining in the Estate of Heikki Pentti.

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 2008, the members of the Board of Directors and the Managing Director held a total of 656,560 shares, representing 3.9% of the Company's shares and their conferred voting rights.

DIVIDEND PAYOUT

Lemminkäinen's Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.90 per share be paid for the 2008 accounting period, representing 27.4% of earnings per share. ■

SHARES AND SHAREHOLDERS

Owner groups, 31 Dec 2008

	Number of shareholders	% of shareholders	Number of shares	% of total stock
Corporations	311	6.89	659,110	3.87
Financial and insurance corporations	20	0.44	403,279	2.37
Public institutions	6	0.13	817,000	4.80
Non-profit institutions	68	1.51	269,993	1.59
Households	4,084	90.53	13,199,665	77.55
Foreign and nominee registered	22	0.49	1,661,468	9.76
In joint accounts	-	-	10,735	0.06
Total	4,511	100.00	17,021,250	100.00

Share ownership distribution, 31 Dec 2008

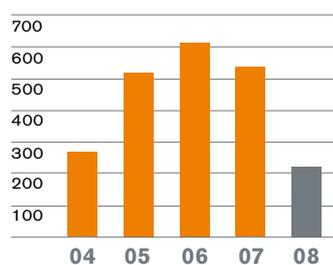
Number of shares	Number of shareholders	% of shareholders	Number of shares	% of total stock
1-100	1,782	39.50	101,191	0.59
101-1,000	2,282	50.59	848,586	4.99
1,001-10,000	393	8.71	1,081,688	6.35
10,001-100,000	39	0.86	921,121	5.41
100,001-1,000,000	12	0.27	4,803,044	28.22
1,000,001-	3	0.07	9,254,885	54.37
In joint accounts	-	-	10,735	0.06
Total	4,511	100.00	17,021,250	100.00

Major shareholders, 31 Dec 2008

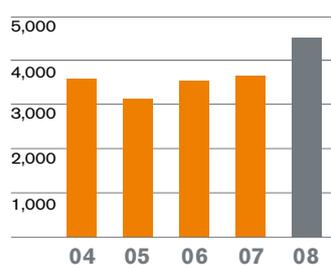
Name of shareholder	Shares	% of total stock
Estate of Erkki Pentti	3,673,956	21.58
Pentti Olavi	3,673,953	21.58
Estate of Heikki Pentti	1,906,976	11.20
Pentti Timo Kaarle Kristian	635,660	3.73
Pentti-Kortman Eva Katarina	635,660	3.73
Pentti-von Walzel Anna Eva Kristina	635,660	3.73
Varma Mutual Pension Insurance Company	508,000	2.98
Odin Finland	209,316	1.23
Tukinvest Oy	201,600	1.18
Swedbank	170,000	1.00
Etera Mutual Pension Insurance Company	158,600	0.93
Aktia Capital Mutual Fund	132,384	0.78
Ilmarinen Mutual Pension Insurance Company	120,000	0.71
Laakkonen Mikko	97,350	0.57
Aktia Secura Mutual Fund	56,600	0.33
Nominee registered	1,427,368	8.39
Other shareholders	2,778,167	16.32
Total	17,021,250	100.00

Market capitalisation

EUR million

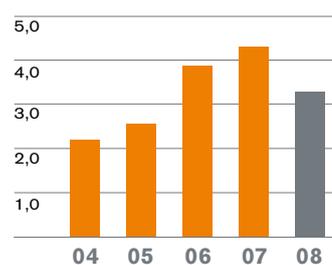


Number of shareholders



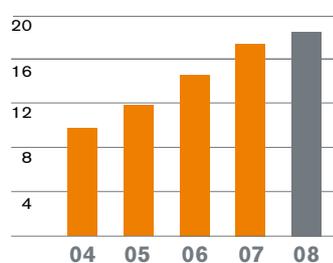
Earnings per share

EUR



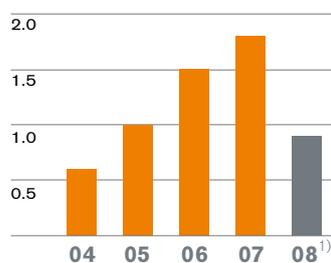
Equity per share

EUR



Dividend per share

EUR



¹⁾ Board of Directors' proposal to the Annual General Meeting

INFORMATION FOR SHAREHOLDERS

BASIC INFORMATION ON LEMMINKÄINEN CORPORATION'S SHARE

Listing: OMX NASDAQ Helsinki Ltd.
Listing date: 15.8.1989
Trading code: LEM1S
Number of issued shares: 17,021,250
Sector: Industrial products and services
Market capitalisation class: Mid Cap
ISIN code: FI0009900336

FINANCIAL REPORTING 2009

2008 Financial Statements Bulletin	12 February
Annual Report 2008	Week 10
Interim financial review, 1 January – 31 March	7 May
Interim financial review, 1 January – 30 June	6 August
Interim financial review, 1 January – 30 September	5 November

PUBLICATION ORDERS

The Annual Report, Financial Statements Bulletin and interim financial reviews will be published in Finnish and English. They can be viewed on the Company's website at www.lemminkainen.com, where they can be ordered for delivery to your e-mail address. The publications can also be ordered by

- phoning +358 2071 53511 or
- e-mailing konsernivistinta@lemminkainen.fi

The printed Annual Report will be mailed to all shareholders.

CHANGES OF ADDRESS

Notifications of changes of address should be sent to the brokerage firm or bank administering your book-entry account for securities.

INVESTOR RELATIONS

The main goal of Lemminkäinen's Investor Relations function is to support the correct valuation of the Company's share by providing the capital markets with up-to-date information on the Company's business, strategy and financial situation. Shared information must be objective and simultaneously disclosed to all market participants.

CONTACT INFORMATION

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Investor Relations Manager
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SILENT PERIOD

Lemminkäinen refrains from contact with representatives of the capital markets during the three-week period preceding the publication of annual or interim financial results.

ANALYSTS

The following banks and brokerage firms have made investment analyses of Lemminkäinen Corporation. The organisations mentioned in this list follow Lemminkäinen on their own initiative. Lemminkäinen takes no responsibility for their opinions.

Carnegie Securities	Tuomas Ratilainen, +358 9 618 71235
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Main stock exchange bulletins and press releases from year 2008

February

14.2.2008 Lemminkäinen's Financial Statements Bulletin 2007: Favourable business development, positive outlook for 2008

March

14.3.2008 Decisions of Lemminkäinen Corporation's Annual General Meeting
27.3.2008 Amendments to Lemminkäinen Corporation's Articles of Association entered into the Trade Register

April

7.4.2008 Lemminkäinen wins contract for Nokian Tyres Plc's plant expansion in St. Petersburg
14.4.2008 Comparative figures for 2007 according to Lemminkäinen Group's new structure
21.4.2008 Heikki Pentti, Chairman of Lemminkäinen's Board of Directors, has passed away
23.4.2008 Lemminkäinen's Board of Directors convenes an organisation meeting

May

8.5.2008 Lemminkäinen's Interim Financial Review 1.1.–31.3.2008: Net sales up over a third

June

12.6.2008 Lemminkäinen Infra Oy acquires Tolarock Oy
18.6.2008 Claim for compensation from the Finnish Road Administration in asphalt case
24.6.2008 Significant tunnel contracts for Lemminkäinen Infra Oy in Sweden

August

7.8.2008 Lemminkäinen's Interim Financial Review 1.1.–30.6.2008: Net sales rose 24%

October

1.10.2008 The arbitral tribunal decided that IKEA had no right to terminate the St. Peterburg MEGA shopping centre contract
30.10.2008 Lemminkäinen Corporation's full-year earnings for 2008 may fall short of last year's level

November

6.11.2008 Timo Kohtamäki appointed Managing Director of Lemminkäinen Corporation with effect from 1.1.2009
6.11.2008 Henrik Eklund appointed Head of Lemminkäinen Group's Infrastructure Construction business sector with effect from 1.1.2009
6.11.2008 Lemminkäinen's Interim Financial Review 1.1.–30.9.2008: Net sales rose, but profitability weakened

December

9.12.2008 Disclosure under chapter 2, section 9 of the Finnish Securities Markets Act
30.12.2008 IKEA and Lemminkäinen settle on the dispute regarding the termination of the St. Petersburg MEGA shopping centre contract

The bulletins in their entirety: www.lemminkainen.com/Investors/Bulletins_and_publications

CONTACT INFORMATION

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Lemminkäinen Betonituote Oy

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* Address from August 2009:
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PRODUCTS AND SERVICES

BUILDING CONSTRUCTION

Real estate development

- residential buildings
- commercial properties, industrial and logistics facilities
- property development

Contracting services

- residential construction
- commercial property construction
- industrial and logistics construction
- sports and leisure facility construction

Renovation

- full renovation and modernisation of office buildings
- building usage conversions
- modernisation of piped systems in residential properties
- residential building facade repairs
- elevator retrofits in residential buildings

Project management services and management contracting

- construction management
- project planning phase services

Telecommunications network construction

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

INFRASTRUCTURE CONSTRUCTION

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-mixed concrete

- production and sales

Civil engineering

- rock engineering: rock caverns, e.g. parking caverns, underground sports facilities, civil defence shelters, road and railway tunnels
- foundation engineering: foundation reinforcement, special piled foundations, deep stabilisation
- construction engineering: industrial, parking and power plant facilities, technical building works on rock caverns
- traffic route engineering: roads, railways, airports, harbours

TECHNICAL BUILDING SERVICES

Technical building services

- HEVAC new installation and refurbishment 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 facilities services

- maintenance and servicing of technical building systems
- refurbishment and modernisation of technical building systems
- 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 data networks and security systems
- delivery and installation of HVAC systems
- maintenance services

BUILDING PRODUCTS

Production, sales and contracting of roofing and waterproofing products

- bituminous roofing materials and water-proofing products
- bituminous, tiled and steel roofing contracting
- waterproofing of roof-top terraces and bridge decks
- roof maintenance and repair services

Production, sales and contracting of concrete and urban environment products

- Formento concrete and natural stone urban environment products
- Elemento pre-cast concrete elements
- installation contracting of concrete, terrazzo and natural stone products
- design and consulting services

Sports construction

- installation contracting and sales of sports and urban environment construction products





LEMMINKÄINEN

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