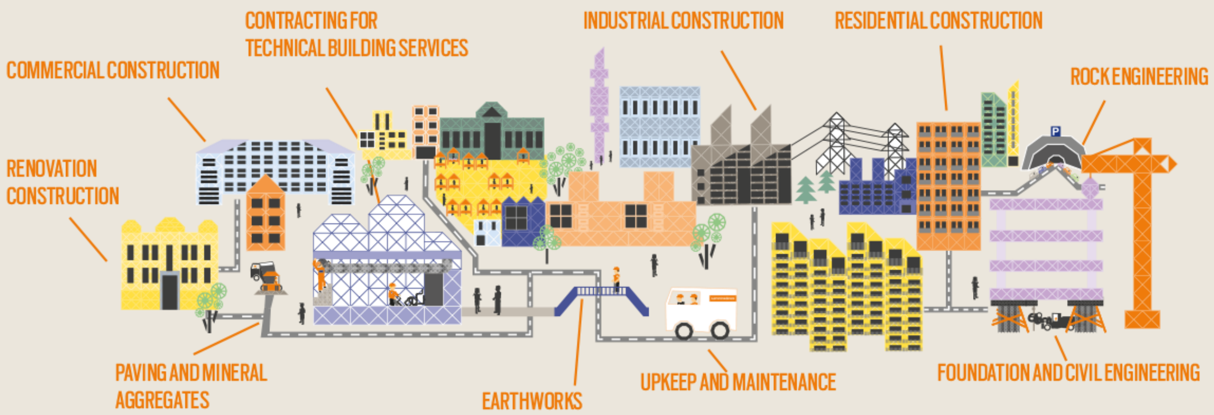
LEMMINKÄINEN

Interim Report 1 Jan – 31 March 2013



Efficiency measures the number-one priority in a challenging market situation

Lemminkäinen

Lemminkäinen Interim Report 1 Jan–31 Mar 2013: Efficiency measures the number-one priority in a challenging market situation

January–March 2013 in brief (1–3/2012)

- First-quarter net sales fell slightly short of the previous year and totalled EUR 306.4 million (315.4).
- On 31 March 2013, the order book stood at the same level as in the previous year: EUR 1,626.2 million (1,625.4).
- Operating profit noticeably weakened and totalled EUR -38.2 million (-21.6) with an operating margin of -12.5% (-6.9).
- Pre-tax profit was EUR -43.2 million (-24.3).
- Earnings per share were EUR -1.72 (-1.02).
- Cash flow from operations totalled EUR -24.4 million (35.7).
- The equity ratio stood at 35.4% (33.3) and gearing at 80.8% (77.9).

Key figures, IFRS, EUR million	1-3/2013	1-3/2012	Change	1-12/2012
Net sales	306.4	315.4	-3%	2,267.6
Operating profit	-38.2	-21.6	-77%	50.4
Operating margin, %	*-12.5*	*-6.9*		*2.2*
Pre-tax profit	-43.2	-24.3	-78%	29.1
Profit from continuing operations	-32.3	-20.0	-62%	20.4
Profit from discontinued operations		0.0		5.7
Capital gains from discontinued operations (after taxes)		0.0		18.0
Profit for the period	-32.3	-20.0	-62%	44.1
Earnings per share, EUR				
From continuing operations	-1.72	-1.02	-69%	0.83
From discontinued operations		0.00		1.21
From the profit for the period	-1.72	-1.02	-69%	2.04
Cash flow from operations	-24.4	35.7		57.8

Business functions divested in 2012 are categorised as discontinued operations. On 28 September 2012, Lemminkäinen sold the entire share capital of Lemminkäinen Rakennustuotteet Oy, which comprised the company's concrete business. The transaction price was EUR 55 million, from which Lemminkäinen recognised pre-tax capital gains of EUR 17.3 million, primarily in the third quarter of 2012.

Key figures, IFRS, EUR million	31.3.2013	31.3.2012	Change	31.12.2012
Order book, EUR million	1,626.2	1,625.4		1,443.9
Balance sheet total, EUR million	1,287.2	1,296.7	-1%	1,303.5
Interest-bearing net debt, EUR million	329.9	305.8	8%	277.3
Equity ratio, %	*35.4*	*33.3*		*37.2*
Gearing, %	*80.8*	*77.9*		*62.8*
Return on investment (rolling 12 months), %	*7.8*	*9.5*		*10.8*

President & CEO's review

“The first quarter was a disappointment for us. The clear decrease in operating profit compared to corresponding period last year was caused by the late start of the paving season in Northern Europe, the slow permit process in St Petersburg and unfavourable currency exchange rates. At the same time, the market outlook has grown weaker in Finland. For these reasons, we decided to downgrade our full-year guidance in mid-April: We estimate that our operating profit for 2013 will reach the same level as in 2012,” says **Timo Kohtamäki**, President and CEO of Lemminkäinen Group.

“We still have much improvement potential in our operational efficiency. The 50-million-euro efficiency improvement programme launched in late 2011 has progressed as planned. It has most notably improved our competitiveness in a declining market. Proof of that is our order book, which has remained strong.”

“To complement the efficiency improvement programme, we have implanted additional measures that should yield further cost savings of EUR 10 million within the next 12 months. For example, we are looking into new outsourcing possibilities to decrease the impact of seasonality and to lighten our cost structure. Since the beginning of the year, we have decided to either close or consolidate 10 units in Finland and Norway. The businesses with weak order books or profitability problems will adjust their volumes to the current market situation.” says Mr. Kohtamäki.

Market outlook

There are signs of a weakening market in both Finland and Russia. The Ministry of Finance of the Russian Federation significantly lowered its GDP forecast for 2013. However, this uncertainty has not yet been reflected in construction. There is still substantial demand in St Petersburg, particularly for comfort-class apartments, and in infrastructure construction, several large-scale road projects are currently underway across Russia. In Finland, the total volume of construction is expected to either remain at the same level as in 2012 or fall slightly. Even though migration to urban growth centres and low interest rates are maintaining demand for housing, the market may be slowed by increased difficulty in obtaining mortgages and the general economic uncertainty. Slow economic growth and tight public-sector budgets are weakening demand for infrastructure construction. In Norway, Sweden and Denmark, multi-year State investments in energy production and road and railway networks are supporting growth in infrastructure construction.

Profit guidance for 2013

Lemminkäinen updated its profit guidance on 19 April 2013. In February, in conjunction with the publication of Lemminkäinen's 2012 Financial Statements Bulletin, the company estimated that although its net sales would remain at the same level as in 2012, its operating profit would improve on 2012. In its update on 19 April 2013, the company now estimates that both its net sales and operating profit for 2013 will remain at the same level as in 2012. In 2012, the company's net sales totalled EUR 2,268 million and its operating profit EUR 50 million. This estimate is based on the assumption that Lemminkäinen's efficiency programme will continue to progress according to plan and that the general market situation in construction will not significantly weaken compared to early 2013.

Briefing

A Finnish-language briefing for analysts and the media will be held at 1.00 p.m. on Wednesday, 8 May at Lemminkäinen's head office. The street address is Salmisaarenaukio 2, Helsinki, Finland. The President & CEO Timo Kohtamäki will present the Interim Report. Presentation materials are available in Finnish and English on the company's website, www.lemminkainen.com.

Financial Reports for 2013

The Interim Reports and Financial Statement Bulletin for 2013 will be published as follows:

8 August 2013	Interim Report, 1 Jan–30 Jun 2013
7 November 2013	Interim Report, 1 Jan–30 Sept 2013
7 February 2014	Financial Statement Bulletin 2013

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Operating environment

Finland

Housing sales surged to a record high in January–February before the changes in the asset transfer tax came into force at the beginning of March. There was minimal commercial construction outside the Helsinki metropolitan area, and several upcoming projects were postponed or completely suspended. Demand for renovation construction remained good.

Weak economic growth and tight public-sector budgets weakened demand for infrastructure construction. A rise in input costs has eroded funds for basic highway maintenance, which has caused further deterioration in the condition of the country's roads. Underground construction in urban growth centres remained brisk with numerous parking facilities in particular being built. The number of bridge renovations also increased. The extended winter reduced demand for paving and mineral aggregates.

Demand for technical building services rose, and a greater number of long-term property upkeep and maintenance agreements were signed. The market situation for contracting in technical building services was notably weaker.

A downswing in the general market situation in construction has led to an increased supply of subcontractor services, particularly in the Helsinki metropolitan area. Since the turn of the year, there has also been a slight fall in the material costs, excluding certain specialised products. However, according to Statistics Finland, total construction costs in March 2013 had risen by about one per cent on March 2012.

Other countries

Demand for infrastructure construction remained at a good level in Scandinavia. In Norway in particular, there have been plenty of road construction and basic improvement contracts on offer, and this has attracted infrastructure contractors from all across Europe. This increase in competition has been reflected in the price level of contracts. In early 2013, Norway and Denmark announced further long-term State investments in infrastructure development. While Denmark is focusing on rail projects, Norway is allocating further funds not only for road and rail investments, but also for road maintenance. The exceptionally cold and snowy winter delayed the start of the paving season, especially in Denmark and southern Norway.

In St Petersburg, delays in the authorities' permit processing have slowed down the start of new residential projects. The construction and repair of major inter-city highways boosted demand for infrastructure construction in Russia. Although demand for infrastructure construction remained at a good level in Latvia and Lithuania, the market situation weakened in Estonia.

Group performance

Net sales

Net sales by business segment, EUR million	1-3/2013	1-3/2012	Change	1-12/2012
International Operations	96.8	103.7	-7%	903.2
Building Construction	123.1	124.1	-1%	682.4
Infrastructure Construction	50.0	66.6	-25%	591.1
Technical Building Services	43.9	60.5	-27%	230.0
Other operations and group eliminations	-7.3	-26.9		-84.3
Business segments, total	306.4	328.0	-7%	2,322.4
Discontinued operations		-12.6		-54.8
Group, total (IFRS)	306.4	315.4	-3%	2,267.6

First-quarter net sales

Lemminkäinen's net sales fell slightly short of the previous year in all business segments. The greatest fall in net sales was seen in Technical Building Services, and this was due to the postponement of project start-ups. The volume of paving work declined, as an exceptionally long and cold winter in Lemminkäinen's main markets in Northern Europe delayed the start of the paving season by an average of six weeks. Net sales fell in Russia due to the low level of revenue recognition of residential development projects.

Of the net sales during the review period, 69% (69) were generated in Finland, 22% (21) in other Nordic countries, 6% (6) in Russia, and 3% (4) in other countries.

Operating profit

Operating profit by business segment, EUR million	1-3/2013	1-3/2012	Change	1-12/2012
International Operations	-26.2	-15.6	-68%	15.0
Building Construction	4.1	-0.6		16.9
Infrastructure Construction	-11.1	-3.8	-192%	47.2
Technical Building Services	-1.4	0.8		3.3
Other operations	-3.7	-2.4	-54%	-7.7
Business segments, total	-38.2	-21.5	-78%	74.8
Discontinued operations		-0.1		-24.4
Group, total (IFRS)	-38.2	-21.6	-77%	50.4

Operating margin by business segment, %	1-3/2013	1-3/2012	1-12/2012
International Operations	-27.1	-15.0	1.7
Building Construction	3.3	-0.5	2.5
Infrastructure Construction	-22.2	-5.7	8.0
Technical Building Services	-3.2	1.3	1.4
Group, total (IFRS)	-12.5	-6.9	2.2

First-quarter operating profit

The Group's first-quarter loss was noticeably greater than in the comparison period. Profitability in infrastructure construction weakened due to the delayed start of the paving season in all of Lemminkäinen's market areas. In Norway, the profitability of rock engineering fell slightly short of the previous year.

In Russia, delays in the authorities' permit processing have further postponed the start of new residential projects in St Petersburg. Lemminkäinen estimates that a residential development project (approximately 400 apartments) scheduled for completion this year will not be able to be recognised as income in 2013. Its impact on earnings performance is an estimated EUR 4 million.

In Finland, the operating profit in building construction received a boost from the record-breaking surge in housing sales in early 2013, when Lemminkäinen sold a total of 371 (222) units of its residential development. This growth was driven by the changes in asset transfer tax that came into force in March. Commercial construction also remained brisk in the Helsinki metropolitan area. In infrastructure construction, the result for the comparison period was exceptionally good, as several specialised contracting projects were completed. No comparable projects have been completed this year. In Technical Building Services, postponed project start-ups weakened profitability.

In the first quarter, Lemminkäinen also recognised currency exchange rate losses of EUR 3 million from its telecom network operations, which also contributed to the company's loss for the period. After the review period, Lemminkäinen announced that it will be divesting some of its telecom network operations from which the company will recognise a loss of about EUR 3 million in the second quarter.

Order book

Order book by business segment, EUR million	31.3.2013	31.3.2012	Change	31.12.2012
International Operations	632.9	613.9	3%	574.6
Building Construction	608.6	606.6		526.9
Infrastructure Construction	288.9	312.2	-7%	234.7
Technical Building Services	95.9	92.7	3%	107.7
Group, total	1,626.2	1,625.4		1,443.9
- of which unsold	201.7	203.8		176.7

At the end of the review period, Lemminkäinen's order book stood at the same level as in the previous year: EUR 1,626.2 million (1,625.4). The order book margin was slightly better than in 2012. 2013 projects account for about 73 per cent of the order book.

Of the Group's order book, 61% (62) originated in Finland, 23% (23) in other Nordic countries, 10% (7) in Russia, and 6% (8) in other countries.

Balance sheet, cash flow and financing

On 31 March 2013, the balance sheet total was EUR 1,287.2 million (1,296.7), of which shareholders' equity accounted for EUR 408.4 million (392.6). At the end of the review period, Lemminkäinen's working capital amounted to EUR 813.0 million (831.9) and net working capital to EUR 412.3 million (380.2).

At the end of the review period, Lemminkäinen made financial arrangements totalling EUR 255 million. These arrangements comprised a EUR 185 million, three-year syndicated credit facility and a EUR 70 million, two-year syndicated credit facility. These arrangements replace a EUR 160 million bilateral credit facility that was originally set to mature in December 2013. The credit facilities are binding, but without collateral security.

At the end of the review period, Lemminkäinen's equity ratio stood at 35.4 % (33.3) and gearing at 80.8% (77.9). At 7.8**%** (9.5), the company's return on investment (rolling 12 months) weakened on the comparison period.

Interest-bearing debt totalled EUR 434.6 million (404.4) at the end of the review period. Long-term interest-bearing debt totalled EUR 128.4 million (183.7) and short-term interest-bearing debt EUR 306.2 million (220.7). Of all interest-bearing debt, 36 per cent (38) was with a fixed interest rate.

Of the company's interest-bearing debt, 12% (18) comprises loans from financial institutions, 36% (23) commercial papers, 17% (16) project loans related to residential and commercial development, 8% (14) pension loans, 13% (14) finance leasing liabilities, and 14% (15) bonds. At the end of the financial period, the company also had binding, unused credit limits to the sum of EUR 255.0 million (140.3). The financing expenses, on average, were 2.97 per cent (3.45).

At the end of the review period, the company's cash funds stood at EUR 104.6 million (98.6). Interest-bearing net debt totalled EUR 329.9 million (305.8).

Net finance costs amounted to EUR 4.9 million (2.7), representing 1.6 per cent (0.8) of net sales. Currency hedging contributed to the difference to the comparison period.

Cash flow from operations totalled EUR -24.4 million (35.7) during the review period. This change was primarily due to a significantly weaker result for the first quarter of 2013 and changes in working capital.

Performance by business segment

International Operations

Key figures, EUR million	1-3/2013	1-3/2012	Change	1-12/2012
Net sales	96.8	103.7	-7%	903.2
Operating profit	-26.2	-15.6	-68%	15.0
Operating margin, %	*-27.1*	*-15.0*		*1.7*
Order book at end of period	632.9	613.9	3%	574.6

The segment's first-quarter net sales fell slightly on the comparison period and its loss was noticeably larger. The launch of the paving season was delayed by an average of six weeks in Lemminkäinen's main markets in Northern Europe. At the same time, salary and other costs have also been burdening the operating result. About half of this segment's volume is generated by paving operations. The profitability of ongoing tunnel projects in Norway and Sweden was weaker than last year.

In the first quarter, Lemminkäinen also recognised currency exchange rate losses of about EUR 3 million from its telecom network operations, which also contributed to the company's loss for the period. After the close of the review period, Lemminkäinen announced that it will be divesting some of its telecom network operations in the Americas, from which the company will recognise a loss of about EUR 3 million in the second quarter. Lemminkäinen divested its Asian telecom network operations in January 2013.

Residential development in St Petersburg did not progress, due to delays in the authorities' permit processing. Lemminkäinen estimates that a residential development project (approximately 400 apartments) scheduled for completion this year will not be able to be recognised as income in 2013. Its impact on earnings performance is an estimated EUR 4 million. Commercial and industrial construction and contracting in technical building services compensated for the shortfall in residential construction in Russia. Demand for infrastructure construction has also increased in Russia, and Lemminkäinen currently has several large-scale, ongoing contracts for highway construction and basic improvements.

The extended winter also postponed the start of the paving season in all of the Baltic countries. The market situation has worsened in Estonia in particular, and both the volume of business and the result were weaker than in the previous year.

Of the segment's net sales, 46% were generated in Sweden, 19% in Norway, 19% in Russia, 5% in the Baltic countries, 3% in Denmark, and 8% in other countries. By business operation, 47% were generated by infrastructure construction, 38% by building construction, and 15% by technical building services and project exports.

The order book at the end of review period strengthened on 2012, standing at EUR 632.9 million (613.9). Projects attributable to 2013 account for about 72% of the order book. Both building construction contracting in Russia and infrastructure construction in Sweden and Lithuania boosted the order book.

Lemminkäinen's residential development and construction, Russia, no.	1-3/2013	1-3/2012	Change, no.	1-12/2012
Units started	0	0	0	0
Units sold	0	35	-35	141
Units completed	0	0	0	0
Under construction at end of period	425	404	21	425
- of which unsold	349	404	-55	349
Completed and available for sale at end of period	17	47	-30	17

The amount of capital tied up in the building construction in Russia at the end of the review period was EUR 66.2 million (47.3), of which St Petersburg land bank accounted for EUR 32.5 million (28.4). With its current land bank, the company will be able to begin the development of about 3,200 residential units in central St Petersburg over the next few years.

Building Construction

Key figures, EUR million	1-3/2013	1-3/2012	Change	1-12/2012
Net sales	123.1	124.1	-1%	682.4
Operating profit	4.1	-0.6		16.9
Operating margin, %	*3.3*	*-0.5*		*2.5*
Order book at end of period	608.6	606.6		526.9

Although the net sales of Building Construction remained at the same level as in 2012, profitability was notably better. Commercial construction in the Helsinki metropolitan area and the record-breaking surge in housing sales in early 2013 contributed to the earnings performance. Lemminkäinen's more centralised procurement model and measures to enhance operational efficiency were also reflected in the segment's result. Stricter profitability requirements reduced the volume of competitive contracting. Extremely few commercial projects were launched outside the Helsinki metropolitan area.

The changes in the asset transfer tax that came into force in March also boosted housing sales in the early months of the year. Lemminkäinen sold a total of 371 units of its residential development in the first quarter – 67 per cent more than during the comparison period. The number of units that were either under construction or completed and available for sale also fell. 286 (219) units of residential development were started in the January–March period. 53 (150) units of contracted residential development were started – notably fewer than last year. If the market situation allows, Lemminkäinen is ready to begin an equal volume of residential development as in the previous year, that is, about 1,000 units.

Input costs have remained relatively stable in building construction, although the cost of certain materials has fallen somewhat during the early months of the year. A downswing in the market situation has increased supply in subcontractor services, particularly in the Helsinki metropolitan area.

Building Construction's order book remained at the same level as in 2012, standing at EUR 608.6 million (606.6). Projects attributable to 2013 account for about 65% of the order book.

Lemminkäinen's residential development and construction, Finland, no.	1-3/2013	1-3/2012	Change, no.	1-12/2012
Units started	286	219	67	1,019
Units sold	371	222	149	1,013
Units completed	126	56	70	1,151
Under construction at end of period	1,017	1,152	-135	857
- of which unsold	435	553	-118	453
Completed and available for sale at end of period	194	151	43	260
Units started (contracting)	*53*	*150*	*-97*	*514*

At the end of the review period, the company owned a total of 803,000 m² of the floor area (782,000) of unused building rights in Finland, of which 319,000 m² of the floor area (375,000) were residential building rights. About a quarter of these unused building rights were located in the Helsinki metropolitan area. The balance sheet value of the land bank was EUR 99.7 million (102.6) at the end of the review period, of which about a third were in the Helsinki metropolitan area.

Infrastructure Construction

Key figures, EUR million	1-3/2013	1-3/2012	Change	1-12/2012
Net sales	50.0	66.6 1)	-25%	591.1 2)
Operating profit	-11.1	-3.8	-192%	47.2 3)
Operating margin, %	*-22.2*	*-5.7*		*8.0*
Order book at end of period	288.9	312.2	-7%	234.7

1) Includes EUR 12 million in net sales from discontinued operations.
2) Includes EUR 55 million in net sales from discontinued operations.
3) Includes capital gains and operating profit from discontinued operations totalling EUR 25 million.

In Finland, Infrastructure Construction's net sales fell and its result was notably weaker than in the corresponding period of last year. Several specialised contracting projects were in the completion stage during the 2012 comparison period, but there were no such projects during the first quarter of 2013. The extended winter also contributed to the review period's weaker result, as the demand for paving and mineral aggregates was significantly lower than usual.

The fall in building construction decreased the volume of foundation construction. There are currently still plenty of underground city-centre premises under construction, but the launch dates of some planned projects remain uncertain. There was also less activity in rock engineering, particularly in southern Finland. At the end of the review period, Lemminkäinen had several basic bridge improvement contracts, particulary in the Helsinki metropolitan area.

During early 2013, the price of bitumen fell in line with the price of oil. Lemminkäinen manages the bitumen price risk with oil derivatives and contractual terms. In Finland, the company uses about 120,000 tonnes of bitumen annually, of which about half is hedged using the above-mentioned methods.

The segment's order book fell on the comparison period and stood at EUR 288.9 million (312.2). Projects attributable to 2013 account for about 80% of the order book.

Technical Building Services

Key figures, EUR million	1-3/2013	1-3/2012	Change	1-12/2012
Net sales	43.9	60.5	-27%	230.0
Operating profit	-1.4	0.8		3.3
Operating margin, %	*-3.2*	*1.3*		*1.4*
Order book at end of period	95.9	92.7	3%	107.7

Technical Building Services' net sales fell in the first quarter and the segment recorded a loss. The result was burdened by delayed project start-ups.

The amount of new work declined slightly in contracting, and the average size of contracts was smaller. Profitability in contracting as a whole remained weak. Lemminkäinen is paying particular attention to process management and to monitoring and boosting the efficiency of procurements. The number of personnel working in contracting was reduced during early 2013 to correspond to the weakened demand. Demand for upkeep and maintenance services remained good. The company has signed several long-term property upkeep and maintenance contracts during the past year.

The segment's order book stood at EUR 95.9 million (92.7) at the end of the review period. The segment's order book margin was better than last year.

Investments

Gross investments during the review period amounted to EUR 18.9 million (11.4), representing 6.2% (3.6) of the company's net sales. They were mainly replacement investments in infrastructure construction. Corporate acquisitions increased investments during early 2013. As part of its efficiency programme, Lemminkäinen has imposed stricter criteria involving investments, and more effective monitoring processes have been introduced.

Personnel

During the review period, the Group employed an average of 7,107 people (7, 438). Of these, 3,020 (2,839) were salaried employees and 4,087 (4,599) were hourly paid employees. The company's payroll stood at 7,242 (7,477) at the end of the review period. The changes in the number of personnel in each business segment stem from the growth in Lemminkäinen's international operations, personnel reductions resulting from co-determination negotiations in Finland in particular and the divestments of non-core businesses.

Personnel by business segment, average	1-3/2013	1-3/2012	Change	1-12/2012
International Operations	2,802	2,430	15%	3,057
Building Construction	1,395	1,508	-7%	1,425
Infrastructure Construction	1,026	1,459	*-30%*	1,751
Technical Building Services	1,582	1,739	-9%	1,631
Parent company	301	302		316
Group, total	7,107	7,438	-4%	8,180

Average number of personnel by country	1-3/2013	1-3/2012	Change	1-12/2012
Finland	4,336	5,035	-14%	5,154
Other Nordic countries	1,030	956	8%	1,293
Baltic countries	709	664	7%	785
Russia	725	593	22%	674
Other countries	307	190	62%	274
Group, total	7,107	7,438	-4%	8,180

Shares

The company has one share class. Each share carries one vote at a general meeting of shareholders and confers an equal right to a dividend. Lemminkäinen's share capital is EUR 34,042,500 and the total number of shares was 19,650,176 at the end of the review period.

Trading with shares

At the end of the review period, the market capitalisation of Lemminkäinen's shares stood at EUR 328.6 million (380.4). The price of Lemminkäinen Corporation's share on the NASDAQ OMX Helsinki was EUR 14.28 (18.72) at the beginning of the period and EUR 16.75 (19.36) at the end. In addition to the NASDAQ OMX Helsinki, Lemminkäinen's share is also traded on alternative markets. A total of 965,019 shares (170,156) were traded during the review period. The total value of share turnover was EUR 15.5 million (3.3). During the review period, alternative markets accounted for 15 per cent (22) of Lemminkäinen's total share turnover. Share turnover on alternative markets totalled 143,637 (36,998) shares with a turnover value of EUR 2.3 million (0.7). (Source: Fidessa Fragmentation Index, http://fragmentation.fidessa.com.)

Treasury shares

Lemminkäinen owns 34,915 of its own shares. 34,406 contingent shares were returned to the company in early 2013.

Shareholders

At the end of the review period, the company had 5,120 shareholders (4,585). Holders of nominee-registered shares and non-Finnish shareholders held 13 (14) per cent of all Lemminkäinen Corporation shares and voting rights. Company ownership and division by segment and scale, the major shareholders, and the share ownership of Executive Board members and the Board of Directors are available on the company's website, www.lemminkainen.com/Investors.

Shareholder agreements

The company is not aware of any agreements between shareholders that would have a significant bearing on the use of ownership rights or voting behaviour at general meetings of shareholders.

Flagging notifications

The company did not receive any flagging notifications during the review period.

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.

On 31 March 2013, there were a total of 52 claims for damages brought by municipalities and the Finnish state (Finnish Transport Agency) pending against Lemminkäinen and other asphalt industry companies in the District Court. The claimants contend that restrictions on competition have caused them damages. The total amount of damages currently sought from Lemminkäinen totals about EUR 129 million. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

As it stands, the ruling rendered by the SAC in 2009 does not mean that Lemminkäinen or the other asphalt industry companies actually caused any damages to their asphalt contract 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. The main proceedings on the claims made by 38 municipalities and the Finnish Transport Agency began in September 2012 and ended on 12 April 2013. The damages presented in these 39 claims total about EUR 121 million. According to a statement made by the District Court, its decisions on these claims will be announced in autumn 2013 at the earliest.

No commencement date has yet been set for the main proceedings for the other 14 claims.

In accordance with IFRS regulations, no provisions have been made in respect of the claims of the municipalities and the Finnish Transport Agency that are currently pending in the District Court, or for the demands contained in the said claims.

Lemminkäinen will provide information on the proceedings when necessary, either in its interim reports or in separate releases. More information can be found on the company's website http//www.lemminkainen.com/Investors.

Risks and uncertainties

Risk management is an essential part of Lemminkäinen’s business operations. Risk management seeks to ensure that strategic and operational targets are achieved and shareholder value is increased.

Fluctuations in global economic trends cause uncertainty in Lemminkäinen's operating environment and make it more difficult to forecast future changes. New construction in Finland is sensitive to economic cycles and therefore poses a risk. This risk is managed both structurally and operationally. The more stable demand for infrastructure construction balances out fluctuating volumes in new building construction, as does growth in renovation construction and the upkeep and maintenance of technical building systems.

The company’s residential development and construction involves both sales and price risks. As unsold residential units tie up capital, the company only starts new housing construction if a sufficient number of the units have been reserved in advance. When undertaking commercial development, business premises are usually sold to real estate investors in the early stages of construction at the latest, thereby reducing sales risks.

Project-specific risks generally involve the management of costs and project implementation. Lemminkäinen is continually developing its contractual expertise and project management practices during the tender and implementation stage.

Climate change and unusual weather phenomena 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. Lemminkäinen manages the bitumen price risk with oil derivatives and contractual terms.

A one-off risk is posed by claims that, have been filed at the District Court level by certain municipalities and the Finnish Government (Finnish Transport Agency).

Lemminkäinen seeks to protect itself from currency exchange risks primarily through operative means and, if necessary, with the aid of foreign currency loans and currency derivatives. In 2012, about 65 per cent of Lemminkäinen´s net sales derived from countries whose business currency is Euro. Other major currencies are the Swedish, Norwegian and Danish Crowns and the Russian Rouble.

More information about Lemminkäinen's risks, including a more detailed description of the company's risk management, is presented in the Annual Report and on the website. A more detailed account of the financial risks is also provided in the notes to the financial statements.

Outlook

Finland

Domestic migration to growth centres and low interest rates will maintain demand for housing in the near future. However, general economic uncertainty and increased difficulty in obtaining mortgages may weaken consumer desire to purchase. The Confederation of Finnish Construction Industries (RT) estimates that about 27,000 residences will be started in 2013, which is slightly less than in 2012. However, if the market situation allows, Lemminkäinen is prepared to launch the construction of about 1,000 units of residential development in 2013.

The total volume of other new builing construction is expected to contract further. Practically no new commercial projects are being launched outside the Helsinki metropolitan area. Industrial construction will focus on future energy production. Continued growth will be seen in renovation construction, and the volume of renovation is set to exceed the volume of new building construction in 2013.

The total volume of infrastructure construction is not expected to grow in 2013. The fall off in building construction will also reduce demand for foundation engineering in particular. Demanding city-centre and underground urban construction will maintain a moderate market situation for specialised contracting. Refurbishments in the energy industry will also increase demand for infrastructure construction Prices have been falling for both paving and, in particular, bitumen during early 2013.

Demand for the upkeep and maintenance of technical building systems is expected to remain stable or even see a slight increase. New construction has slowed, leading to a decrease in demand for contracting in technical building services: no significant change is expected during the current year.

Other markets

Multi-year, State-funded traffic infrastructure development plans are currently underway in Norway, Sweden and Denmark, and these three countries are also investing heavily in the development of energy production. There is plenty of work on offer in infrastructure construction in Norway in particular, and this is attracting new players to the country. However, there is an increasing shortage of experienced work supervisors in Norway and Sweden. Large-scale road projects are being planned around urban growth centres in Sweden, which will increase demand for specialised contracting in infrastructure construction over the coming years.

Economic growth in Russia during 2013 will be less than expected, which may reduce residential construction in St Petersburg. However, internal migration, the growing middle class and the increased availability of consumer mortgages are all supporting demand for new comfort class apartments in particular. Efforts to develop infrastructure in Russia have increased and, for example, numerous projects to expand and repair road networks are currently underway.

Over the next few years, growth trends in infrastructure construction in the Baltic countries will be determined by the availability of financing. However, ongoing road construction and basic improvement projects will maintain demand for infrastructure construction at a reasonable level throughout 2013, at least in Latvia and Lithuania. Compared to 2012, the total volume of infrastructure construction is expected to fall in Estonia.

Profit guidance for 2013

Lemminkäinen estimates that its net sales and operating profit for 2013 will remain at the same level as in 2012. In 2012, Lemminkäinen's net sales totalled EUR 2,268 million and its operating profit amounted to EUR 50 million. This estimate is based on the assumption that Lemminkäinen's efficiency programme will continue to progress according to plan and that the general market situation in construction will not significantly weaken compared to early 2013.

Events after the review period

Resolutions of the Annual General Meeting and Administration

On 9 April 2013, Lemminkäinen Corporation's Annual General Meeting adopted the company's financial statements for 2012 and granted the members of the Board of Directors and the President & CEO discharge from liability. The General Meeting resolved, in accordance with the Board of Directors' proposal, to pay a dividend of EUR 0.60 per share for a total of EUR 11,789,800.20. The record date for payment of the dividend was 12 April 2013, and the dividend was paid on 19 April 2013.

The General Meeting confirmed that the Board of Directors will have six members. Berndt Brunow, Noora Forstén, Finn Johnsson, Juhani Mäkinen, Kristina Pentti-von Walzel and Heikki Räty were elected to the Board of Directors. PricewaterhouseCoopers Oy, a firm of authorised public accountants, was elected to serve as the company's auditors, with Kim Karhu, Authorised Public Accountant, as chief auditor.

The General Meeting resolved, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to resolve on a share issue and/or an issue of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act in one or several instalments, either against payment or without payment. The number of shares to be issued, including the shares to be received based on special rights, shall not exceed 3,900,000 shares. The maximum number corresponds to approximately 20 per cent of all the current shares of the Company. The Board of Directors may resolve to issue either new shares or own shares possibly held by the Company.

The authorisation entitles the Board of Directors to resolve on all terms and conditions of the share issue and the issue of special rights entitling to shares, including the right to derogate from the pre-emptive right of the shareholders. The authorisation may be used for the financing or execution of any acquisitions or other business arrangements, to strengthen the balance sheet and financial position of the Company or for other purposes as determined by the Board of Directors. The authorisation is in force for a period of 18 months from the resolution of the General Meeting. The previous authorisation, granted to the Board of Directors by the Extraordinary General Meeting in 2009, regarding a share issue and an issue of special rights expired simultaneously

Lemminkäinen Corporation's Board of Directors held its organisation meeting on 9 April 2013. Berndt Brunow will continue as Chairman of the Board of Directors and Juhani Mäkinen as Vice Chairman. The Board of Directors elected Heikki Räty as the Chairman of the Audit Committee, with Juhani Mäkinen and Kristina Pentti-von Walzel serving as members. Berndt Brunow was elected as Chairman of the Nomination Committee, with Noora Forstén and Kristina Pentti-von Walzel serving as members. Berndt Brunow was elected as Chairman of the HR Committee, with Noora Forstén and Kristina Pentti-von Walzel serving as members.

Lemminkäinen divests Lemcon Networks´ businesses in Americas

Lemminkäinen and Blue Skies Networks, LLC, an American telecommunications company, have on 30 April 2013 signed a share purchase agreement for all outstanding shares in Lemcon Networks' subsidiaries engaged in mobile telecom network project business in Brazil, Canada, Chile, Columbia, Ecuador, Mexico and the United States. The parties have agreed not to disclose the transaction price. The divested businesses engage a staff of approximately 340 professionals. Lemminkäinen expects to recognise a loss of about EUR 3 million during the second quarter from the divestments.

Helsinki, 8 May 2013

LEMMINKÄINEN CORPORATION
Board of Directors

TABULATED SECTIONS OF THE FINANCIAL STATEMENT BULLETIN

Accounting principles

The same IFRS recognition and measurement principles have been observed in the preparation of this interim report as in the 2012 financial statements, except for the changes mentioned below. As the tabulated section is presented in a shortened form, not all of the requirements of IAS 34 - Interim Financial Reporting have been applied in the preparation of the report. The information contained in the interim report has not been audited.

Operating segments

The Company has changed its accounting principles concerning operating segments from the beginning of 2013. As a consequence, income statement items in The Company's segment reporting comply with the consolidated financial statement's accounting principles with the exception of the impact of the items classified as discontinued operations.

The comparison periods' figures have been adjusted to comply with the new accounting principle. The impact of the change in the accounting principles to the comparison periods' figures is presented in note 6 of this bulletin.

Provisions

The Company has changed its accounting principles concerning 10-year liability provisions from the beginning of 2013. As a consequence, the provision made for the 10-year liability arising from residential and commercial construction is determined by considering the class of 10-year liabilities as a whole. In this case, the likelihood of future economic loss for one project may be small, although the entire class of these obligations is considered to cause an outflow of resources from the company.

Adjustments to financial statements are made retrospectively and the effects to the comparison periods' figures are presented in note 6 of this bulletin.

New standards and interpretations applied by the company in 2013

IAS 19 Employee Benefits

IAS 19 Employee Benefits –standard has changed in June 2011. In the EU region, the revised standard became effective for annual periods beginning on or after 1 January 2013.

The pension schemes of Lemminkäinen's Group companies are mainly defined contribution plans. Defined contribution plan related payments are made to separate entities, after which the Group has no other payment obligations. Payments in respect of defined contribution plans are expensed on the income statement for the accounting period to which they apply. Other pension plans than defined contribution plans are defined benefit plans. The Company has defined benefit plans in Norway and Finland. In the case of a defined benefit plan, a pension liability is recognised to the extent that the plan gives rise to a pension obligation. If a defined benefit plan gives rise to a pension surplus, it is recognised in prepayments and accrued income on the balance sheet.

The pension costs of a defined benefit plan are measured by the projected unit credit method. The amount of pension liability is calculated by deducting the fair value of the assets belonging to the pension scheme on the balance sheet date from the present value of the future pension obligations on the balance sheet date. The defined benefit pension costs consist of employee service based expenses and are booked to employee benefit expenses for the duration of the employee service. Net interests from defined benefit plans are booked to finance income or costs. The actuarial gains and losses are recognised through the statement of comprehensive income as a change in pension obligation or asset.

The Finnish group companies' pension liability is determined by calculating the present values of estimated future cash flows, using Eurozone high investment grade companies' bond interest rates as discount rates. In Norway, where no deep markets for mentioned bonds exist, the discount rate is determined by Norwegian government bonds' market returns. The bonds used in determining the discount rates are in the same currency as pension benefits to be paid. The chosen discount rate reflects the estimated average moment of payment of the benefits.

The fair value of the plan assets is determined primarily by using market values on the balance sheet date. If the market price is not available, the fair value is estimated by discounting the expected future cash flows using the same discount rate that is used for determining the pension liability.

The comparison periods' figures have been adjusted to comply with the new accounting principle. The impact of the change in the accounting principles to the comparison periods' figures is presented in note 6 of this bulletin.

Other standards and interpretations

IFRS 13 Fair Value Measurement has no essential impact on the carrying amounts or valuation methods used by the group, but the standard requires additional disclosures about financial instruments measured at fair value. The required additional information is presented in note 12 of this bulletin.

The following new interpretations and standards applied by the company in 2013 have no essential impact on the consolidated financial statements: IAS 1 (amendment), IAS 12 (amendment), IFRS 7 (amendment), IFRS 9 (classification and valuation) and IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

Standards and interpretations applied by the company after 2013

The following new interpretations and standards applied by the company in 2014 have no essential impact on the consolidated financial statements: IAS 32 (amendment)

The company will examine the effects of the following standards effective in 2014 or later: IAS 27 (amendment), IAS 28 (amendment), IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities.

Financial statements and other tabulated information

1) CONSOLIDATED INCOME STATEMENT

EUR mill.	1-3/ 2013	1-3/ 2012	1-12/ 2012
Net sales	306.4	315.4	2,267.6
Other operating income and expenses	-338.3	-331.6	-2,177.3
Depreciation	5.8	5.2	41.0
Share of the profit of associates and joint ventures	-0.5	-0.2	1.1
Operating profit	-38.2	-21.6	50.4
Finance costs	6.7	9.9	32.6
Finance income	1.8	7.3	11.3
Profit before taxes	-43.2	-24.3	29.1
Income taxes	10.9	4.3	-8.7
Profit from continuing operations	-32.3	-20.0	20.4
Profit from discontinued operations		0.0	23.7
Profit for the accounting period	-32.3	-20.0	44.1
Profit for the accounting period attributable to			
Equity holders of the parent company	-32.2	-20.1	43.9
Non-controlling interests	-0.1	0.0	0.2
Basic earnings per share attributable to equity holders of the parent company			
From continuing operations	-1.72	-1.02	0.83
From discontinued operations		0.00	1.21
From profit for the accounting period	-1.72	-1.02	2.04

Diluted earnings per share attributable to equity holders of the parent company			
From continuing operations	-1.72	-1.02	0.83
From discontinued operations		0.00	1.20
From profit for the accounting period	-1.72	-1.02	2.03

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1-3/ 2013	1-3/ 2012	1-12/ 2012
Profit for the accounting period	-32.3	-20.0	44.1
Translation difference	0.2	2.4	3.1
Cash flow hedge	0.1	0.1	0.5
Change in fair value of available-for-sale financial assets	0.0		0.0
Pension obligations	0.3		0.3
Other comprehensive income, total	0.6	2.5	3.9
Comprehensive income for the accounting period	-31.6	-17.5	48.0
Comprehensive income for the accounting period attributable to			
Equity holders of the parent company	-31.5	-17.6	47.8
Non-controlling interests	-0.1	0.0	0.2

3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	3/2013	3/2012	12/2012
ASSETS			
Non-current assets			
Property, plant and equipment	213.3	210.0	200.5
Goodwill	80.0	86.0	77.0
Other intangible assets	27.9	20.9	26.7
Holdings in associates and joint ventures	9.0	8.7	9.7
Available-for-sale financial assets	5.9	6.0	6.0
Deferred tax assets	31.2	30.0	23.5
Other non-current receivables	1.7	4.7	0.5
Total	**368.9**	**366.3**	**343.8**
Current assets			
Inventories	486.7	489.4	494.4
Trade and other receivables	306.2	336.6	363.1

Income tax receivables	6.9	5.8	8.3
Available-for-sale financial assets	65.0		59.0
Cash and cash equivalents	39.6	98.6	34.9
Total	**904.5**	**930.4**	**959.7**
Non-current assets held for sale	13.8		
Total assets	**1,287.2**	**1,296.7**	**1,303.5**
EQUITY AND LIABILITIES			
Share capital	34.0	34.0	34.0
Share premium account	5.7	5.7	5.7
Hedging reserve	-0.3	-0.9	-0.4
Fair value reserve	0.0		0.0
Invested non-restricted equity fund	63.6	63.6	63.6
Hybrid bond	69.1	69.1	69.1
Translation differences	4.8	3.8	4.5
Retained earnings	263.4	235.8	220.9
Profit for the period	-32.2	-20.1	43.9
Equity attributable to shareholders of the parent company	408.1	391.0	441.4
Non-controlling interests	0.3	1.5	0.4
Total equity	**408.4**	**392.6**	**441.8**
Non-current liabilities			
Deferred tax liabilities	20.4	23.8	25.2
Pension obligations	5.1	8.4	5.2
Interest-bearing liabilities	128.4	183.7	138.8
Provisions	13.3	13.1	13.2
Other liabilities	4.7	2.9	7.6
Total	**171.9**	**231.8**	**190.1**
Current liabilities			
Interest-bearing liabilities	305.9	220.7	232.4
Provisions	8.8	8.6	9.1
Trade and other payables	385.3	440.0	427.8
Income tax liabilities	1.8	3.1	2.4
Total	**701.7**	**672.3**	**671.7**
Liabilities associated with non-current assets held for sale	5.3		
Total liabilities	**878.9**	**904.1**	**861.8**
Total equity and liabilities	**1,287.2**	**1,296.7**	**1,303.5**

4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1-3/ 2013	1-3/ 2012	1-12/ 2012
Profit before taxes	-43.2	-24.3	29.1
Depreciation and impairment	5.8	5.2	41.0
Other adjustments	-0.6	0.9	16.0
Cash flows before change in working capital	-37.9	-18.2	86.0
Change in working capital	18.4	58.6	-4.8
Financial items	-3.3	-4.8	-20.8
Direct taxes paid	-1.5	0.0	-2.7
Cash flows from operating activities	-24.4	35.7	57.8
Cash flows provided by investing activities	53.0	2.7	91.9
Cash flows used in investing activities	-77.4	-7.8	-135.3
Change in non-current receivables	-0.7	0.2	4.4
Drawings of loans	130.7	116.5	482.1
Repayments of borrowings	-75.2	-148.4	-555.8
Hybrid bond		69.1	69.1
Dividends paid		0.0	-10.0
Cash flow from financing activities	54.8	37.5	-10.2
Change in cash and cash equivalents	6.0	68.1	4.2
Cash and cash equivalents at beginning of period	34.9	30.4	30.4
Translation difference of cash and cash equivalents	-1.3	0.0	0.3
Cash and cash equivalents at end of period	39.6	98.6	34.9

5) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
B = Share premium account
C = Hedging reserve
D = Fair value reserve
E = Invested unrestricted equity fund
F = Hybrid bond
G = Translation difference
H = Retained earnings
I = Non-controlling interest
J = Total equity

EUR mill.	A	B	C	D	E	F	G	H	I	J
Equity 1.1.2012	34.0	5.7	-0.9		63.2		1.4	245.3	1.7	350.4
Change in IAS 19 -standard								-3.2		-3.2
Change in 10-year liability provision								-6.1		-6.1
Adjusted equity 1.1.2012	34.0	5.7	-0.9		63.2		1.4	236.0	1.7	341.1
Profit for the accounting period								-20.1	0.0	-20.0
Translation difference							2.4			2.4
Cash flow hedge			0.1							0.1
Comprehensive income, total			0.1				2.4	-20.1	0.0	-17.5
Direct entries, acquisition of non-controlling interest								0.0		0.0
Change in non-controlling interest									0.0	0.0
Share-based incentive schemes					0.4					0.4
Contingent shares returned to the company								-0.3		-0.3
Dividends paid									-0.2	-0.2
Transactions with owners, total					0.4			-0.3	-0.2	-0.1
Hybrid bond						69.1				69.1
Equity 31.3.2012	34.0	5.7	-0.9		63.6	69.1	3.8	215.7	1.5	392.6

EUR mill.	A	B	C	D	E	F	G	H	I	J
Equity 1.1.2012	34.0	5.7	-0.9		63.2		1.4	245.3	1.7	350.4
Change in IAS 19 -standard								-3.2		-3.2
Change in 10-year liability provision								-6.1		-6.1
Adjusted equity 1.1.2012	34.0	5.7	-0.9		63.2		1.4	236.0	1.7	341.1
Profit for the accounting period								43.9	0.2	44.1
Translation difference							3.1			3.1
Cash flow hedge			0.5							0.5
Change in fair value of available-for-sale financial assets				0.0						0.0
Pension obligations								0.3		0.3
Comprehensive income, total			0.5	0.0			3.1	44.2	0.2	48.0
Direct entries, acquisition of non-controlling interest								-3.2		-3.2
Change in non-controlling interest									-1.2	-1.2
Share-based incentive schemes					0.4			0.6		1.0
Contingent shares returned to the company								-0.3		-0.3
Hybrid bond interest								-2.6		-2.6
Dividends paid								-9.8	-0.3	-10.1
Transactions with owners, total					0.4			-15.3	-1.5	-16.4

Hybrid bond						69.1				69.1
Equity 31.12.2012	34.0	5.7	-0.4	0.0	63.6	69.1	4.5	264.9	0.4	441.8

EUR mill.	A	B	C	D	E	F	G	H	I	J
Equity 1.1.2013	34.0	5.7	-0.4	0.0	63.6	69.1	4.5	264.9	0.4	441.8
Profit for the accounting period								-32.2	-0.1	-32.3
Translation difference							0.2			0.2
Cash flow hedge			0.1							0.1
Change in fair value of available-for-sale financial assets				0.0						0.0
Pension obligations								0.3		0.3
Comprehensive income, total			0.1	0.0			0.2	-31.9	-0.1	-31.6
Direct entries, acquisition of non-controlling interest								-0.3		-0.3
Change in non-controlling interest									0.0	0.0
Share-based incentive schemes								-0.7		-0.7
Contingent shares returned to the company								-0.8		-0.8
Transactions with owners, total								-1.7	0.0	-1.7
Equity 31.3.2013	34.0	5.7	-0.3	0.0	63.6	69.1	4.8	231.2	0.3	408.4

6) CHANGES CONCERNING PRIOR ACCOUNTING PERIODS

Impacts of the changes in accounting principles on comparison year's income statement and balance sheet items

As a consequence of the changes in IAS 19 -standard, the pension obligations in the company’s opening balance sheet for 2012 increased by EUR 4.4 million and shareholders’ equity decreased by EUR 3.2 million. As a consequence of the change in the accounting principle concerning 10-year liability provisions, non-current provisions incresed by EUR 7.0 million, current provisions increased by EUR 1.0 million and shareholders' equity decreased by EUR 6.1 million in the 2012 opening balance.

The comparison periods' figures have been adjusted to comply with the changed accounting principles. The impacts of the changes to the comparison periods' figures are presented in the tables below.

EUR mill.	Figure before adjustments	IAS 19 Adjustment	10-year liability provision	Adjusted figure
Consolidated statement of financial position 31.3.2012				
Deferred tax assets	26.8	1.2	2.0	30.0
Total assets	1,293.5	1.2	2.0	1,296.7
Retained earnings	245.1	-3.2	-6.1	235.8
Total equity	401.9	-3.2	-6.1	392.6
Pension obligations	3.9	4.4		8.4
Non-current provisions	6.0		7.0	13.1

Non-current liabilities	220.4	4.4	7.0	231.8
Current provisions	7.5		1.0	8.6
Current liabilities	671.3		1.0	672.3
Total equity and liabilities	1,293.5	1.2	2.0	1,296.7

EUR mill.	Figure before adjustments	IAS 19 Adjustment	10-year liability provision	Adjusted figure
Consolidated income statement 1.1.-31.12.2012				
Operating profit	50.1	0.3		50.4
Profit before income tax	29.0	0,0		29.1
Profit for the financial year	44.0	0,0		44.1
Consolidated statement of financial position 31.12.2012				
Deferred tax asset	20.4	1.1	2.0	23.5
Total assets	1,300.4	1.1	2.0	1,303.5
Retained earnings	230.0	-2.9	-6.1	220.9
Profit for the financial year	43.9	0.0		43.9
Total equity	450.8	-2.9	-6.1	441.8
Pension obligations	1.2	4.0		5.2
Non-current provisions	6.2		7.0	13.2
Non-current liabilities	179.1	4.0	7.0	190.1
Current provisions	8.1		1.0	9.1
Current liabilities	670.6		1.0	671.7
Total equity and liabilities	1,300.4	1.1	2.0	1,303.5

Impacts of the changes in accounting principles on comparison year's segment reporting figures

The Company has changed its accounting principles concerning operating segments from the beginning of 2013. As a consequence, income statement items in The Company’s segment reporting comply with the consolidated financial statement’s accounting principles with the exception of the impact of the items classified as discontinued operations. The comparison periods' figures have been adjusted to comply with the new accounting principle. The adjustments to the comparison perioriods' segment figures are presented in the tables below.

INTOPS= International Operations

BLDCO = Building Construction

INFRA = Infrastructure Construction

TECBS = Technical Building Services

OTHER = Other operations

ELIM = Group eliminations

SEGM = Segments total

EUR mill. 1-3/2012	INTOPS	BLDCO	INFRA	TECBS	OTHER	ELIM	SEGM
Net sales before adjustment	104.0	124.1	66.6	60.5	7.9	-34.8	328.4
Adjustment	-0.4						-0.4
Adjusted net sales	103.7	124.1	66.6	60.5	7.9	-34.8	328.0
Depreciation and impairment before adjustment	1.5	0.0	3.4	0.2	0.8		6.0
Adjustment	0.2	0.1	-0.3				-0.1
Adjusted depreciation and impairment	1.7	0.1	3.1	0.2	0.8		5.9
Operating profit before adjustment	-15.8	-1.0	-3.9	0.8	-2.0		-21.8
Adjustment	0.2	0.4	0.1		-0.4		0.3
Adjusted operating profit	-15.6	-0.6	-3.8	0.8	-2.4		-21.5

EUR mill. 1-6/2012	INTOPS	BLDCO	INFRA	TECBS	OTHER	ELIM	SEGM
Net sales before adjustment	343.0	282.8	224.2	117.4	18.5	-61.8	924.2
Adjustment	-8.2						-8.2
Adjusted net sales	334.8	282.8	224.2	117.4	18.5	-61.8	916.0
Depreciation and impairment before adjustment	6.8	0.0	8.4	0.4	1.7		17.2
Adjustment		0.2	-0.5				-0.3
Adjusted depreciation and impairment	6.8	0.2	7.9	0.4	1.7		16.9
Operating profit before adjustment	-14.5	1.6	7.0	1.9	-5.1		-9.1
Adjustment	-1.5		-0.5	0.1	0.4		-1.4
Adjusted operating profit	-16.0	1.6	6.5	2.0	-4.7		-10.5

EUR mill. 1-9/2012	INTOPS	BLDCO	INFRA	TECBS	OTHER	ELIM	SEGM
Net sales before adjustment	666.5	430.0	456.5	168.6	27.8	-80.3	1,669.1
Adjustment	-15.3						-15.3
Adjusted net sales	651.2	430.0	456.5	168.6	27.8	-80.3	1,653.8
Depreciation and impairment before adjustment	13.7	0.4	16.2	0.6	2.6		33.4
Adjustment	-0.6		-1.4		-0.3		-2.3
Adjusted depreciation and impairment	13.1	0.4	14.8	0.6	2.3		31.1
Operating profit before adjustment	10.4	3.4	44.2	2.2	-8.0		52.2
Adjustment	2.1	-1.7	-1.6	-0.3	-0.1		-1.6
Adjusted operating profit	12.5	1.7	42.6	1.9	-8.1		50.6

EUR mill. 1-12/2012	INTOPS	BLDCO	INFRA	TECBS	OTHER	ELIM	SEGM
Net sales before adjustment	934.3	682.4	591.1	230.0	37.8	-122.1	2,353.6
Adjustment	-31.2						-31.2
Adjusted net sales	903.2	682.4	591.1	230.0	37.8	-122.1	2,322.4
Depreciation and impairment before adjustment	18.7	0.4	21.0	0.7	4.4		45.2
Adjustment	-0.8	0.1	-1.7	0.1	-0.5		-2.9
Adjusted depreciation and impairment	17.9	0.5	19.3	0.8	3.9		42.3
Operating profit before adjustment	16.6	19.6	43.5	3.2	-8.3		74.6
Adjustment	-1.6	-2.7	3.7	0.1	0.6		0.2
Adjusted operating profit	15.0	16.9	47.2	3.3	-7.7		74.8

The 1-12/2012 operating profit adjustment includes an increase of EUR 0.3 million arising from the change in IAS 19 -standard.
Of the increase, EUR 0.2 million is subject to International Operations business sector and EUR 0.1 million is subject to other operations.

7) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR mill.	1-3/ 2013	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012
Net sales	306.4	668.6	716.6	567.0	315.4
Other operating income and expenses	-338.3	-633.3	-663.9	-548.6	-331.6
Depreciation	5.8	11.2	14.3	10.3	5.2
Share of the profit of associates and joint ventures	-0.5	-0.1	1.9	-0.4	-0.2
Operating profit	-38.2	24.0	40.4	7.7	-21.6
Finance costs	6.7	10.7	5.5	6.5	9.9
Finance income	1.8	1.4	1.8	0.8	7.3
Profit before income taxes	-43.2	14.7	36.6	2.0	-24.3
Income taxes	10.9	-5.6	-6.3	-1.0	4.3
Profit from continuing operations	-32.3	9.1	30.3	1.0	-20.0
Profit from discontinued operations		0.2	21.0	2.4	0.0
Profit for the accounting period	-32.3	9.3	51.3	3.5	-20.0
Distribution of the profit for the accounting period					
To equity holders of the parent company	-32.2	9.2	51.1	3.6	-20.1
To non-controlling interest	-0.1	0.0	0.2	-0.2	0.0
Basic earnings per share attributable to equity holders of the parent company					
From continuing operations	-1.72	0.26	1.59	0.00	-1.02
From discontinued operations		0.02	1.07	0.12	0.00

From profit for the accounting period	-1.72	0.28	2.67	0.12	-1.02
Diluted earnings per share attributable to equity holders of the parent company					
From continuing operations	-1.72	0.26	1.59	0.00	-1.02
From discontinued operations		0.01	1.07	0.12	0.00
From profit for the accounting period	-1.72	0.27	2.67	0.12	-1.02

8) SEGMENT INFORMATION

Lemminkäinen's business operations are organised into four business sectors: International Operations, Building Construction, Infrastructure Construction and Tecnical Building Services.

Income statement items in The Company's segment reporting comply with the consolidated financial statement's accounting principles with the exception of the impact of the items classified as discontinued operations. Segments' assets include fixed assets, inventories as well as trade and other receivables.

NET SALES EUR mill.	1-3/ 2013	1-3/ 2012	1-12/ 2012
International Operations	96.8	103.7	903.2
Building Construction	123.1	124.1	682.4
Infrastructure Construction	50.0	66.6	591.1
Technical Building Services	43.9	60.5	230.0
Other operations	10.1	7.9	37.8
Group eliminations	-17.4	-34.8	-122.1
Segments total	306.4	328.0	2,322.4
Discontinued operations		-12.6	-54.8
Group total, IFRS	306.4	315.4	2,267.6

DEPRECIATION AND IMPAIRMENT EUR mill.	1-3/ 2013	1-3/ 2012	1-12/ 2012
International Operations	2.1	1.7	17.9
Building Construction	0.1	0.1	0.5
Infrastructure Construction	2.5	3.1	19.3
Technical Building Services	0.2	0.2	0.8
Other operations	0.9	0.8	3.9
Segments total	5.8	5.9	42.3
Discontinued operations		-0.7	-1.3
Group total, IFRS	5.8	5.2	41.0

OPERATING PROFIT EUR mill.	1-3/ 2013	1-3/ 2012	1-12/ 2012
International Operations	-26.2	-15.6	15.0
Building Construction	4.1	-0.6	16.9
Infrastructure Construction	-11.1	-3.8	47.2

Technical Building Services	-1.4	0.8	3.3
Other operations	-3.7	-2.4	-7.7
Segments total	-38.2	-21.5	74.8
Discontinued operations		-0.1	-24.4
Group total, IFRS	-38.2	-21.6	50.4

NET SALES, QUARTERLY EUR mill.	1-3/ 2013	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012
International Operations	96.8	252.0	316.4	231.1	103.7
Building Construction	123.1	252.4	147.2	158.7	124.1
Infrastructure Construction	50.0	134.6	232.3	157.6	66.6
Technical Building Services	43.9	61.4	51.2	56.9	60.5
Other operations	10.1	10.0	9.3	10.6	7.9
Group eliminations	-17.4	-41.8	-18.5	-27.0	-34.8
Segments total	306.4	668.6	737.8	588.0	328.0
Discontinued operations			-21.2	-21.0	-12.6
Group total, IFRS	306.4	668.6	716.6	567.0	315.4

DEPRECIATION AND IMPAIRMENT, QUARTERLY EUR mill.	1-3/ 2013	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012
International Operations	2.1	4.8	6,3	5.1	1.7
Building Construction	0.1	0.1	0.2	0.1	0.1
Infrastructure Construction	2.5	4.5	6.9	4.8	3.1
Technical Building Services	0.2	0.2	0.2	0.2	0.2
Other operations	0.9	1.6	0.6	0.9	0.8
Segments total	5.8	11.2	14.2	11.0	5.9
Discontinued operations			0.1	-0.7	-0.7
Group total, IFRS	5.8	11.2	14.3	10.3	5.2

OPERATING PROFIT, QUARTERLY EUR mill.	1-3/ 2013	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012
International Operations	-26.2	2.5	28.5	-0.4	-15.6
Building Construction	4.1	15.2	0.1	2.2	-0.6
Infrastructure Construction	-11.1	4.6	36.1	10.3	-3.8
Technical Building Services	-1.4	1.4	-0.1	1.2	0.8
Other operations	-3.7	0.4	-3.4	-2.3	-2.4
Segments total	-38.2	24.2	61.1	11.0	-21.5
Discontinued operations		-0.2	-20.7	-3.3	-0.1
Group total, IFRS	-38.2	24.0	40.4	7.7	-21.6

ASSETS EUR mill.	3/2013	3/2012	12/2012
International Operations	410.7	293.6	335.9
Building Construction	425.0	368.6	275.8
Infrastructure Construction	203.0	166.9	120.5
Technical Building Services	56.4	34.8	30.4
Other operations	45.7	42.9	39.9
Segments total	1,140.8	906.7	802.5
Assets unallocated to segments			
and Group eliminations, total	146.4	390.0	501.0
Group total, IFRS	1,287.2	1,296.7	1,303.5

9) ECONOMIC TRENDS AND FINANCIAL INDICATORS

	3/2013	3/2012	12/2012
Return on equity, rolling 12 months, % [1)]	7.5	7.3	11.1
Return on investment, rolling 12 months, % [1)]	7.8	9.5	10.8
Operating profit, % of net sales	-12.5	-6.9	2.2
Equity ratio, %	35.4	33.3	37.2
Gearing, %	80.8	77.9	62.8
Interest-bearing net liabilities, EUR mill.	329.9	305.8	277.3
Gross investments, EUR mill. (incl. leasing purchases)	24.9	11.4	64.5
Order book, EUR mill.	1,626.2	1,625.4	1,443.9
- of which orders outside Finland, EUR mill.	632.9	613.9	574.6
Personnel on average	7,107	7,438	8,180
Personnel at the end of period	7,242	7,477	7,370
Net sales, EUR mill.	306.4	315.4	2,267.6

[1)] Includes the effect of discontinued operations

The figures include assets held for sale and related liabilities.

10) SHARE-SPECIFIC INDICATORS

	3/2013	3/2012	12/2012
Basic earnings per share, EUR	-1.72	-1.02	2.04
Diluted earnings per share, EUR	-1.72	-1.02	2.03
Equity per share, EUR	20.9	19.9	22.6
Dividend per share, EUR			0.60
Dividend per earnings, %			26.9
Market capitalisation at the end of period, EUR mill.	328.6	380.4	280.6

Share price at the end of period, EUR	16.75	19.36	14.28
Shares trading, 1,000 shares	821	133	992
Number of issued shares, total	19,650,176	19,650,176	19,650,176
Number of treasury shares	34,915	509	509
Weighted avarage number of shares outstanding	19,490,610	19,646,461	19,565,441
Diluted weighted average number of shares outstanding	19,490,610	19,646,461	19,660,976

11) NON-CURRENT ASSETS HELD FOR SALE

The company has signed on 30 April 2013, an agreement for sale of its mobile telecom network project business in Brazil, Canada, Chile, Columbia, Ecuador, Mexico and the United States. The company classified its American telecommunication mobile telecom network project operations as non-current assets held for sale.

12) FAIR VALUES OF FINANCIAL INSTRUMENTS

A = Financial assets and liabilities recognised at fair value through profit and loss

B = Loans and receivables

C = Available-for-sale financial assets

D = Financial liabilities recognised at amortised cost

E = Derivatives subject to hedge accounting

EUR mill.	A	B	C	D	E	CARRYING AMOUNT	FAIR VALUE
31.3.2013							
Non-current financial assets							
Available-for-sale financial assets			5.9			5.9	5.9
Other non-current receivables		1.7				1.7	1.7
Current financial assets							
Trade and other receivables		317.2				317.2	317.2
Derivative assets	1.0					1.0	1.0
Available-for-sale financial assets			65.0			65.0	65.0
Cash and cash equivalents		39.6				39.6	39.6
Financial assets total	1.0	358.5	70.9			430.5	430.5
Non-current financial liabilities							
Interest-bearing liabilities				128.4		128.4	129.4
Other non-current liabilities				4.9		4.9	4.9
Current financial liabilities							
Interest-bearing liabilities				306.2		306.2	306.2
Trade payables and other financial liabilities[1)]				238.5		238.5	238.5
Derivative liabilities	1.6				0.4	2.0	2.0

Financial liabilities total	1.6			677.9	0.4	680.0	680.9

EUR mill.	A	B	C	D	E	CARRYING AMOUNT	FAIR VALUE
31.12.2012							
Non-current financial assets							
Available-for-sale financial assets			6.0			6.0	6.0
Other non-current receivables		0.5				0.5	0.5
Current financial assets							
Trade and other receivables		362.6				362.6	362.6
Derivative assets	0.5					0.5	0.5
Available-for-sale financial assets			59.0			59.0	59.0
Cash and cash equivalents		34.9				34.9	34.9
Financial assets total	0.5	398.0	65.0			463.5	463.5
Non-current financial liabilities							
Interest-bearing liabilities				138.8		138.8	138.8
Other non-current liabilities				7.6		7.6	7.6
Current financial liabilities							
Interest-bearing liabilities				232.4		232.4	232.4
Trade payables and other financial liabilities[1)]				295.9		295.9	295.9
Derivative liabilities	1.8				0.6	2.4	2.4
Financial liabilities total	1.8			674.7	0.6	677.1	677.1

[1)] Trade payables and other financial liabilities do not include statutory obligations or prepayments received, as these are not classified as financial liabilities under IFRS.

For more information on fair value measurement of financial instruments, see Lemminkäinen's Annual report 2012, Note 24 to the consolidated financial statements.

A fair value hierarchy of financial assets and liabilities recognised at fair value

Financial instruments within Level 1 of the hierarchy are traded in active markets hence prices are obtained directly from the efficient markets.
Fair values of instruments within Level 2 are based on observable market inputs and generally accepted valuation methods.
Fair values within Level 3 are not based on observable market data but on quotations provided by brokers and market valuation reports.

EUR mill.	Level 2	Level 3	TOTAL
31.3.2013			
Available-for-sale financial assets			
Equity instruments		5.9	5.9
Money market investments	65.0		65.0
Derivative instruments			
Derivative assets	0.5	0.5	1.0

Derivative liabilities	1.8	0.3	2.0

EUR mill.	Level 2	Level 3	TOTAL
31.12.2012			
Available-for-sale financial assets			
Equity instruments		6.0	6.0
Money market investments	59.0		59.0
Derivative instruments			
Derivative assets	0.2	0.3	0.5
Derivative liabilities	1.5	0.8	2.4

Level 3 reconciliation statement

A = Derivative instruments recognised at fair value through profit and loss

B = Financial assets recognised at fair value through other comprehensive income

EUR mill.	A	B
Fair values 1.1.2013	-0.6	6.0
Additions		0.0
Disposals		-0.1
Derivative settlements	0.1	
Fair value changes recognised through profit or loss, total	0.7	
Fair values 31.3.2013	0.2	5.9

13) GUARANTEES AND COMMITMENTS

EUR mill.	3/2013	3/2012	12/2012
Pledges for own commitments			
Pledged deposits		0.0	0.0
Pledges on behalf of others			
Pledged securities		0.1	
Guarantees			
On behalf of associates and joint ventures	17.4	20.3	17.9
On behalf of consortiums and real estate companies	13.0	13.3	13.3
Total	30.4	33.7	31.2
Minimum lease payments of irrevocable lease contracts			
One year or less	12.2	13.0	15.0
Over one year but no more than five years	27.1	30.3	30.4

Over five years	8.7	12.4	17.0
Total	47.9	55.7	62.3
Purchase commitments of investments	7.1	10.9	5.3
Derivative contracts			
Forward foreign exchange contracts			
Nominal value	107.1	71.8	93.6
Fair value	-0.5	-0.1	-0.3
Interest rate swap contracts			
Nominal value	60.0	34.3	61.5
Fair value	-0.6	-1.5	-1.1
Commodity derivatives			
Volume, mill.	43,250	18,300	40,000
Nominal value	19.6	9.4	17.2
Fair value, €	0.2	0.7	-0.6

The fair value of derivative instruments is the gain or loss arising from the settlement of the contract at the market price prevailing on the reporting date.

14) CONTINGENT LIABILITIES

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.

On 31 March 2013, there were a total of 52 claims for damages brought by municipalities and the Finnish state (Finnish Transport Agency) pending against Lemminkäinen and other asphalt industry companies in the District Court. The claimants contend that restrictions on competition have caused them damages. The total amount of damages currently sought from Lemminkäinen totals about EUR 129 million. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

As it stands, the ruling rendered by the SAC in 2009 does not mean that Lemminkäinen or the other asphalt industry companies actually caused any damages to their asphalt contract 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. The main proceedings on the claims made by 38 municipalities and the Finnish Transport Agency began in September 2012 and ended on 12 April 2013. The damages presented in these 39 claims total about EUR 121 million. According to a statement made by the District Court, its decisions on these claims will be announced in autumn 2013 at the earliest.

No commencement date has yet been set for the main proceedings for the other 14 claims.