10 Feb. 2011

LEMMINKÄINEN'S FINANCIAL STATEMENT BULLETIN 2010:
Weak earnings in 2010, outlook for the future significantly better

Development in 2010 (comparative figures are for 2009)

- The order book grew by 15% to EUR 1,226.4 million (1,064.5)
- Consolidated net sales were down 4% and amounted to EUR 1,892.5 million (1,965.5)
- Operating profit was EUR 29.0 million (23.2) and the operating margin was 1.5% (1.2). Operating profit for 2009 was burdened by the recognition of EUR 54 million of the infringement fine imposed by the Supreme Administrative Court
- Equity ratio was 35.2% (30.9) and return on investment was 7.0% (5.4)
- The Board of Directors proposes that a dividend of EUR 0.50 be paid per share (0.00)
- The Company estimates that in 2011 its net sales will increase and that its pre-tax profit will clearly improve on 2010

Key figures[1)]	**1-12/2010**	**1-12/2009**	**10-12/2010**	**10-12/2009**
Net sales, EUR million	1,892.5	1,965.5	518.9	525.1
of which operations outside Finland, EUR million	543.5	527.6	127.0	135.1
Operating profit, EUR million	29.0	23.2	4.7	12.0
Operating margin, %	*1.5*	*1.2*	*0.9*	*2.3*
Pre-tax profit, EUR million	6.8	-10.2	-0.7	4.0
Earnings per share, EUR	0.02	-1.54	-0.14	-0.04
Cash flow from operations, EUR million	-37.2	64.2	45.1	67.7
	31.12.2010	**31.12.2009**		
Return on investment, %	7.0	5.4		
Equity ratio, %	35.2	30.9		
Gearing, %	104.7	110.5		
Interest-bearing net debt, EUR million	349.2	324.7		
Order book, EUR million	1,226,4	1,064.5		
- of which unsold	135.3	103.2		
- of which operations outside Finland	294.3	224.4		

1) As from 1 January 2010, Lemminkäinen observes the interpretation IFRIC 15 – Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with this interpretation.

President & CEO Timo Kohtamäki:

“Last year, we still felt the effects of the deep recession that hit the construction industry in 2008. Business operations were hindered by the long and harsh winter, which had an impact on paving works in Norway and the Baltic countries in particular. I believe that the market has now bottomed out. The outlook for 2011 is more upbeat than last year,” says Timo Kohtamäki, President and CEO of Lemminkäinen.

“We did not see any growth in 2010 due to market reasons and our profitability was weak. There were many reasons behind this: the severe winter, rising cost levels, tough competition in many sectors of construction and greater-than-anticipated lease liabilities for commercial properties that were sold during the worst period of the recession. Our earnings were also burdened by the recognition of non-recurring items stemming from restructuring and business adjustment measures.”

Kohtamäki believes that Lemminkäinen’s competitiveness has now improved: “We have streamlined our corporate structure and renewed our ways of working. We are going forward into 2011 with a lighter and more efficient operating model. We can now more effectively pool the expertise of Lemminkäinen Group to benefit our customers. Our internal efficiency has improved and we’re more effectively harnessing benefits of scale in matters such as procurements. What’s more, our order book is healthy and larger than last year – and that means we’re starting 2011 on a solid footing.”

Kohtamäki is satisfied with the stronger balance sheet. “Our equity ratio, 35.2 per cent, is now at the level of our long-term target. Our financing base is broader and the maturity structure of our debt portfolio is spread out over a longer period. The stronger balance sheet gives us greater latitude for the development and growth of the Group, and reduces our financial expenses.

“Thanks to the pickup in the market and our better order book, we’re well-poised to increase our net sales and improve our earnings in 2011,” says Kohtamäki.

Outlook for 2011

The moderate growth in the volume of construction is expected to continue in Finland in 2011. Residential construction is still boosted by low interest rates and consumers’ confidence in their own finances. In 2010, Lemminkäinen more than trebled its own housing production compared to the previous year, starting up the construction of a total of 1,191 new residential units. It is estimated that if the housing market remains favourable, the number of start-ups will also be at the same level in the year ahead. Though the annual number of business premises start-ups has most likely bottomed out, great growth cannot be expected yet.

Residential construction is estimated to remain brisk in Russia, even though slightly fewer residential units will be completed in 2011 than last year. This dip is primarily due to the low number of start-ups during the recession years. Lemminkäinen currently has about 150 residential units under construction in St Petersburg, and intends to start up the construction of more than 500 units this spring.

In 2011, the total volume of infrastructure construction in all the Nordic countries is expected to either remain at the previous year’s level or grow slightly. Thanks to Lemminkäinen’s strong market position in infrastructure construction in all its business territories, the Company is well-poised for steady growth in the year ahead. The Company’s outlays, particularly on rock engineering in Sweden, have yielded good results, and this favourable trend is expected to continue in the near future. The work season for infrastructure construction in Norway is anticipated to be better than last year. Demand for infrastructure construction in Finland might be weakened by scant governmental financing and lower investments in the municipal sector.

The market for technical building services is expected to gradually return to normal as building construction picks up. In the next few years, renovation is expected to focus on piping renovation works and repairs to improve energy efficiency.

Lemminkäinen estimates that in 2011 its net sales will increase and that its pre-tax profit will clearly improve. This estimate is based on the better market situation and the fact that the order book is stronger than at the end of the previous year.

Briefing

A Finnish-language briefing for analysts and the media will be held at 9.30 a.m. on Thursday, 10 February at Lemminkäinen's head office. The street address is Salmisaarenaukio 2, Helsinki, Finland. The financial statement bulletin will be presented by President and CEO Timo Kohtamäki. Presentation material will be available in Finnish and English on the Company's website at www.lemminkainen.com after the briefing.

New disclosure procedure

Lemminkäinen has adopted the new disclosure procedure permitted by Standard 5.2b of the Finnish Financial Supervisory Authority. The financial statement bulletin is published as a pdf attachment to this stock exchange release. The financial statement bulletin is also available on the Company's website at www.lemminkainen.com.

Financial releases in 2011

Lemminkäinen Corporation will publish a financial statement bulletin and three interim reports in 2011:

10 February 2011 – Financial statement bulletin 2010
5 May 2011 – Interim report, January-March 2011
4 August 2011 – Interim report, January-June 2011
3 November 2011 – Interim report, January-September 2011.

The Annual Report for 2010 will be published during the week beginning on 14 March 2011 (week 11).

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BOARD OF DIRECTORS' REPORT

OPERATING ENVIRONMENT

Finland

The economic recession caused by the financial crisis has eased. Recovery is progressing in the uncertain global economy. The rebound has been faster than expected, but safeguarding financial stability and balancing public finances still cause uncertainty in Europe.

The volume of construction in Finland is estimated to have grown by about 2 per cent in 2010. Most of this growth was due to residential construction, in which the number of start-ups swung to growth after declining for two consecutive years. The number of start-ups in the construction of commercial and business premises grew cautiously. The vacancy rate of office buildings has remained high. Activity in the property market increased in 2010, but few major deals were made. That said, the yield requirements of property investors have declined slightly compared with 2008 and 2009. The volume of renovation grew during the report year.

The total volume of infrastructure construction either remained on a par with the previous year or declined slightly. Weather conditions shortened the paving season by about two months, which impacted on the amount of paving works carried out during the entire year. The volume of paving works was also affected by smaller government allocations for basic road maintenance and weak municipal finances. A reasonable number of infrastructure construction projects were on offer, but competition was tight. Traffic tunnel projects in the Greater Helsinki Area and a pickup in mining operations in Northern Finland kept Finnish rock engineering contractors busy in 2010.

The low number of start-ups in building construction in past years also impacted on technical building services, in which the Company continued to face heavy competition. Demand for maintenance and servicing was moderate, but prices were down. Relatively few new investments were made in technical building systems, especially in the construction of business premises. Renovation of housing grew in 2010 and this growth is expected to continue in the years ahead.

In the case of building products, demand for pre-cast concrete elements picked up as residential construction rebounded. Demand for environmental products was likewise good, but the work season was cut short by heavy snowfall in the winter. In roof contracting, competition was tight.

Operations outside Finland

In Sweden, the volume of infrastructure construction grew in 2010. Infrastructure construction now accounts for almost 40 per cent of all construction works in the country. Numerous ongoing tunnel projects and mine excavation contracts will keep the work situation good in the future. In Norway, the volume of infrastructure construction dipped slightly from the peak levels of 2009. In winter, exceptionally heavy snowfall hindered road construction and halted paving works in the middle of the normal work season. In Denmark, the total volume of infrastructure construction remained at around the same level as in 2009.

The construction markets of the Baltic countries remained difficult, and construction volumes were at a low ebb in all these countries. In recent years, the development of the Baltic road network has mainly relied on EU funding.

Residential construction in Russia picked up substantially in 2010. Demand was maintained by the increase in per capita living space and the development of consumer mortgage services.

NET SALES

Lemminkäinen Group's full-year net sales for 2010 were EUR 1,892.5 million (EUR 1,965.5). Of that total, 71% (73) was generated in Finland, 17% (17) in other Nordic countries, 5% (3) in Russia and 7% (7) in other countries.

Net sales in the Infrastructure Construction, Technical Building Services and Building Products business sectors remained more or less at the same level as in the previous year. The net sales of Building Construction declined due to fewer start-ups of commercial and business premises and the low number of own residential projects completed in early 2010.

Net sales by business sector, EUR million	**2010**	**2009**	**2008**
Building Construction[1)]	810.4	868.7	1,207.5
Infrastructure Construction[2)]	776.1	768.0	920.3
Technical Building Services	228.9	233.8	269.9
Building Products[2)]	156.8	154.2	156.0
Other operations and Group eliminations	-61.2	-42.2	-52.2
Business sectors, total	1,911.0	1,982.6	2,501.5
Unallocated items	-18.5	-17.1	-19.7
Group, total (IFRS),	1,892.5	1,965.5	2,481.8
of which operations outside Finland	543.5	527.6	676.7

[1)] As from 1 January 2010, Lemminkäinen observes the interpretation IFRIC 15 – Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with this interpretation.
[2)] Forssan Betoni Oy, which formerly belonged to Lemminkäinen Infrastructure Construction, became part of the Building Products business sector as from the beginning of 2010. The comparative figures for 2009 are also in line with the new organisation.

OPERATING PROFIT

Operating profit for 2010 was EUR 29.0 million (23.2) and the operating margin was 1.5% (1.2). Operating profit for 2009 was burdened by the recognition of EUR 54 million of the infringement fine imposed by the Supreme Administrative Court.

In Building Construction, earnings were weakened by the lower-than-expected demand for commercial premises and higher-than-expected additional expenses from lease liabilities. The harsh winter hampered the earnings of Infrastructure Construction, particularly in Norway, where paving works had to be halted in the middle of the ordinary work season. Lemminkäinen posted a loss in the Baltic countries. Due to the Group's restructuring and business adjustment measures, non-recurring items burdened earnings in all business sectors. During the report year, the Company outsourced its vehicle and machinery functions to construction machinery rental companies.

Operating profit by business sector, EUR million	**2010**	**2009**	**2008**
Building Construction[1)]	27.9	36.4	68.4
Infrastructure Construction[2)]	11.6	22.0	26.2
Technical Building Services	2.2	12.2	16.3
Building Products[2)]	3.7	10.4	10.5
Other operations	-15.6	-61.7	-3.3
Business sectors, total	29.7	19.4	118.1
Unallocated items	-0.7	3.8	3.8
Group, total (IFRS)	29.0	23.2	121.9

Operating margin by business sector, %	2010	2009	2008
Building Construction[1)]	3.4	4.2	5.7
Infrastructure Construction[2)]	1.5	2.9	2.8
Technical Building Services	1.0	5.2	6.1
Building Products[2)]	2.4	6.8	6.7
Group, total (IFRS)	1.5	1.2	4.9

[1)] As from 1 January 2010, Lemminkäinen observes the interpretation IFRIC 15 – Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with this interpretation.
[2)] Forssan Betoni Oy, which formerly belonged to Lemminkäinen Infrastructure Construction, became part of the Building Products business sector as from the beginning of 2010. The comparative figures for 2009 are also in line with the new organisation.

ORDER BOOK

Lemminkäinen's order book grew by 15% year-on-year and amounted to EUR 1,226.4 million (1,064,5). The margins of the order book are now also at a better level than in the previous year, which gives the Company a firmer footing going forward into 2011. Operations outside Finland accounted for 24% (21) of the Group's order book.

Order book by business sector, EUR million	2010	2009	2008
Building Construction[1)]	697.2	601.7	576.3
- of which unsold	135.3	103.2	
Infrastructure Construction[2)]	386.5	319.2	365.4
Technical Building Services	112.6	106.8	97.7
Building Products[2)]	30.2	36.8	25.2
Group, total	1,226.4	1,064.5	1,064.5
- of which operations outside Finland	294.3	224.4	263.1

[1)] As from 1 January 2010, Lemminkäinen observes the interpretation IFRIC 15 – Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with this interpretation.
[2)] Forssan Betoni Oy, which formerly belonged to Lemminkäinen Infrastructure Construction, became part of the Building Products business sector as from the beginning of 2010. The business sector-specific comparative figures for 2009 are also in line with the new organisation.

BALANCE SHEET, CASH FLOW AND FINANCING

Under an authorisation granted by the Extraordinary General Meeting held on 12 November 2009, Lemminkäinen Corporation's Board of Directors decided, on 17 March 2010, on two separate share issues. The Company offered 1,700,000 new shares in the Company for subscription to institutional investors approved by the Board of Directors. The institutional offering raised a total of EUR 39.5 million, which was recognised in the Company's invested non-restricted equity fund. In addition, the Board of Directors decided on a targeted issue in which a total of 923,514 new shares in the Company were offered to subscription against compensation to the minority shareholders of Lemminkäinen Corporation's subsidiaries Lemminkäinen Talo Oy and Lemminkäinen Talotekniikka Oy. The subscription price was EUR 23.25 per share, or a total of EUR 21.5 million.

The funds from the issue were used to refinance a EUR 120 million syndicated loan maturing in January 2011. The remainder of the loan was paid with cash funds and by issuing a EUR 60 million, four-year domestic convertible bond with an annual coupon of 4.50 per cent. The bond was listed on NASDAQ OMX Helsinki Oy for public trading.

Towards the end of the year, the Company agreed on a total of EUR 160 million line of credit through bilateral agreements with Nordea Bank, Pohjola Bank, Sampo Bank and Svenska Handelsbanken. These facilities have a three-year maturity, are unsecured by collateral and serve as a reserve for the Domestic Commercial Paper Programme. They replace the previous syndicated EUR 150 million credit facility that was due to expire in June 2011.

The facilities include two covenants that are reviewed on a quarterly basis: average equity ratio over four quarters and the average net debt to EBITDA ratio over four quarters. As part of the financial arrangement, Lemminkäinen also renewed the bank guarantees for its TyEL pension loan facility of about EUR 90 million.

After these arrangements, Lemminkäinen has a broader financing base and the maturity structure of its debt portfolio is spread out over a longer period. Of the Company's interest-bearing debt, 17% (49) comprise loans from financial institutions, 20% (1) commercial paper, 8% (11) project loans related to own production of housing and business premises, 24% (22) TyEL loans, 15% (14) finance leasing liabilities and 16% (0) bonds. At the end of the review period, EUR 160 million in committed credit facilities were unused.

The amount of interest-bearing debt at the end of the review period was EUR 375.5 million (399.1), of which EUR 161.4 million (108.4) was short-term debt and EUR 214.1 million long-term debt (290.7). Interest-bearing net debt was EUR 349.2 million (324.7). Net financial expenses during the review period amounted to EUR 22.2 million (33.4), representing 1.2% (1.7) of net sales.

Liquid funds at the end of the review period were EUR 26.3 million (74.4).

According to the cash flow statement, the cash flow from operating activities was EUR -37.2 million (64.2) in 2010. The cash flow for the financial year includes the payment of dividends totalling EUR 2.1 million (18.0) for the 2009 financial year. The dividends paid in 2010 only include dividends paid to minority shareholders of the subsidiaries. Cash flow from operating activities in October-December 2010 was EUR 45.1 million (67.7).

Working capital saw a year-on-year increase of 7% and amounted to EUR 725.0 million (679.9) during the review period. One of the primary reasons behind the growth in working capital was the increase in trade receivables in 2010. Net working capital was up 15% to EUR 393.0 million (342.0).

The balance sheet total stood at EUR 1,065.3 million (1,054.7) on 31 December 2010. Return on investment was 7.0% (5.4) and the equity ratio was 35.2% (30.9). Gearing was 104.7% (110.5). By the end of the 2010-2013 strategic period, Lemminkäinen seeks to achieve return on investment of 18 per cent and an equity ratio of 35 per cent. Lemminkäinen estimates that the growth of the Company's earnings will result in a clear improvement in return on investment by the end of 2011.

BUSINESS SECTORS

BUILDING CONSTRUCTION

Key figures, EUR million[1)]	**1-12/2010**	**1-12/2009**	**1-3/10**	**4-6/10**	**7-9/10**	**10-12/10**
Net sales	810.4	868.7	168.7	169.2	214.5	258.0
Operating profit	27.9	36.4	1.2	6.7	2.7	17.3
Operating margin, %	*3.4*	*4.2*	*0.7*	*4.0*	*1.3*	*6.7*
Order book at end of period	697.2	601.7	631.4	727.1	677.4	697.2
- of which unsold	135.3	103.2	115.5	149.6	102.2	135.3

[1)] As from 1 January 2010, Lemminkäinen observes the interpretation IFRIC 15 – Agreements for the Construction of Real Estate in its reporting. The comparative figures for 2009 have also been calculated in accordance with this interpretation.

The net sales of the Building Construction business sector declined by 7% to EUR 810.4 million (868.7). Rebounding residential construction compensated for the low number of business premises started up. The net sales of the business sector saw substantial growth in the second half of the year thanks to the completion of new residential units. Housing sales were brisk in both Finland and Russia. Of the net sales of Building Construction, 76% (82) came from Finland, 7% (5) from Russia, 11% (7) from Sweden and 6% (6) from other countries.

The business sector's operating profit was down by one fifth to EUR 27.9 million (36.4). Profitability was weakened by the lower-than-expected demand for commercial premises and additional expenses from lease liabilities. In addition, non-recurring items due to structural reorganisation and business adjustment measures were recognised during the financial year. Residential units developed by the Company were completed and recognised in income mainly during the final quarter of the year. A few property transactions were also made in the fourth quarter. During the report year, the Company outsourced its vehicle and machinery functions to construction machinery rental companies.

In 2010, Lemminkäinen started up the construction of a total of 1,191 (351) units in its own housing production in Finland, Russia and Sweden, more than three times as many as in the previous year. This was the greatest number of start-ups in the Company's own housing development since 2006, when they numbered around 1,500 residential units.

The order book of Building Construction swung to growth after the first quarter, and amounted to EUR 697.2 million (601.7) at year's end. Operations outside Finland – mainly in Sweden and Russia – accounted for 15% of the order book, or EUR 101.7 million.

Operations in Finland

In Finland, Lemminkäinen started the construction of a total of 2,252 new residential units, of which the number of contracted housing starts was 1,248 (1,090).

Lemminkäinen's own housing development, Finland	**2010**	**2009**	**2008**
Housing starts	1,004	351	504
Housing units sold	911	771	634
Completed	418	533	1,030
Under construction at end of period	991	405	587
- of which unsold	439	193	380
Completed and available for sale at end of period	110	263	496

Housing sales were brisk in 2010, and a total of 911 residential units developed by the Company were sold. 418 new residential units were completed, the bulk of them in the second half of 2010.

At the end of the financial year, Lemminkäinen owned a total of 830,000 m² of unused building rights in Finland, of which 371,000 m² were residential building rights. The Company also had binding or conditional co-operation and zoning agreements for about 782,000 m², of which about 253,000 m² are residential building rights. The balance sheet value of the Finnish plots was EUR 90.1 million (94.7) at the end of the year.

In the construction of business premises, the number of start-ups is estimated to have bottomed out, although the vacancy rates of business premises are still high. During the present year, Lemminkäinen signed an agreement for the construction of an eco-efficient office and residential building in the Töölönlahti quarter in the centre of Helsinki and an agreement for the construction of a new office building for Konecranes – the lifting equipment manufacturer – in Hyvinkää.

Demand for the construction of commercial and logistics buildings was reasonable in 2010, and the Company started the construction of logistics centres for Inex Partners Oy and Etra Oy, an Etola Group company. In Helsinki, Lemminkäinen will build the Helsinki Environment Centre and the environmentally-friendly Ympäristötalo building for the University of Helsinki, and the construction of the first phase of the Kauppapaikka Herman retail trade property began in Kuopio. Municipalities showed far greater interest in life-cycle projects in 2010.

In Finland, renovation now accounts for close to half of all building construction. In recent years, the volume of renovation works has grown at a particularly rapid clip in housing construction. During the report year, Lemminkäinen landed basic repair contracts for numerous public-sector buildings, such as schools and day-care centres around Finland. In Helsinki, Lemminkäinen signed an additional agreement for renovation work of the Kluuvi Shopping Centre, a continuation of the order received in 2009.

Operations outside Finland

Residential construction began to surge in Russia in 2010. Lemminkäinen's residential construction focuses on the St Petersburg region, where the Company started up the construction of 154 units in its own housing development during the report year. By comparison, no new residential units were started in 2009. Housing sales were also brisk during 2010, and 276 units developed by the Company were sold during the financial year. In addition, Lemminkäinen completed Aleksandria, a project with 498 residential units.

Lemminkäinen's own housing development, Russia	**2010**	**2009**	**2008**
Housing starts	154	0	479
Housing units sold	276	133	61
Completed	498	104	0
Under construction at end of period	154	479	306
- of which unsold	154	367	245
Completed and available for sale at end of period	122	22	0

April 2010, Lemminkäinen acquired a plot on Vasily Island, St. Petersburg, close to the city centre. Construction of about 540 residential units is expected to begin there in spring 2011 and to be completed towards the end of 2013.

Lemminkäinen will build a packaging film plant for Ab Rani Plast Oy in the Kaluga industrial park, close to Moscow. Rani Plast is the first customer in Lemminkäinen's industrial park project, an approximately 135-hectare area with premises for about 20 industrial plants and logistics centres. The value of the inventories that Lemminkäinen had tied up in Russia at the end of the 2010 financial year was EUR 46.1 million (36.5).

Operations in Sweden accounted for almost 10% of the net sales of Building Construction in 2010. In Sweden, Lemminkäinen started the construction of 33 (0) units in its own housing development during the review year.

INFRASTRUCTURE CONSTRUCTION

Key figures, EUR million[1)]	**1-12/2010**	**1-12/2009**	**1-3/10**	**4-6/10**	**7-9/10**	**10-12/10**
Net sales	776.1	768.0	51.3	226.0	314.6	184.2
Operating profit	11.6	22.0	-24.3	13.5	28.0	-5.6
Operating margin, %	*1.5*	*2.9*	*-47.3*	*6.0*	*8.9*	*-3.0*
Order book at end of period	386.5	319.2	515.1	543.9	395.9	386.5

[1)] Forssan Betoni Oy, which formerly belonged to Lemminkäinen Infrastructure Construction, became part of the Building Products business sector as from the beginning of 2010. The comparative figures for 2009 are also in line with the new organisation.

The net sales of the Infrastructure Construction business sector in 2010 amounted to EUR 776.1 million (768.0). The business sector generated 55% (54) of its net sales in Finland, 31% (34) in the other Nordic countries, 9% (10) in the Baltic states and 5% (2) in other countries.

The business sector's operating profit fell significantly short of the previous year, amounting to EUR 11.6 million (22.0). Lemminkäinen had a good production season and satisfactory earnings in Finland, Sweden and Denmark.

The profitability of the business sector was weakened by exceptionally heavy snowfall in the winter, which hindered paving operations in Norway and the Baltic countries in particular. In Norway, earnings were also burdened by individual loss-making road maintenance contracts. The Baltic market remained very difficult, and Lemminkäinen posted a loss there. The Company's business operations in Latvia have been wound down.

At the end of 2010, the order book of Infrastructure Construction was EUR 386.5 million (319.2), a year-on-year increase of about one fifth.

Operations in Finland

Weather conditions shortened the paving season in Finland by about two months, and the total volume of paving works was smaller than expected. In spite of this, Lemminkäinen's operations were solid during the paving season and earnings were satisfactory.

2010 was a busy year for rock engineering thanks to large tunnel projects and a pickup in mining operations. Geotechnical engineering works also saw growth thanks to the recovery of building construction. Demand for transport infrastructure construction remained reasonable in 2010, but competition was fierce.

The first part of the year was sedate in Lemminkäinen's mineral aggregates operations, but the pickup in building construction boosted demand towards the end of the year.

Operations outside Finland

Infrastructure construction in the Nordic countries is geographically a strategic growth area for Lemminkäinen. In 2010, the Company increased its market share in the Norwegian infrastructure market with three acquisitions. The major acquisition was the signing of the agreement to purchase 100% of the shares in the Norwegian infrastructure construction company Mesta Industri AS from Mesta Group, a Norwegian state-owned company, at a price of EUR 14.8 million. The approval of the Norwegian Competition Authority is still required. The deal is expected to be concluded during the first quarter of the present year. In addition, the Company acquired a majority stake in Asfalt Remix AS, a Norwegian company specialising in the cold milling of asphalt, and Risa Rock AS, a tunnel excavation company. After these transactions, Lemminkäinen will be the second-largest paving company in Norway and one of the country's major infrastructure construction companies.

In Sweden, the Company bolstered its position in rock engineering when it won several excavation contracts for LKAB's iron ore mine in Kiruna. The total value of the contracts is over EUR 55 million and the longest excavation works will last three years. Lemminkäinen has numerous tunnel and geotechnical engineering projects in progress in Sweden, and thus the outlook is expected to remain favourable in the next few years.

Competition was severe in the infrastructure construction market of the Baltic countries, and the amount on work on offer fell, especially in Latvia and Lithuania. Road construction in the Baltic countries is mainly EU-funded. In 2010, the paving business was also hampered by the exceptionally heavy snowfall and cold weather in winter. Lemminkäinen carried out two large road construction projects in Lithuania.

TECHNICAL BUILDING SERVICES

Key figures, EUR million	1-12/2010	1-12/2009	1-3/10	4-6/10	7-9/10	10-12/10
Net sales	228.9	233.8	54.2	55.8	55.1	63.8
Operating profit	2.2	12.2	1.1	0.4	1.7	-1.0
Operating margin, %	*1.0*	*5.2*	*2.0*	*0.7*	*3.1*	*-1.6*
Order book at end of period	112.6	106.8	114.1	118.0	118.1	112.6

The net sales of Technical Building Services declined slightly to EUR 228.9 million (233.8). About half of its net sales are generated by maintenance and servicing.

The operating profit of the business sector declined substantially to EUR 2.2 million (12.2). Profitability was weakened by tougher competition in the field and the consequent decline in price levels. Non-recurring items due to restructuring and business adjustment measures also decreased the earnings of the business sector. Demand for technical building services for industry was low during the report year, as industry cut investments and maintenance.

Lemminkäinen has expanded its range of piping renovation methods by introducing a coating technique that does not compromise existing structures. The advantages of the technique are its speed and short water outages. The Company is also involved in Finland’s first zero-energy apartment buildings, which are located in Kuopio and Järvenpää.

Towards the end of the year, Lemminkäinen made an agreement with Stockmann for the building system maintenance of new Nevsky Centre shopping centre and its retail space in St Petersburg. This is one of the Company’s most extensive maintenance and servicing agreements in the St Petersburg region.

BUILDING PRODUCTS

Key figures, EUR million[1)]	1-12/2010	1-12/2009	1-3/10	4-6/10	7-9/10	10-12/10
Net sales	156.8	154.2	20.3	44.7	50.5	41.3
Operating profit	3.7	10.4	-3.7	3.4	3.2	0.8
Operating margin, %	*2.4*	*6.8*	*-18.1*	*7.6*	*6.3*	*1.9*
Order book at end of period	30.2	36.8	35.7	41.2	38.7	30.2

[1)] Forssan Betoni Oy, which formerly belonged to Lemminkäinen Infrastructure Construction, became part of the Building Products business sector as from the beginning of 2010. The business sector-specific comparative figures for 2009 are also in line with the new organisation.

In 2010, the net sales of the Building Products business sector amounted to EUR 156.8 million (154.2). The business sector’s operating profit declined to EUR 3.7 million (10.4). The major factors weakening profitability were the tighter competition in roof and environmental contracting and the rising price of raw materials. The long winter also decreased demand in product sales and the work season was shorter than normal. Sales of pavement stones and roofing products picked up clearly towards the end of the year.

Demand for pre-cast concrete staircase and facade elements was brisk thanks to the pickup in residential construction. Lemminkäinen bolstered its pre-cast concrete element production resources by acquiring 100% of the shares in Suonenjoen Sementtituote Oy.

Towards the end of the review year, Lemminkäinen announced the sale of its roofing business to the capital investment fund Axcel. The transaction price was about EUR 25 million, from which Lemminkäinen will recognise capital gains of about EUR 17 million in the first quarter of 2011. The roofing business accounted for about 40 per cent of the Building Products business sector in 2010. The remaining business operations of Building Products were merged into Infrastructure Construction business sector on 1 January 2011.

At the end of 2010, the order book of Building Products was EUR 30.2 million (36.8), half of which is accounted for by the roofing business.

SHARES AND SHARE CAPITAL

The listed price of Lemminkäinen Corporation's share was EUR 24.20 (13.05) at the beginning of the financial year and EUR 26.00 (24.20) at the end. Market capitalisation at the end of the financial year was EUR 510.8 million (411.9). Share turnover during the financial year totalled 4,171,666 shares (1,918,039). The total value of share turnover was EUR 103.2 million (41.0). At the end of the financial year, the Company had 4,979 shareholders (5,017). The largest shareholder group was the Pentti family, who owned about 57 per cent of the shares. International shareholders owned about 8 per cent of Lemminkäinen's shares.

The Extraordinary General Meeting of Lemminkäinen Corporation, held on 12 November 2009, decided in accordance with the proposal of the Board of Directors to authorise the Board of Directors to resolve on a share issue and/or an issue of special rights entitling their holders to shares, as referred to in Chapter 10, Section 1 of the Finnish Companies Act, in one or more instalments, either against payment or without consideration. The Extraordinary General Meeting also authorised the Board of Directors to decide on the acquisition of treasury shares.

Lemminkäinen Corporation's Board of Directors decided, on 17 March 2010, to organise two separate share issues. The Company offered 1,700,000 new shares in the Company for subscription to private and institutional investors approved by the Board of Directors. In addition, Lemminkäinen Corporation's Board of Directors decided on a targeted issue in which a total of 923,514 new shares in the Company were offered to subscription against compensation to the non-controlling shareholders of Lemminkäinen Corporation's subsidiaries Lemminkäinen Talo Oy and Lemminkäinen Talotekniikka Oy. The subscription price was EUR 23.25 per share. The new shares were entered in the Trade Register and were made available for trading on NASDAQ OMX Helsinki Oy on 23 March 2010.

After these share issues, the Board of Directors is authorised to issue a further 1,576,486 shares and/or special rights entitling their holders to shares. The authorisation is valid for five (5) years after being granted. In addition, the authorisation to acquire treasury shares that was granted to the Board of Directors by the Extraordinary General Meeting of 12 November 2009 is fully unused and will remain in force for 18 months from the decision of the meeting.

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

INVESTMENTS

Gross investments during the financial year amounted to EUR 59.6 million (41.5), representing 3.1% (2.1) of the Company's net sales. They were earmarked mainly for replacement investments in infrastructure construction. In addition, the investments include two acquisitions in Norway in 2010 and smaller acquisitions in Finland.

PERSONNEL

Personnel, average	**2010**	**2009**	**2008**
Salaried employees	2,913	3,067	3,286
Hourly paid employees	5,401	5,559	6,490
Personnel, total	8,314	8,626	9,776
of whom working outside Finland	2,372	2,607	2,836
Personnel at the end of the financial year	7,744	7,759	8,910

Personnel by business sector, average	**2010**	**2009**	**2008**
Building Construction	2,264	2,356	3,159

Infrastructure Construction[1)]	3,165	3,395	3,658
Technical Building Services	1,859	1,941	2,013
Building Products[1)]	835	820	839
Parent company	191	114	107
Total	8,314	8,626	9,776

[1)] Forssan Betoni Oy, which formerly belonged to Lemminkäinen Infrastructure Construction, became part of the Building Products business sector as from the beginning of 2010. The business sector-specific comparative figures for 2009 are also in line with the new organisation.

In 2010, the Group companies had 8,314 employees (8,626) on average, about 4% less than in the previous year. Of the employees, 71% worked in Finland, 12% in other Nordic countries, 10% in the Baltic states and 7% in other countries. The number of personnel has been downscaled to correspond to market changes. In line with its strategy, Lemminkäinen changed over to a more centralised operating model for its internal support services in Finland.

CHANGES IN THE ORGANISATION STRUCTURE

One of the objectives of Lemminkäinen's strategy is to move towards creating one unified Lemminkäinen by, for example, simplifying the structure of the Group. In 2010, the Group merged more than 20 of its companies in Finland. The Building Construction and Technical Building Services business sectors underwent the greatest changes. The wholly owned subsidiaries Sica Oy and Lemcon Development Ltd were merged into Lemminkäinen Corporation.

In December 2010, Lemminkäinen announced the sale of its roofing business, which was part of the Building Products business sector. The concrete, environmental and sports construction businesses that were part of the Building Products were transferred to the Infrastructure Construction business sector as from 1 January 2011.

In 2011, Lemminkäinen's business operations are organised into three business sectors: Building Construction, Infrastructure Construction and Technical Building Services.

The telecom network builder Lemcon Networks Oy was transferred to the Technical Building Services business sector as from 1 January 2011. The company was previously part of the Building Construction business sector.

As from the beginning of 2011, the members of the Lemminkäinen Group Executive Board are Timo Kohtamäki, President and CEO, Jukka Terhonen, Executive Vice President, Building Construction, Henrik Eklund, Executive Vice President, Infrastructure Construction, Marcus Karsten, Executive Vice President, Technical Building Services, Tiina Mellas, Director, HR and ICT, Tiina Mikander, Executive Vice President, Corporate Business Development, and Robert Öhman, CFO.

Internal support functions – HR, financial administration, IT, legal affairs as well as communications and marketing – adapted a more consolidated operating model. The shared services target to provide optimal support to business objectives. The Company is seeking a competitive edge and support for growth from cost-effective, professional and high-quality internal support services.

ANNUAL GENERAL MEETING 2010 AND CORPORATE GOVERNANCE

Lemminkäinen Corporation's Annual General Meeting held on 16 April 2010 adopted the Company's financial statements for 2009 and granted the CEO and the members of the Board of Directors discharge from liability. The Annual General Meeting decided, in accordance with the Board of Directors' proposal, that no divided be paid for the financial year.

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

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

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors chooses from among its members a Nomination Committee, an Audit Committee, and a Remuneration 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 Committee.

Lemminkäinen Corporation's Board of Directors held an organising meeting on 16 April 2010. The compositions of the Audit Committee, Nomination Committee and Remuneration Committee were decided at the meeting. The Board of Directors elected Heikki Räty to serve as the Chairman of the Audit Committee, with Juhani Mäkinen and Kristina Pentti-von Walzel serving as members. Berndt Brunow was elected to serve as the Chairman of the Nomination Committee, with Kristina Pentti-von Walzel and Teppo Taberman serving as members. Teppo Taberman was elected to serve as the Chairman of the Remuneration Committee, with Berndt Brunow and Mikael Mäkinen serving as members.

LEGAL PROCEEDINGS

In 2009, the Supreme Administrative Court (SAC) ordered Finnish asphalt industry companies to pay an infringement fine for violations of the Act on Competition Restrictions.

At the beginning of February 2011, 34 claims for damages brought by municipalities and the Finnish state (Finnish Transport Agency) were pending against Lemminkäinen and other asphalt industry companies in the District Court. The claimants contend that restrictions of competition have caused them damages. The total amount of damages sought from Lemminkäinen is currently about EUR 81 million. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

The ruling rendered by the SAC in 2009 as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused any damages to the asphalt work clients. The ruling does not concern the individual contracts that the claimants cited in support of their claims. Nor does the ruling concern the pricing of individual contracts. The SAC has not investigated the contention that inflated prices have been charged for the contracts.

Lemminkäinen's initial position is that the claims for damages are without foundation. The claims will be processed in the order and schedule set by the District Court.

No provisions for future expenses have been made in respect of the claims of the municipalities and the Finnish Transport Agency that are pending in the District Court.

Lemminkäinen will provide information on the proceedings in its interim reports or in separate releases, as necessary.

RISKS AND UNCERTAINTIES

Lemminkäinen’s business risks are divided into four categories: strategic, operative, financial and accident risks. In order to manage these risks, the Company has specified the measures that can be used to predict any external and internal factors that might threaten its operations.

The state of the international economy poses uncertainty in our operating environment, making it more difficult to foresee future changes. New construction in Finland is sensitive to economic cycles and therefore poses a market risk. This risk is managed both structurally and operationally. The more stable demand for infrastructure construction balances out fluctuating volumes in new domestic construction, as do maintenance, servicing and renovation.

The Company´s own housing development involves both sales and price risks. Unsold residences tie up capital and therefore the Company starts new housing construction only if sufficient number of the units have been reserved by buyers in advance. When undertaking the own development of commercial premises, the premises are usually sold to real estate investors in the early stages of construction at the latest, thereby reducing sales risks.

Weather conditions also pose a risk in the construction industry. Unusual or harsh weather can weaken the profitability of our operations by interrupting or delaying projects.

Lemminkäinen uses great amounts of oil-based products in asphalt production. The price of bitumen is tied to the global price of oil and the Company manages the bitumen price risk with oil derivatives and contractual terms.

Writs of summons filed to the District Court by the Finnish Road Administration and a number of municipalities pose a risk.

The Company’s Annual Report and website provide more information on Lemminkäinen’s major risks and risk management policy. A more detailed account of the financial risks is also provided in the notes to the 2010 financial statements.

RESEARCH AND DEVELOPMENT

Lemminkäinen's research and development work focuses on the development of operational prerequisites as well as the development and 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 sectors are responsible for their own research and development activities. Lemminkäinen's Central Laboratory carries out R&D at Group level. In 2009 the Group's research and development expenditure accounted for 0.7% of net sales.

THE ENVIRONMENT

Lemminkäinen Group takes life-cycle and environmental perspectives into account when developing its operations, products and services. The Group’s management of environmental affairs and the environmental effects are continuously monitored by means of internal monitoring and control programmes. In 2010 Lemminkäinen Group started a program that aims to define common goals for environmental responsibility, operation models and performance indicators until the end of current strategy period. The Company’s Annual Report and website provide more information on Lemminkäinen’s environmental issues.

OUTLOOK FOR 2011

The moderate growth in the volume of construction is expected to continue in Finland in 2011. Residential construction is still boosted by low interest rates and consumers' confidence in their own finances. In 2010, Lemminkäinen more than trebled its own housing production compared to the previous year, starting up the construction of a total of 1,191 new residential units. It is estimated that if the housing market remains favourable, the number of start-ups will also be at the same level in the year ahead. Though the annual number of business premises start-ups has most likely bottomed out, great growth cannot be expected yet.

Residential construction is estimated to remain brisk in Russia, even though slightly fewer residential units will be completed in 2011 than last year. This dip is primarily due to the low number of start-ups during the recession years. Lemminkäinen currently has about 150 residential units under construction in St Petersburg, and intends to start up the construction of more than 500 units this spring.

In 2011, the total volume of infrastructure construction in all the Nordic countries is expected to either remain at the previous year's level or grow slightly. Thanks to Lemminkäinen's strong market position in infrastructure construction in all its business territories, the Company is well-poised for steady growth in the year ahead. The Company's outlays, particularly on rock engineering in Sweden, have yielded good results, and this favourable trend is expected to continue in the near future. The work season for infrastructure construction in Norway is anticipated to be better than last year. Demand for infrastructure construction in Finland might be weakened by scant governmental financing and lower investments in the municipal sector.

The market for technical building services is expected to gradually return to normal as building construction picks up. In the next few years, renovation is expected to focus on piping renovation works and repairs to improve energy efficiency.

Lemminkäinen estimates that in 2011 its net sales will increase and that its pre-tax profit will clearly improve. This estimate is based on the better market situation and the fact that the order book is stronger than at the end of the previous year.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, amounts to EUR 153,788,918.81, consisting of EUR 75,205,562.38 in retained earnings from previous years and EUR 17,586,655.93 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 0.50 (0.00) per share for the 2010 accounting period, i.e. a total of EUR 9.822.382,00, after which retained earnings would stand at EUR 82.969.836,31.

EVENTS AFTER THE FINANCIAL YEAR

Lemminkäinen concluded the sale of its roofing business on 31 January 2011.

Helsinki, 9 February 2011

LEMMINKÄINEN CORPORATION
Board of Directors

TABULATED SECTION OF THE FINANCIAL STATEMENT BULLETIN

ACCOUNTING PRINCIPLES

IFRS recognition and measurement principles have been observed in the preparation of the financial statement bulletin, which conforms to IAS 34 – Interim Financial Reporting. The accounting principles of the 2009 annual financial statements have been applied when preparing the financial statement bulletin, with the exceptions stated below. The information contained in the financial statement bulletin has not been audited.

Adoption of IFRIC 15

IFRIC 15, Agreements for the Construction of Real Estate was adopted as from the beginning of 2010. The comparative figures from 1 January 2009 onwards were also recalculated in line with the new interpretation. In addition to Lemminkäinen's consolidated figures, IFRIC 15 also had an effect on the figures of Building Construction. Forssan Betoni Oy, which formerly belonged to Lemminkäinen Infrastructure Construction, became part of the Building Products business sector as from the beginning of 2010. The consolidated and business sector figures presented in this bulletin have been adjusted for comparability. On 9 April 2010, Lemminkäinen published a stock exchange release assessing the effects of the interpretation on the comparative figures for 2009.

Other adjustments

In its balance sheet, Lemminkäinen recognises a liability that was left out of the final report on a consortium that was drafted on 19 May 2008. An additional report in December 2010 noted that Lemminkäinen is obligated to pay EUR 1.5 million to a contractual party in the consortium due to a contractual interpretation. The recognition of this liability had an effect of EUR 0.3 million on deferred tax assets, EUR 1.2 million on short-term liabilities and EUR -0.9 million on retained earnings for the comparison period. These adjustments have also been made to the opening balance sheet dated 1 January 2009.

Standards and interpretations adopted from the beginning of 2010

- IFRIC 15, Agreements for the Construction of Real Estate. The interpretation clarifies whether real-estate construction contracts should be treated in accordance with IAS 11 Construction Contracts or IAS 18 Revenue and when the percentage-of-completion method can be applied to such construction projects. In Lemminkäinen Group, the new interpretation applies especially to the recognition of income from own housing developments, where the Group changed over from percentage of completion to recognition on delivery as from 1 January 2010. Due to the adoption of the interpretation, the comparative figures from 1 January 2009 onwards were also recalculated in line with the new interpretation. The adoption of the interpretation decreased shareholders' equity in the opening balance sheet for 2009 by EUR 4.2 million. In addition to Lemminkäinen's consolidated figures, IFRIC 15 also had an effect on the figures of Building Construction. Furthermore, the 2009 comparative figures for the Group and business sectors have been recalculated.

- IFRS 3 (revised), Business Combinations. The revised standard still requires the use of the acquisition cost method in the treatment of business combinations, but with certain significant changes. For example, all the direct costs associated with the acquisition of companies are to be expensed when incurred. Contingent additional acquisition prices are to be measured at fair value, even if it is assumed that they are not likely to materialise. Post-acquisition changes in the contingent acquisition price liability are recognised through profit and loss, and not in goodwill, as was the case before the revision came into force. In phase-by-phase acquisitions, holdings acquired at an earlier date are measured at fair value at their time of acquisition.

- IFRIC 12 Service Concession Arrangements. The interpretation applies to contractual arrangements in which a private-sector entity participates in the development, financing and provision of public services or the maintenance of infrastructure.

- IAS 27 (revised), Consolidated and Separate Financial Statements. According to the revised standard, all transactions with non-controlling interests must be recognised in equity if there is no change in control. These transactions therefore no longer give rise to goodwill or gains or losses recognised through profit and loss. The standard also provides guidance on the accounting treatment in circumstances where control is lost. Any residual ownership share is fair valued, and gains or losses are recognised on the income statement.

- IAS 17 (amendment), Leasing Agreements. The revised standard requires the classification of land areas as financial leasing or other leasing agreements in line with the general classification criterion of IAS 17. The revision does not have a material impact on the information for the review period.

Reviews indicate that the interpretations and standards listed below do not have any essential bearing on Lemminkäinen Group's financial statements: IAS 1 (amendment), IAS 7 (amendment), IAS 18 (amendment), IAS 36 (amendment), IAS 38 (amendment), IAS 39 (amendment), IFRS 2 (amendment), IFRS 5 (amendment), IFRS 8 (amendment), IFRIC 9 (amendment), IFRIC 16 (amendment), IFRIC 17 and IFRIC 18.

New standards and interpretations that are not in force in the financial year beginning 1 January 2010 and which have not been adopted early

The IASB has published the following standards and interpretations that the Group will adopt in 2011.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. The interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the debtor issues its own equity instruments to the creditor to extinguish the financial liability in full or in part (conversion of debt to equity). The interpretation requires a gain or loss to be recognised in profit or loss. The amount of the gain or loss recognised in profit or loss will be the difference between the carrying value of the financial liability and the fair value of the equity instruments issued. If the fair value of the issued equity instruments cannot be determined reliably, they are measured at the fair value of the extinguished financial liability. This interpretation will not have an impact on the consolidated financial statements.

- IAS 32 (amendment) Financial Instruments: Presentation - Classification of Rights Issues. The amendment applies to the issuance of shares, options and subscription rights denominated in foreign currency. In the future such issues may, in certain circumstances, be classified as equity and not derivative instruments, unlike before. The amendment came into effect for accounting periods beginning on 1 February 2010 or later. This interpretation will not have an impact on the consolidated financial statements.

The following interpretations and standards will have no essential bearing on Lemminkäinen Group's financial statements: IFRS 3 (amendment), IAS 1 (amendment), IAS 24 (revised), IAS 27 (amendment), IAS 34 (amendment), IFRIC 13 (amendment) and IFRIC 14.

FINANCIAL STATEMENTS AND OTHER TABULATED INFORMATION

1) Consolidated income statement
2) Consolidated statement of comprehensive income
3) Consolidated balance sheet
4) Consolidated cash flow statement
5) Consolidated statement of changes in equity
6) Consolidated income statement, quarterly
7) Segment information
8) Financial indicators
9) Share-based financial indicators
10) Tangible assets
11) Acquired and divested businesses
12) Related-party transactions
13) Guarantees and contingent liabilities
14) Legal proceedings

1) CONSOLIDATED INCOME STATEMENT

EUR million	10-12/ 2010	10-12/ 2009	1-12/ 2010	1-12/ 2009
Net sales	518.9	525.1	1,892.5	1,965.5
Other operating income and expenses	-506.0	-505.9	-1,828.7	-1,909.6
Depreciation	7.7	7.6	35.6	34.3
Share of the results of associates	-0.5	0.4	0.7	1.5
Operating profit	4.7	12.0	29.0	23.2
Financial expenses	11.3	13.1	42.0	54.1
Financial income	6.0	5.2	19.8	20.7
Pre-tax profit	-0.7	4.0	6.8	-10.2
Income taxes	-1.3	-3.3	-5.6	-13.6
Result for the financial period	-1.9	0.7	1.2	-23.8
Result for the financial period attributable to				
Equity holders of the parent company	-2.6	-0.7	0.3	-26.2
Non-controlling interest	0.7	1.4	0.9	2.4
EPS attributable to equity holders of the parent company				
Earnings per share, diluted and undiluted, EUR	-0.14	-0.04	0.02	-1.54

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	10-12/ 2010	10-12/ 2009	1-12/ 2010	1-12/ 2009
Result for the financial period	-1.9	0.7	1.2	-23.8
Translation difference	1.6	1.3	3.9	3.4
Hedging of net investment				
in foreign subsidiary				-0.4

Cash flow hedge	0.2	0.3	0.5	-0.2
Change in fair value	0.0		0.0	
Other comprehensive income, total	1.8	1.6	4.4	2.8
Comprehensive income for the financial period	-0.1	2.3	5.5	-21.0
Comprehensive income for the financial period attributable to				
Equity holders of the parent company	-0.8	0.9	4.7	-23.4
Non-controlling interest	0.7	1.4	0.9	2.4

3) CONSOLIDATED BALANCE SHEET

EUR million	12/2010	12/2009	Opening balance sheet 2009
Non-current assets			
Tangible assets	175.3	184.6	187.0
Goodwill	84.8	78.3	74.9
Other intangible assets	14.4	2.7	2.5
Investments	14.0	12.8	10.7
Deferred tax asset	16.3	14.6	8.9
Other non-current receivables	7.2	7.5	6.3
Total	312.0	300.5	290.4
Current assets			
Inventories	369.8	374.7	418.8
Trade and other receivables	343.1	305.1	476.3
Cash and cash equivalents	26.3	74.4	250.1
Total	739.2	754.3	1,145.2
Available-for-sale non-current assets	14.1		
Assets, total	1,065.3	1,054.7	1,435.6
Shareholders’ equity and liabilities			
Share capital	34.0	34.0	34.0
Share premium account	5.8	5.8	5.8
Hedging reserve	-1.5	-2.0	-1.7
Fair value reserve	0.0		
Invested non-restricted equity fund	63.1		
Translation difference	2.2	-1.7	-4.7
Retained earnings	224.5	260.7	276.0
Result for the financial year	0.3	-26.2	
Equity attributable to equity holders of the parent company	328.4	270.6	309.4
Non-controlling interest	5.1	23.2	27.3
Shareholders’ equity, total	333.5	293.8	336.7

Non-current liabilities			
Deferred tax liability	17.6	19.0	18.7
Pension liabilities	0.5	0.7	0.2
Provisions	2.3	1.8	2.2
Financial liabilities	214.1	290.7	118.8
Other liabilities	3.9	2.4	1.3
Total	238.4	314.6	141.2
Current liabilities			
Accounts payable and other liabilities	321.2	329.6	482.9
Provisions	6.4	8.3	7.1
Financial liabilities	161.4	108.4	467.7
Total	489.0	446.2	957.7
Liabilities for available-for-sale non-current assets	4.4		
Shareholders' equity and liabilities, total	1,065.3	1,054.7	1,435.6

4) CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-12/ 2010	1-12/ 2009
Pre-tax profit	6.8	-10.2
Depreciation	35.6	34.3
Other adjustments	1.0	33.9
Cash flow before change in working capital	43.3	58.0
Change in working capital	-45.5	52.4
Financial items	-23.6	-30.2
Direct taxes paid	-11.4	-16.0
Cash flow from operations	-37.2	64.2
Cash flow from investments	34.4	11.9
Cash flow to investments	-44.9	-30.5
Share issue for cash consideration	39.5	
Change in non-current receivables	0.3	0.0
Loans drawn	327.5	562.3
Repayment of loans	-364.5	-764.6
Dividends paid	-2.1	-18.0
Cash flow from financing	0.8	-220.2
Change in cash and cash equivalents	-46.9	-174.6
Cash and cash equivalents at beginning of financial year	74.4	250.1
Translation difference of cash and cash equivalents	-1.2	-1.1
Cash and cash equivalents at end of financial year	26.3	74.4

5) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR million	A	B	C	D	E	F	G	H	I
Shareholders' equity 1.1.2009	34.0	5.8	-1.7			-4.7	280.7	27.8	341.8
Other change							-0.9		-0.9
Impact of IFRIC 15							-3.8	-0.4	-4.2
Adjusted shareholders' equity 1.1.2009	34.0	5.8	-1.7			-4.7	276.0	27.3	336.7
Result for the financial year							-26.2	2.4	-23.8
Translation difference						3.4			3.4
Hedging of net investment in foreign subsidiary						-0.4			-0.4
Cash flow hedge			-0.2						-0.2
Comprehensive income for the financial year			-0.2			3.0	-26.2	2.4	-21.0
Dividends paid							-15.3	-2.0	-17.3
Change in non-controlling interest								-4.5	-4.5
Transactions with owners, total							-15.3	-6.5	-21.8
Shareholders' equity 31.12.2009	34.0	5.8	-2.0			-1.7	234.5	23.2	293.8

EUR million	A	B	C	D	E	F	G	H	I
Shareholders' equity 1.1.2010	34.0	5.8	-2.0			-1.7	234.5	23.2	293.8
Result for the financial year							0.3	0.9	1.2
Translation difference						3.9			3.9
Cash flow hedge			0.5						0.5
Change in fair value				0.0					0.0
Comprehensive income for the financial year			0.5	0.0		3.9	0.3	0.9	5.5

Share issue to investors for cash consideration					39.5				39.5
Share issue to non-controlling interest for cash consideration					24.3				24.3
Transaction expenses of share issues					-0.7				-0.7
Recognition of share-based payments									
Direct entries, minority acquisition							-10.1		-10.1
Cancellation of dividend liability							0.1		0.1
Dividend distribution								-1.9	-1.9
Change in non-controlling interest								-17.1	-17.1
Transactions with owners, total					63.1		-10.0	-19.0	34.1
Shareholders' equity 31.12.2010	34.0	5.8	-1.5	0.0	63.1	2.2	224.8	5.1	333.5

6) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR million	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009
Net sales	518.9	610.4	478.8	284.4	525.1
Other operating income and expenses	-506.0	-565.7	-449.0	-308.0	-505.9
Depreciation	7.7	13.6	9.6	4.7	7.6
Share of the results of associates	-0.5	1.7	-0.2	-0.2	0.4
Operating profit	4.7	32.9	20.0	-28.5	12.0
Financial expenses	11.3	8.6	10.0	12.1	13.1
Financial income	6.0	2.1	5.0	6.7	5.2
Pre-tax profit	-0.7	26.4	15.0	-33.9	4.0
Income taxes	-1.3	-6.7	-5.2	7.6	-3.3
Result for the financial period	-1.9	19.7	9.8	-26.4	0.7
Result for the financial period attributable to					
Equity holders of the parent company	-2.6	20.1	9.5	-26.7	-0.7
Non-controlling interest	0.7	-0.4	0.3	0.3	1.4
EPS attributable to equity holders of the parent company					
Earnings per share, diluted and undiluted, EUR	-0.14	1.08	0.60	-1.52	-0.04

7) SEGMENT INFORMATION

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

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

IFRIC 15, Agreements for the Construction of Real Estate was adopted as from the beginning of 2010. The comparative figures from 1 January 2009 onwards were also recalculated in line with the new interpretation. In addition to Lemminkäinen's consolidated figures, IFRIC 15 also had an effect on the figures of Building Construction. Forssan Betoni Oy, which formerly belonged to Lemminkäinen Infrastructure Construction, became part of the Building Products business sector as from the beginning of 2010. The comparative business sector figures presented in this bulletin have been adjusted for comparability.

BLDCO = Building Construction
INFRA = Infrastructure Construction

TECBS = Technical Building Services

BLDPR = Building Products

OTHER = Other operations

ELIM = Group eliminations

SEGM = Segments total

RECON = Reconciling items
TOTAL = Group total, IFRS

EUR million

1-12/2010	BLDCO	INFRA	TECBS	BLDPR	OTHER	ELIM	SEGM	RECON	TOTAL
Net sales	810.4	776.1	228.9	156.8	11.4	-72.6	1,911.0	-18.5	1,892.5
Depreciation	2.1	31.4	0.9	3.4	1.0		38.8	-3.2	35.6
Operating profit	27.9	11.6	2.2	3.7	-15.6		29.7	-0.7	29.0

The reconciling items for net sales comprise EUR -18.5 million from the equity share treatment of associated companies.

The reconciling items for operating profit comprise EUR -1.1 million in personnel expenses, EUR 2.5 million from the IFRS treatment of finance leasing, EUR -0.7 million from the equity share treatment of associated companies and EUR -1.4 million in other closing entries.

EUR million 1-12/2009	BLDCO	INFRA	TECBS	BLDPR	OTHER	ELIM	SEGM	RECON	TOTAL
Net sales	868.7	768.0	233.8	154.2	10.3	-52.5	1,982.6	-17.1	1,965.5
Depreciation	2.6	30.5	0.8	3.5	0.8		38.1	-3.9	34.3
Operating profit	36.4	22.0	12.2	10.4	-61.7		19.4	3.8	23.2

The reconciling items for net sales stem from the equity share treatment of associates EUR -12.9 million and other operating income recognised as net sales in segment reporting.

The reconciling items for operating profit comprise EUR 1.3 million in personnel expenses, EUR 3.4 million from the IFRS treatment of finance leasing, EUR -0.2 million from the equity share treatment of associated companies and EUR -0.7 million in other closing entries.

NET SALES EUR million	1-12/ 2010	1-12/ 2009
Building Construction	810.4	868.7
Infrastructure Construction	776.1	768.0
Technical Building Services	228.9	233.8
Building Products	156.8	154.2
Other operations	11.4	10.3
Group eliminations	-72.6	-52.5
Segments, total	1,911.0	1,982.6
Reconciling items	-18.5	-17.1
Group total, IFRS	1,892.5	1,965.5

OPERATING PROFIT/LOSS EUR million	1-12/ 2010	1-12/ 2009
Building Construction	27.9	36.4
Infrastructure Construction	11.6	22.0
Technical Building Services	2.2	12.2
Building Products	3.7	10.4
Other operations	-15.6	-61.7
Segments, total	29.7	19.4
Reconciling items	-0.7	3.8
Group total, IFRS	29.0	23.2

NET SALES, QUARTERLY EUR million	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009
Building Construction	258.0	214.5	169.2	168.7	266.3
Infrastructure Construction	184.2	314.6	226.0	51.3	173.6
Technical Building Services	63.8	55.1	55.8	54.2	65.2
Building Products	41.3	50.5	44.7	20.3	38.9
Other operations	2.9	2.8	2.9	2.8	2.1
Group eliminations	-21.5	-23.1	-15.8	-12.2	-19.2
Segments, total	528.7	614.5	482.6	285.2	526.9
Reconciling items	-9.8	-4.1	-3.8	-0.8	-1.8
Group total, IFRS	518.9	610.4	478.8	284.4	525.1

OPERATING PROFIT/LOSS, QUARTERLY EUR million	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009
Building Construction	17.3	2.7	6.7	1.2	14.7
Infrastructure Construction	-5.6	28.0	13.5	-24.3	-5.8
Technical Building Services	-1.0	1.7	0.4	1.1	3.2
Building Products	0.8	3.2	3.4	-3.7	1.8
Other operations	-4.6	-3.9	-3.7	-3.4	-3.4
Segments, total	6.7	31.8	20.3	-29.1	10.5
Reconciling items	-2.0	1.1	-0.3	0.6	1.5
Group total, IFRS	4.7	32.9	20.0	-28.5	12.0

ASSETS EUR million	12/2010	12/2009
Building Construction	449.8	357.9
Infrastructure Construction	259.9	253.9
Technical Building Services	34.7	30.5
Building Products	57.9	55.3
Other operations	46.2	43.6
Segments, total	848.6	741.1
Assets unallocated to segments and Group eliminations, total	216.7	313.6
Group total, IFRS	1,065.3	1,054.7

8) FINANCIAL INDICATORS

	12/2010	12/2009
Return on equity, %	0.4	-7.6
Return on investment, %	7.0	5.4
Operating margin, %	1.5	1.2
Equity ratio, %	35.2	30.9
Gearing, %	104.7	110.5
Interest-bearing net debt, EUR million	349.2	324.7
Gross investments, EUR million (incl. leasing purchases)	59.6	41.5
Order book, EUR million	1,226.4	1,064.5
- of which orders outside Finland, EUR million	294.3	224.4
Average number of employees	8 314	8 626
Personnel at the end of the period	7 744	7 759
Net sales, EUR million	1,892.5	1,965.5
- of which operations outside Finland, EUR million	543.5	527.6
% of net sales	28.7	26.8

9) SHARE-RELATED FINANCIAL INDICATORS

	12/2010	12/2009
Earnings per share, EUR	0.02	-1.54
Equity per share, EUR	16.72	15.90
Market capitalisation, EUR million	510.8	411.9
Share price at end of period, EUR	26.00	24.20
Share turnover, 1000 shares	4,172	1,918
No. of shares, 1000	19,645	17,021
Weighted average number of shares, 1000	19,124	17,021

10) TANGIBLE ASSETS

EUR million	12/2010	12/2009
Acquisition cost at beginning of period	458.3	444.8
Translation difference	3.1	5.1
Increases	32.4	35.5
Increases from acquired businesses	7.9	3.9
Decreases	-40.6	-30.8
Transfers between items	0.0	-0.1
Accumulated depreciation	-283.9	-273.7
Transferred to available-for-sale non-current assets	-1.9	
Carrying value at the end of the financial period	175.3	184.6

11) ACQUIRED AND DIVESTED BUSINESSES

ACQUIRED BUSINESSES

2010
On 21 April 2010, the Company acquired 75.0% of the shares outstanding in Asfalt Remix AS, a company specialising in the cold milling of asphalt.
The goodwill recognised on this acquisition comprises an increase in market share as well as cost-savings in procurements, logistics and production. In addition, acquisition costs allocated to customer accounts have been booked in intangible assets. The acquisition includes the option to redeem shares from non-controlling shareholders at a value based on average post-tax earnings for the past three years and the change in shareholders' equity. The redemption price is determined on the basis of these two components and it is discounted to its present value and recognised as a liability.

On 9 June 2010, the Company acquired 90.1% of the shares outstanding in Risa Rock AS and renamed it Lemminkäinen Anlegg AS. The acquiree specialises in tunnel excavation.
The goodwill recognised on this acquisition comprises an increase in market share as well as cost-savings in procurements, logistics and production. In addition, acquisition costs allocated to customer accounts and the order book have been booked in intangible assets.

The acquisition includes the option to redeem shares from non-controlling shareholders at a value based on average EBITDA over a period of four years, adjusted with working capital. The redemption price is determined on the basis of this component and it is discounted to its present value and recognised as a liability.

On 4 October 2010, the Company acquired all the shares outstanding in UAB Žvyrkasyba, a company that owns and sells gravel assets.
Most of the consolidation difference of this acquisition is allocated to gravel assets. The recognised goodwill comprises synergy benefits and the cost-savings achieved in procurements.

On 26 October 2010, the Company acquired all the shares outstanding in Suonenjoen Sementtituote Oy, a company that manufactures concrete elements for construction.
The consolidation difference from this acquisition has been allocated to the building transferred in the transaction. The recognised goodwill comprises synergy benefits from the acquisition of the company.

The recognised fair values of the acquired business operations after merging are presented in the table below.

EUR million	Fair values recognised after merging
	2010
Assets	
Tangible assets	7.3
Intangible assets	3.8
Inventories	0.4
Current receivables	2.1
Cash and cash equivalents	5.1
Assets, total	18.8
Liabilities	
Deferred tax liabilities	1.6
Loans	7.0
Other liabilities	2.5
Liabilities, total	11.1
Net assets	7.7
Acquisition paid in cash	11.4
Discounted present value of the redemption option recognised as a liability	2.1
Acquisition cost, total	13.5
Goodwill, total	5.8
Expensed acquisition expenditure	0.2
Contingent liabilities recognised on redemption options	
Contingent liabilities at time of acquisition	2.9
Contingent liabilities at time of acquisition if predicted to be	
10 percentage points higher	3.2
10 percentage points lower	2.6

On the consolidation of the acquired business operations, EUR 17.4 million has been recognised in net sales and EUR 0.6 million in operating profit. Full-year net sales of the acquired business operations in 2010 amounted to about EUR 23.0 million and operating profit to about EUR 0.7 million. If the acquirees had been consolidated as from the beginning of the year, consolidated net sales would have been EUR 1,898.1 million and operating profit EUR 29.2 million.

DIVESTED BUSINESSES

The Group signed an agreement to sell its roofing business to a Nordic capital investment fund on 15 December 2010. The price was about EUR 25 million. The transaction required the approval of the Finnish Competition Authority, which was gained on 31 January 2011. The assets and liabilities to be transferred in the sale of the roofing business have been designated as available for sale.

12) RELATED-PARTY TRANSACTIONS

EUR million	12/2010	12/2009
Sales to associates	0.3	0.5
Purchases from associates	4.1	6.4
Trade receivables from associates	0.0	0.0
Accounts payable to associates	0.1	0.0
Loans to associates	0.1	

13) GUARANTEES AND CONTINGENT LIABILITIES

EUR million	12/2010	12/2009
Guarantees for own commitments		
Property mortgages		80.0
Business mortgages	0.4	1,221.3
Pledged securities	0.3	0.6
Deposits	0.1	0.1
Total	0.7	1,302.0
Guarantees		
On behalf of others	25.8	34.7
Pledged securities		
On behalf of others	0.1	
Minimum lease payments of irrevocable lease agreements		
One year or less	15.2	11.1
Over one year, but less than five years	30.4	24.9
Over five years	17.5	20.7
Total	63.0	56.7
Investment purchase commitments	7.1	11.1

Derivative contracts

Forward foreign exchange contracts		
Nominal value	48.9	36.6
Fair value	-0.9	-1.7
Interest rate swap contracts		
Nominal value	58.1	59.6
Fair value	-2.6	-3.2
Commodity derivatives		
Amount, Mt	21,350	
Fair value, €	0.1	

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

14) LEGAL PROCEEDINGS

In 2009, the Supreme Administrative Court (SAC) ordered Finnish asphalt industry companies to pay an infringement fine for violations of the Act on Competition Restrictions.

To date, 34 claims for damages brought by municipalities and the Finnish state (Finnish Transport Agency) are pending against Lemminkäinen and other asphalt industry companies in the District Court. The claimants contend that restrictions of competition have caused them damages. The total amount of damages sought from Lemminkäinen is currently about EUR 81 million. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

The ruling rendered by the SAC in 2009 as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused any damages to the asphalt work clients. The ruling does not concern the individual contracts that the claimants cited in support of their claims. Nor does the ruling concern the pricing of individual contracts. The SAC has not investigated the contention that inflated prices have been charged for the contracts.

Lemminkäinen's initial position is that the claims for damages are without foundation. The claims will be processed in the order and schedule set by the District Court.

No provisions for future expenses have been made in respect of the claims of the municipalities and the Finnish Transport Agency that are pending in the District Court.

Lemminkäinen will provide information on the proceedings in its interim reports or in separate releases, as necessary.