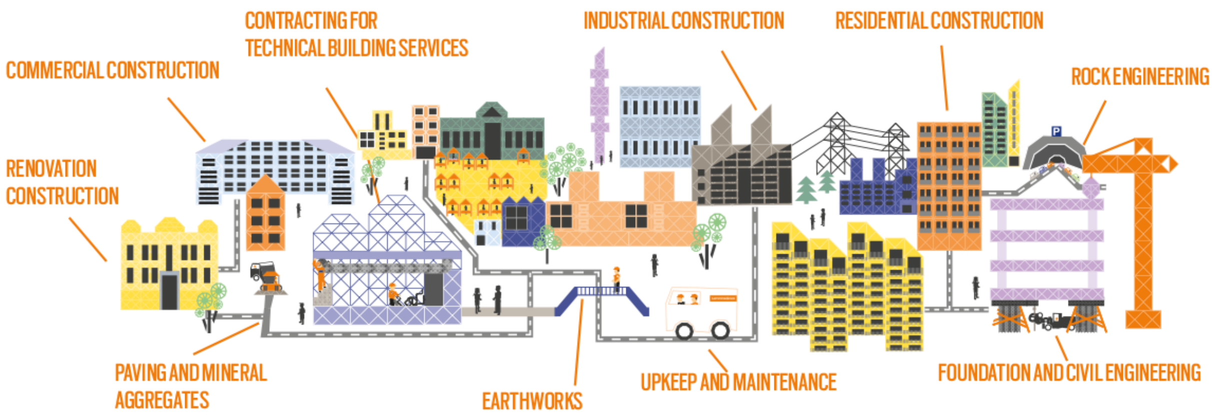

Lemminkäinen's Financial statements bulletin 1 Jan – 31 Dec 2013:

Full year losses derived from non-recurring items and challenges in International operations

Lemminkäinen Financial Statements Bulletin 2013: Full year losses derived from non-recurring items and challenges in International operations

October–December 2013 (10-12/2012)

- Net sales in October–December totalled EUR 639.5 million (668.6).
- The value of new orders received was EUR 390.7 million (528.5).
- The operating profit, excluding non-recurring items, stood at EUR -16.3 million (24.0).
  The operating margin was -2.5% (3.6).
- Non-recurring items were expenses from the District Court´s decision on damages related to the asphalt cartel, EUR 65.6 million, and write-downs mainly related to commercial properties, EUR 20.1 million.
- Earnings per share were EUR -4.45 (0.28).
- Earnings per share, excluding non-recurring items mentioned above, were EUR -0.07 (0.28).
- Cash flow from operations totalled EUR -22.0 million (19.0).

January–December 2013 (1-12/2012)

- Net sales in January–December were EUR 2,218.2 million (2,267.6).
- At the end of the review period, the order book was EUR 1,821.3 million (1,443.9).
- Operating profit, excluding non-recurring items, was EUR -5.2 million (50.4)
- The operating margin was -0.2% (2.2).
- Non-recurring items were expenses from the District Court´s decision on damages related to the asphalt cartel, EUR 65.6 million, and write-downs mainly related to commercial properties, EUR 20.1 million.
- Earnings per share were EUR -5.06 (2.04).
- Earnings per share, excluding non-recurring items mentioned above, were EUR -0.68 (2.04).
- Cash flow from operations totalled EUR 8.3 million (57.8).
- The equity ratio stood at 27.3% (37.2) and gearing at 100.8% (62.8).
- Interest-bearing net debt totalled EUR 326.5 million (277.3).
  The Board of Directors will propose to the AGM that no dividend will be paid for the financial year of 2013.

Profit guidance for 2013

In 2013, Lemminkäinen changed its profit guidance three times. Due to the weak first half of the year, the profit guidance was updated in April and July. In November, the company gave a profit warning after the District Court´s decision on damages related to the asphalt cartel. The new guidance was: “Net sales in 2013 are expected to be on par with 2012. Result will be clearly negative.” In 2013, the net sales were EUR 2 218 million (2 268) and the operating profit (IFRS) was EUR -91 million (50).

Profit guidance for 2014

Lemminkäinen estimates that its 2014 net sales will be slightly lower than in 2013 but its operating profit will improve clearly on 2013 (excluding non-recurring items). In 2013 the net sales were EUR 2,218 million and operating profit excluding non-recurring items was EUR -5 million.

Key figures

Key figures		10-12/2013	10-12/2012	Change	1-12/2013	1-12/2012	Change
Net sales	€ million	639.5	668.6	-29.1	2,218.2	2,267.6	-49.4
Operating profit, excluding non-recurring items	€ million	-16.3	24.0	-40.3	-5.2	50.4	-55.6
Operating margin	*%*	*-2.5*	*3.6*		*-0.2*	*2.2*	
Operating profit	€ million	-102.0 2)	24.0	-126.0	-90.9 2)	50.4	-141.3
Profit for the period from continuing operations	€ million	-85.8 2)	9.1	-94.9	-93.5 2)	20.4	-113.9
Profit for the period 1)	€ million	-85.8 2)	9.3	-95.1	-93.5 2)	44.1	-137.6
Earnings per share from continuing operations	€	-4.45 3)	0.26	-4.71	-5.06 3)	0.83	-5.89
Earnings per share 1)	€	-4.45 3)	0.28	-4.73	-5.06 3)	2.04	-7.10
Cash flow from operations	€ million	-22.0	19.0	-41.0	8.3	57.8	-49.5

1) Includes discontinued operations.

2) Includes expenses from the District Court´s decision on damages related to the asphalt cartel (EUR 65.6 million) and write-downs mainly related to commercial properties (EUR 20.1 million).

3) Includes expenses from the District Court´s decision on damages related to the asphalt cartel (EUR -3.35/share) and write-downs mainly related to commercial properties (EUR -1.03 / share).

Key figures		31 Dec. 2013	31 Dec. 2012	Change
Order book	€ million	1,821.3	1,443.9	377.4
Balance sheet total	€ million	1,342.7	1,303.5	39.2
Interest-bearing net debt	€ million	326.5	277.3	49.2
Equity ratio	%	*27.3*	*37.2*	
Gearing	%	*100.8*	*62.8*	
Return on investment, rolling 12 months	%	*-9.4*	*10.8*	

President & CEO Timo Kohtamäki:

”2013 was a difficult year for us,” says President and CEO Timo Kohtamäki. “In the beginning of the year the paving season was delayed due to the prolonged winter, and in the end of the year we recorded margin decreases from major projects in Norway, Sweden and Russia. In Norway, several efficiency improvement measures were carried out during the year, but the operations in Norway remained unprofitable. The result was further weakened by large non-recurring items related to the District Court´s decisions on damages in the asphalt cartel case, write-downs from old commercial property projects as well as expenses from the divestment of parts of the telecommunications network business and the efficiency improvement program. Consequently, our operating profit was negative.”

“Our efficiency improvement program launched in August has proceeded as planned: our cost structure is lighter and better adjusted to seasonal variations. In procurement, the gains were not fully realized in our result due to intensified competition. In Scandinavia and Russia, the efficiency improvement measures continue also in 2014. In addition to optimizing the cost structure, we are focusing on project management and governance in all our operating countries.”

Lemminkäinen

“In 2014, our primary focus is to continue to develop operational efficiency, improve profitability and strengthen our equity ratio. We are, nevertheless, currently strengthening our resources in demanding infrastructure projects in Scandinavia. In Russia, we have some 900 apartments under construction. Current order book in Finland creates a solid platform to develop our business further in 2014.”

Market outlook

In Finland, the overall market situation in construction is estimated to remain quiet in 2014. The volume of infrastructure construction is expected to decrease due to the weak economic situation of municipalities and the state. Demand for new apartments focuses on small apartments in urban growth centres. Commercial projects are being planned but their launch is uncertain. In Russia, the demand for apartments is dependent on the exchange rate of the rouble, the oil price and the general economic situation in Russia. In Sweden, Norway and Denmark, long-term investment plans targeted at infrastructure construction will keep the market situation strong in the near future. On the other hand, the growing infrastructure market attracts Central European construction companies, which intensifies price competition in the industry.

Briefing

A Finnish-language briefing for analysts and the media will be held at 10:00 a.m. on Friday, 7 February at Lemminkäinen’s head office. The street address is Salmisaarenaukio 2, Helsinki, Finland. Due to CEO Timo Kohtamäki´s sick leave, CFO Robert Öhman will present the Financial statements bulletin. Presentation materials can be found in Finnish and English at the company’s website, www.lemminkainen.com.

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Operating environment in 2013

In Finland, the general market situation in construction remained weak. Construction costs increased moderately, and the availability of subcontractor services increased, particularly in building construction in the Helsinki metropolitan area. Housing sales to investors and housing funds increased. Commercial construction remained at a low level and was concentrated in the Helsinki metropolitan area. Infrastructure construction activity was brisk during the second half of the year, as the long winter delayed the start of the season. Demand for specialised contracting in infrastructure construction was good, while the declining market in the paving business intensified competition.

In the Scandinavian countries, the market situation for infrastructure construction remained good. In Sweden and Norway, road traffic projects and the public sector´s investments in road maintenance increased demand for paving. Increasing investments in the energy supply sector also boosted the demand for specialised contracting in infrastructure construction.

In Russia, changes in the country's economic growth forecasts did not affect housing sales. In St Petersburg, price development of apartments was moderate and interest rates for loans remained stable. More mortgages were drawn compared to the previous year. The construction and repair of major inter-city highways boosted the demand for infrastructure construction in Russia.

In the **Baltic countries**, the demand for infrastructure construction remained good in Latvia and Lithuania, while in Estonia the market situation slightly weakened.

Group strategy

Strategy for 2010–2013

The main targets of Lemminkäinen's strategy for 2010–2013 were profitable growth and improved solvency. Halfway through the strategy period, the strategic focus of the Finnish operations was specified to increasing the share of residential development and construction to over 50% of the Building construction segment's net sales, and increasing the share of service business to 50% of the Technical building services segment's net sales. In infrastructure construction in Scandinavia, the goal was to increase net sales by a total of approximately EUR 100 million in 2012–2013. In Russia, Lemminkäinen's goal was to launch the construction of about 1,000 new housing units every year.

In 2013, the share of net sales of residential development and construction in the Building construction segment was approximately 40%, and the share of service business of the Technical building services segment's net sales was approximately 30%. Net sales from infrastructure business in Sweden, Norway and Denmark grew by EUR 43 million in 2012–2013. In Russia, Lemminkäinen launched the construction of approximately 800 new housing units in 2013.

Financial targets and actual performance in the strategy for 2010–2013

Financial target	Target level	Actual performance 2013	Actual performance 2012	Actual performance 2011	Actual performance 2010
Net sales growth	average 10%	-2%	4%	19%	-7%
Return on investment	18%	-9%	11%	11%	7%
Equity ratio	over 35%	27%	37%	31%	35%
Payment of dividend	40% of net profit	0%[1)]	27%	28%	over 100%

1) The Board of Directors' proposal to the AGM

Strategy for 2014–2018

Lemminkäinen's 2014–2018 strategy focuses on insightful infrastructure solutions as well as residential construction in urban growth centres, especially in Russia. Lemminkäinen aims to grow into one of the leading providers of demanding infrastructure solutions in Northern Europe. In Russia, the residential development and construction business will be extended from St Petersburg to other selected urban growth centres. In paving and mineral aggregates, Finnish building construction, and technical building services, Lemminkäinen will continue to focus on improving operational and capital efficiency. Strategic options for technical building services will be examined. The financial targets for the strategy period are a return on investment of 18% over the cycle and an equity ratio of at least 35%.

Efficiency programme and measures

The efficiency programme that was launched in autumn 2011 sought cost savings of EUR 50 million as of 2014, mainly in the business operations in Finland. The efficiency programme sought to improve procurement efficiency, lighten administrative structures and develop operational efficiency. The number of employees was reduced by 300. By the end of 2013, the efficiency programme had identified the cost savings pursued. However, the procurement gains were not fully realised in the company's result due to intensified competition.

In August 2013, Lemminkäinen announced a new efficiency programme, the goal of which is to cut the cost structure by EUR 30 million. In order to decrease the impact of seasonality, Lemminkäinen will increase the use of subcontracting and outsourcing. The company will also conclude measures to reduce the number of regional units in Finland and Norway. As part of the efficiency improvement measures, the company started personnel negotiations to cut approximately 500 man-years. The full impact of the efficiency improvement measures is expected to materialise by the end of 2014. By the end of 2013, the personnel had been reduced by approximately 360 man-years and 24 regional units or sites had been closed.

Financial performance

Net sales

Net sales from continuing operations		10-12/2013	10-12/2012	Change	1-12/2013	1-12/2012	Change
International operations	€ million	247.8	252.0	-4.2	930.9	903.2	27.7
Building construction	€ million	204.2	252.4	-48.2	592.9	682.4	-89.5
Infrastructure construction	€ million	143.5	134.6	8.9	533.4	536.6	-3.2
Technical building services	€ million	68.9	61.4	7.5	221.9	229.7	-7.8
Other operations and Group eliminations	€ million	-25.0	-31.8		-61.0	-84.3	
Group, total	€ million	639.5	668.6	-29.1	2,218.2	2,267.6	-49.4

Q4/2013

The Group's net sales in the fourth quarter decreased slightly and totalled EUR 639.5 million (668.6). In Finland, the net sales declined due to the decrease in contracting in building construction and fewer completed housing units.

2013

The Group's net sales in 2013 were roughly at the same level as in the previous year. The net sales of building construction in Finland decreased clearly from 2012. The decline in the volume is due to Lemminkäinen´s decision to decrease the volume of contracting, in which profitability has been weak in recent years. Net sales in Russia were boosted by residential development and construction, and in Sweden by contracting in commercial construction.

Net sales by country in 2013 were 58% (61) from Finland, 27% (25) from Scandinavia, 7% (6) from Russia, 7% (6) from the Baltic countries and 1% (2) from other countries. Net sales by business type were 35% (35) from building construction, 54% (53) from infrastructure construction and 11% (12) from technical building services.

Operating profit

Operating profit from continuing operations		10-12/2013[1)]	10-12/2012	Change	1-12/2013[1)]	1-12/2012	Change
International operations	€ million	-22.9	2.5	-25.4	-22.0	15.0	-37.0
Building construction	€ million	-4.6	15.2	-19.8	5.0	16.9	-11.9
Infrastructure construction	€ million	-5.9	4.4	-10.3	8.5	22.3	-13.8
Technical building services	€ million	1.0	1.4	-0.4	-1.6	3.8	-5.4
Business segments, total	€ million	-32.4	23.5	-55.9	-10.1	58.0	-68.1
Corporate functions	€ million	-69.7[2)]	0.4	-70.1	-80.8[2)]	-7.7	-73.1
Group, total	€ million	-102.0[2)]	24.0	-126.0	-90.9[2)]	50.4	-141.3

1) Includes EUR 20.1 million write-downs, of which EUR 14.1 million from Building construction, EUR 3.0 million from Infrastructure construction, EUR 2.7 million from International operations and EUR 0.3 million from Technical building services.

2) Includes EUR 65.6 million as expenses from the District Court´s decision on damages related to the asphalt cartel.

Q4/2013

The Group's operating profit decreased strongly in the fourth quarter and was EUR -102.0 million (24.0). The operating profit includes non-recurring items from the District Court´s decision on damages related to the asphalt cartel, EUR 65.6 million, and write-downs mainly related to commercial properties, EUR 20.1 million. Excluding the non-recurring items, the operating profit was EUR -16.3 million (24.0).

The Q4 result was also impaired by margin decreases from major projects in Norway, Sweden and Russia. In Finland, the number of units completed in Lemminkäinen's residential development and construction was lower than in the comparison period. In addition, the costs related to efficiency measures affected the Q4 result in each business segment.

2013

Lemminkäinen´s 2013 result was clearly negative. The long winter delayed the start of the paving season and increased costs in all operating countries. The operating profit was also impaired by margin decreases from major projects in Norway, Sweden and Russia. In addition, the company expensed non-recurring items from the District Court´s decision on damages related to the asphalt cartel, EUR 65.6 million, and write-downs mainly related to commercial properties, EUR 20.1 million. Also, the full year result was affected by costs related efficiency measures, approximately EUR 10 million, and costs related to the divestment of parts of telecommunications network business, approximately EUR 6 million.

In Finland, the result in building construction was supported by moderate housing unit sales as well as commercial construction in the Helsinki metropolitan area. The specialised contracting in infrastructure construction progressed well in the declining infrastructure market. The declining building construction market reduced the demand for mineral aggregates, foundation engineering and contracting in technical building services, and impaired profitability.

Operating margin from continuing operations		10-12/2013	10-12/2012	1-12/2013	1-12/2012
International operations	%	-9.2	1.0	-2.4	1.7
Building construction	%	-2.3	6.0	0.8	2.5
Infrastructure construction	%	-4.1	3.3	1.6	4.2
Technical building services	%	1.5	2.3	-0.7	1.7
Group, total	%	-16.0	3.6	-4.1	2.2

Order book

Order book at end of period		31 Dec. 2013	31 Dec. 2012	Change
International operations	€ million	729.9	574.6	155.3
Building construction	€ million	544.3	526.9	17.4
Infrastructure construction	€ million	459.0	234.7	224.3
Technical building services	€ million	88.1	107.7	-19.6
Group, total	€ million	1,821.3	1,443.9	377.4
- of which unsold		346.5	176.7	

In 2013, the order book grew by one fourth and stood at EUR 1,821.3 million (1,443.9). The largest increase took place in infrastructure construction in Finland and in building construction in Russia. Significant new projects in 2013 were the contract for a 46-house residential area in Moscow (EUR 100 million), the first phase of S Group's logistics centre (EUR 49 million) near Helsinki, two stations on the West Metro line (EUR 81 million) in Espoo, and the alliance contract for the Rantaväylä tunnel in Tampere (EUR 180 million).

Of the order book, 60% (60) originated in Finland, 20% (23) in Scandinavia, 18% (11) in Russia, and 2% (6) in other countries.

Balance sheet, cash flow and financing

On 31 December 2013, the balance sheet total was EUR 1,342.7 million (1,303.5), of which equity accounted for EUR 324.0 million (441.8). Lemminkäinen's net working capital was EUR 325.1 million (426.5). Lemminkäinen's working capital optimisation pays particular attention to the timeliness of invoicing and the optimisation of the turnover of trade receivables and trade payables.

At the end of the financial period, Lemminkäinen's equity ratio was 27.3% (37.2) and gearing was 100.8% (62.8). As a four-quarter average, the equity ratio was 30.3% and gearing was 91.1%. Lemminkäinen's return on investment was -9.4% (10.8). The clearly negative result and the decreasing shareholders' equity impaired key figures.

Interest-bearing debt increased by 10 per cent, totalling EUR 407.6 million (371.2) at the end of the review period. Long-term interest-bearing debt totalled EUR 61.3 million (138.8) and short-term interest-bearing debt EUR 346.3 million (232.4). Of all interest-bearing debt, 32 per cent (45) was at a fixed interest rate. At the end of the review period, the Group's liquid funds stood at EUR 81.1 million (93.9) and interest-bearing net debt totalled EUR 326.5 million (277.3).

Of the company's interest-bearing debt, 10% (15) comprises loans from financial institutions, 37% (23) commercial papers, 18% (18) project loans related to residential and commercial development, 5% (12) pension loans, 14% (16) finance lease liabilities, and 15% (16) bonds. At the end of the financial period, the company had binding, unused credit limits amounting to EUR 175.0 million (139.6) and overdraft limits amounting to EUR 44.0 million (54.1). In the fourth quarter of the year, Lemminkäinen terminated the EUR 70 million, two-year syndicated credit facility agreed in March 2013, considering it unnecessary. In 2013, the financing expenses, on average, were 2.9% (3.1).

Some of Lemminkäinen's financial agreements include two financial covenants, which are monitored quarterly: the ratio of net debt to EBITDA and the equity ratio. In March 2013, in connection with limit-related negotiations, Lemminkäinen and its creditors agreed that potential damages will be ignored in the calculation model. Furthermore, before the end of the financial period, an agreement was reached on changes in the covenant terms for Q4/2013 and Q1/2014.

In 2013, net finance costs amounted to EUR 26.7 million (21.4), representing 1.2 per cent (0.9) of net sales. The increase in finance costs were due to the increase in interest-bearing debt, financing limits renewed during the first months of the year and increasing currency hedging costs.

Cash flow from operations totalled EUR 8.3 million (57.8). The difference from the comparison period was mainly due to the clearly negative result.

Financial performance by business segment

International operations

Key figures from continuing operations, International operations		10-12/2013	10-12/2012	Change	1-12/2013	1-12/2012	Change
Net sales	€ million	247.8	252.0	-4.2	930.9	903.2	27.7
Operating profit	€ million	-22.9 1)	2.5	-25.4	-22.0 1)	15.0	-37.0
Operating margin	*%*	*-9.2*	*1.0*		*-2.4*	*1.7*	
Order book at end of period	€ million				729.9	574.6	155.3

. 1) includes write-downs worth EUR 2.7 million

Q4/2013

Net sales remained roughly on par with the previous year but profitability declined significantly. The Q4 result includes write-downs worth EUR 2.7 million related to operations in Norway. The operating profit was impaired by margin decreases from major projects in Norway, Sweden and Russia.

2013

The net sales grew in building construction in Russia and Sweden and in infrastructure construction in Latvia and Lithuania. Of the net sales, 28% were generated in Sweden, 28% in Norway, 18% in Russia, 16% in the Baltic countries, 9% in Denmark, and 1% in other countries. By business operation, 73% were generated by infrastructure construction, 23% by building construction, and 4% by technical building services and project exports.

The operating profit of International operations was clearly negative, EUR -22.0 million (15.0). The long winter delayed the start of the paving season and increased costs in all operating countries. The result was also impaired by margin decreases from major projects in Norway, Sweden and Russia as well as costs related to the divestment of parts of telecommunications network business and efficiency improvement measures in Norway. In Norway, Lemminkäinen reduced its site network and closed 11 unprofitable sites or business units. The Norwegian management structure and model were also changed.

In Russia, Lemminkäinen's residential development and construction picked up speed in 2013. In the summer, the company started the construction of a 757-apartment residential project in the centre of St Petersburg, estimated to be completed in phases by the end of 2015. The first phase (approximately 222 apartments) of another, approximately 450-apartment residential project, was completed. At the moment, Lemminkäinen has 946 residential units for sale in the centre of St Petersburg. In Q3 Lemminkäinen launched the planning and construction (contracting) of a 46-house

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residential area in the city of Istra in the Moscow region. The value of the contract is around EUR 100 million. The amount of capital tied up in building construction in Russia at the end of the financial period was EUR 79.4 million (61.9).

The segment's order book at the end of 2013 was clearly larger than in the previous year, amounting to EUR 729.9 million (574.6). The largest increase took place in building construction in Sweden and Russia.

Lemminkäinen's residential development and construction, Russia	10-12/2013	10-12/2012	Change, no.	1-12/2013	1-12/2012	Change, no.
Units started	0	0	0	757	0	757
Units sold	74	82	-8	165	141	24
Units completed	222	0	222	222	0	222
Under construction at end of period	963	425	538	963	425	538
- of which unsold	812	349	463	812	349	463
Completed and available for sale	134	17	117	134	17	117

Building construction

Key figures from continuing operations, Building construction		10-12/2013	10-12/2012	Change	1-12/2013	1-12/2012	Change
Net sales	€ million	204.2	252.4	-48.2	592.9	682.4	-89.5
Operating profit	€ million	-4.6[1)]	15.2	-19.8	5.0[1)]	16.9	-11.9
Operating margin	*%*	*-2,3*	*6.0*		*0.8*	*2.5*	
Order book at end of period	€ million				544.3	526.9	17.4

1) includes write-downs worth EUR 14.1 million.

Q4/2013

The net sales and operating profit were weaker than in the comparison period. The operating profit includes write-downs worth EUR 14.1 million mainly related to commercial properties. Excluding the write-downs, the operating profit was EUR 9.5 million (15.2). The number of units completed in residential development and construction was lower than in the previous year, 490 units (650), and the volume of commercial construction in the Helsinki metropolitan area declined. The result was also impaired by individual competitive contracting projects and expenses related to efficiency measures.

2013

Building construction's net sales fell by 13%, and the operating profit was EUR 5.0 million (16.9). The operating profit includes write-downs worth EUR 14.1 million mainly related to commercial properties. Excluding the write-downs, the operating profit improved and was EUR 19.1 million (16.9). During the first half of the year, housing sales were boosted by changes in taxation. Housing sales remained active during the second half of the year, too, especially in urban growth centres, and new units were started at the same pace as in the previous year. Due to the uncertain market situation, Lemminkäinen increased the reservation levels required for starting the construction of new units and improved the sales efficiency of completed units. The number of completed housing units for sale at the end of the year decreased from last year´s level. In competitive contracting the company has deliberately reduced the volume due to unsatisfactory margin levels.

At the end of the financial period, Building construction's order book was EUR 544.3 million (526.9). The order book increased in Lemminkäinen's residential development and construction, whereas the order book in contracting was smaller than before.

Lemminkäinen's residential development and construction, Finland	10-12/2013	10-12/2012	Change, no.	1-12/2013	1-12/2012	Change, no.
Units started	172	295	-123	1,058	1,019	39
Units sold	208	267	-59	1,050	1,013	37
Units completed	490	650	-160	875	1,151	-276
Under construction at end of year				1,040	857	183
- of which unsold				557	453	104
Completed and available for sale				164	260	-96
Units started (contracting)	*14*	*209*	*-195*	*292*	*514*	*-222*

Infrastructure construction

Key figures from continuing operations, Infrastructure construction		10-12/2013	10-12/2012	Change	1-12/2013	1-12/2012	Change
Net sales	€ million	143.5	134.6	8.9	533.4	536.6	-3.2
Operating profit	€ million	-5.9[1)]	4.4	-10.3	8.5[1)]	22.3	-13.8
Operating margin	*%*	*-4.1*	*3.3*		*1.6*	*4.2*	
Order book at end of period	€ million				459.0	234.7	224.3

1) Includes write-downs worth EUR 3.0 million.

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Q4/2013

Fourth-quarter net sales grew slightly but profitability declined. The operating profit includes write-downs worth EUR 3 million related to mineral aggregates reserves. The result was impaired by declining margins in individual infrastructure contracts as well as costs from efficiency improvement measures.

2013

In Infrastructure construction, net sales remained on par with last year but operating profit declined. The operating profit includes write-downs worth EUR 3 million related to mineral aggregates reserves. Losses caused by the delayed paving season could not be fully offset, despite the active late autumn. The demand for mineral aggregates weakened as building construction activity declined. In earthworks and rock engineering, too, the result was slightly weaker than in the previous year. The efficiency measures in Infrastructure construction sought to decrease the impact of seasonality and optimise resources.

At the end of the year, the order book was all-time-high, EUR 459.0 million (234.7). The order book was increased by the demanding specialised infrastructure construction work.

Technical building services

Key figures from continuing operations, Technical building services		10-12/2013	10-12/2012	Change	1-12/2013	1-12/2012	Change
Net sales	€ million	68.9	61.4	7.5	221.9	229.7	-7.8
Operating profit	€ million	1.0[1)]	1.4	-0,4	-1.6[1)]	3.8	-5.4
Operating margin	*%*	*1.5*	*2.3*		*-0.7*	*1.7*	
Order book at end of period	€ million				88.1	107.7	-19.6

1) Includes write-downs worth EUR 0.3 million.

Q4/2013

Fourth-quarter net sales grew from the comparison period, and profitability was roughly at the same level. Operating profit includes a write-down worth EUR 0.3 million. The impact of the efficiency measures to improve profitability started to show in the segment's result towards the end of the year. The good upkeep and maintenance business also contributed to the turn in the result trend.

2013

In Technical building services, 2013 was a challenging year. The segment's result and volume of business was burdened by delayed and cancelled project start-ups and the clearly weakened market situation. The decline in building construction had a significant impact on technical building services contracting where the overall profitability was still weak. In addition, the costs related to efficiency improvement measures affected the segments´ full year result. Demand for upkeep and maintenance services remained good.

The number of new orders received in 2013 declined, especially towards the end of the year. The order book in Technical building services was clearly below the previous year at EUR 88.1 million (107.7).

Investments

Gross investments in 2013 amounted to EUR 71.2 million (64.5), representing 3.2% (2.8) of the company's net sales. They were mainly replacement investments in infrastructure construction. Small complementary corporate acquisitions increased investments during early 2013. As part of its efficiency programme, Lemminkäinen has imposed more systematic criteria for investments as well as effective monitoring processes.

Personnel

At the end of 2013, the Group employed 7,049 people (7,370), a decrease of 321 people from previous year. Of these, 2,784 (3,009) were salaried employees and 4,265 (4,361) were hourly paid employees. During the year, the number of salaried employees decreased by 225 people (-7%) and hourly paid employees by 96 people (-2%).

Lemminkäinen has carried out two rounds of personnel reduction-related negotiations in Finland in 2011–2013. In 2012, personnel were reduced by 300 man-years, and as a result of the negotiations concluded in October 2013, Lemminkäinen cut 265 man-years from its Finnish operations.

Negotiations on the reduction of personnel are still being carried out in the operating countries outside Finland. In Norway, the company negotiated on the reduction of more than 60 man-years, in addition to which the new working time bank system, agreed on with employees, will generate savings for the company in the 2014–2015 winter season. In all operating countries, the number of seasonal employees will be further increased in relation to permanent employees.

Personnel by business segment, employees	31.12.2013	31.12.2012	Change
International operations	2 831	3 013	-182
Building construction	1 224	1 420	-196
Infrastructure construction	1 190	1 092	98
Technical building services	1 523	1 537	-14
Parent company	281	308	-27
Group total	7 049	7 370	-321

Personnel by country, employees	31.12.2013	31.12.2012	Change
Finland	4 249	4 396	-147
Scandinavia	1 256	1 232	24
Baltic countries	738	702	36
Russia	755	741	14
Other countries	51	299	-248
Group total	7 049	7 370	-321

Changes in organisational structure

As of 1 January 2013, Mr. Casimir Lindholm was appointed Executive Vice President, Building Construction and a member of Lemminkäinen's Executive Board. Mr. Jukka Terhonen, the former Executive Vice President, Building Construction and a member of the Executive Board, retired in January 2013.

From 8 August 2013 onwards, Lemminkäinen re-allocated the management responsibilities for its International Operations business segment. Ms. Maaret Heiskari was appointed Executive Vice President, Russia and a member of the Executive Board. Mr. Timo Vikström was appointed Executive Vice President, Scandinavia and a member of the Executive Board.

The responsibilities of Mr. Harri Kailasalo, Executive Vice President, Infrastructure Construction in Finland, were extended to the Baltic countries and the project business in other areas. Executive Vice President, International Operations, Mr. Henrik Eklund was appointed to the position of Senior Vice President, Sweden, and will no longer be a member of the Executive Board.

Occupational safety and environment

The goal of Lemminkäinen's occupational safety measures is to create a safe working environment for all employees. Lemminkäinen is committed to the shared occupational safety principles of the Confederation of Finnish Construction Industries RT, which aims to accelerate the construction industry's progress towards the zero-accident target.

The theme for 2013 was occupational safety, and during the year Lemminkäinen introduced obligatory weekly meetings at construction sites, among other measures. Particular attention was also paid to the use of protective equipment.

Lemminkäinen seeks to minimise any environmental impact of its operations by using natural resources sparingly and by generating as little waste as possible. The company also offers its customers products and services that enable them to reduce their own environmental footprint.

At the Group level, Lemminkäinen measures energy consumption figures and the environmental impact of its production facilities in Finland. Each business segment monitors the indicators relevant to their industry.

More detailed information on Lemminkäinen's occupational safety and environmental issues are presented in the company's Annual Report and on its website.

Research and development

Research and development activities at Lemminkäinen focus on the utilisation of information technology in construction, environmental and energy efficiency, and service development. Lemminkäinen has also initiated a variety of developmental measures to improve operational efficiency.

In 2013, the company continued to develop the utilisation of building information modelling in project planning. Lemminkäinen participated in the PRE (Process Re-Engineering) development project that fine-tunes the latest achievements in data modelling, as well as in the BIMforLEAN development project by Aalto University that combines data modelling and Lean production.

The Group's business segments are each responsible for their own research and development activities, which focus on, for example, quality assurance and ensuring the efficiency and viability of business activities. Lemminkäinen's Central Laboratory carries out infrastructure construction R&D. In 2013, the Group's research and development expenditure accounted for 0.6 (0.6) per cent of net sales.

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.

At the end of review period, Lemminkäinen terminated the liquidity providing (LP) agreement it had with Nordea Bank Finland Plc. The agreement meets the requirements set for liquidity providing at NASDAQ OMX Helsinki Ltd.

At the end of the review period, the market capitalisation of Lemminkäinen's shares stood at EUR 298.2 million (280.6). 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 15.20 (14.28) at the end. In addition to the NASDAQ OMX Helsinki, Lemminkäinen's share is also traded on alternative markets. A total of 2,076,080 shares (1,056,039) were traded during the review period. During the review period, alternative markets accounted for 15% (6%) of Lemminkäinen's total share turnover. (Source: Fidessa Fragmentation Index, http://fragmentation.fidessa.com.)

Authorisations of the Board of Directors

On 9 April 2013, 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 decide 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 authorisation had not been exercised by the end of the review period.

Treasury shares

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

Shareholders

On 31 December 2013, the company had 4,705 shareholders (4,781). Holders of nominee-registered shares and non-Finnish shareholders held 13 (14) per cent of all Lemminkäinen Corporation shares and voting rights. Information on company ownership and division by segment and scale, major shareholders, and share ownership of Executive Board members and the Board of Directors is 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.

Resolutions of the AGM 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 11,769,156. 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.

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.

Legal proceedings

On 28 November 2013, the District Court of Helsinki gave its decisions in the legal proceedings concerning damages related to the asphalt cartel. For Lemminkäinen, the decisions given concerned the claims of 38 municipalities and the Finnish state. According to the District Court, Lemminkäinen's share of the damages is approximately EUR 48 million (damages of approximately EUR 26 million as well as interest and legal expenses of approximately EUR 22 million). Lemminkäinen's share consists of damages ordered only to Lemminkäinen, Lemminkäinen's share of the damages ordered to it and other asphalt industry companies to be paid jointly and severally, as well as interest and legal expenses related to the damages.

Lemminkäinen estimates that some of the other defendants, who were ordered to pay damages jointly and severally by the District Court, will not be able to pay their shares. Therefore Lemminkäinen will pay approximately EUR 10 million worth damages and costs related to the damages that were ruled against other defendants.

In addition to the claims that the District Court decided on, 14 claims against Lemminkäinen and other asphalt companies for damages are pending. Lemminkäinen has made a provision worth EUR 6 million for these. The amount also includes interest and legal expenses related to the damages.

Lemminkäinen has deemed the claims for damages to be without foundation. Lemminkäinen will carefully study the decisions of the District Court. After this, the company will decide whether there are qualified grounds for submitting an appeal of the decisions with the Court of Appeals. Lemminkäinen and other parties have until 31 March 2014 to submit possible appeals to the Court of Appeals. The company will announce its decision separately once it has been made. More information on the asphalt cartel and damages related to it can be found on the company's website at 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 business operations are secured in a changing environment.

Fluctuations in economic trends cause uncertainty in Lemminkäinen's operating environment and make it more difficult to forecast future changes. New construction is sensitive to economic cycles and therefore poses a risk. This risk is managed both structurally and operationally.

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. The number of unsold residential units will be kept as low as possible. When undertaking commercial development, business premises are usually sold to property investors in the early stages of construction at the latest, thereby reducing sales risks.

Lemminkäinen's residential development and construction in Russia involves the risk related to the development of the exchange rate of the rouble, oil price development and economic growth in Russia. A downward trend in these factors may influence the purchasing power of consumers and consequently the demand for new apartments. The risk is managed by continuously monitoring and analysing the operating environment. In addition, the company aims at acquiring plots in central locations in the centre of St Petersburg where the value of apartments is more resistant to economic fluctuations.

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. Project monitoring systems and steering models have been renewed and more attention has been paid to competence development of the personnel.

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. The company seeks to improve the management of the impact of seasonality by increasing the flexibility of the personnel structure, by increasing outsourcing and by optimising fleet maintenance schedules.

Lemminkäinen uses large 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. The company uses over 300,000 tonnes of bitumen annually, of which more than a half is hedged using the above-mentioned methods.

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 2013, about 67% of Lemminkäinen's net sales derived from countries whose functional currency is the Euro. Other major currencies are the Swedish, Norwegian and Danish Crowns and the Russian Rouble.

Another risk is posed by the above-mentioned legal proceedings concerning damages related to the asphalt cartel, should the parties decide to file an appeal of the District Court decisions with the Court of Appeals.

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 annual financial statements.

Outlook

In Finland, the increase in the total volume of construction is estimated to be delayed until 2015. Domestic migration to urban growth centres and low interest rates will maintain demand for housing. At the same time, increased difficulty in obtaining mortgages and even longer sales times of old apartments will weaken the demand. The focus of demand is on small apartments in city centres. Commercial construction projects also concentrate on urban growth centres – and even there the occupancy rates of commercial premises have declined.

The total volume of infrastructure construction is restricted by the slow economic growth, the insufficient availability of state and municipal funding for infrastructure construction and the decline in new building construction. However, there is a reasonable amount of specialised contracting projects available in infrastructure construction, and the construction of underground city-centre premises continues.

The demand for contracting in technical building services is impaired by the decreasing building construction. Project start-ups will be delayed and, as competition intensifies, the margin level of contracting will be lower than before. The market situation for the upkeep and maintenance of technical building systems is expected to remain stable.

In Norway, Sweden and Denmark, multi-year, state-funded traffic infrastructure development plans are currently underway, and these three countries are also investing heavily in the development of energy production. The private sector's investments in infrastructure construction are also estimated to continue increasing. Large-scale road projects are being planned around urban growth centres, which will increase demand for specialised contracting in infrastructure construction in different parts of Scandinavia.

In Russia, domestic migration, the growing middle class and the increased availability of consumer mortgages are still supporting demand for comfort-class apartments. Efforts to develop infrastructure in Russia are also increasing, and, for example, numerous projects to expand and repair road networks are currently underway.

In the Baltic countries, growth trends in infrastructure construction over the next few years will be determined by the availability of financing. Ongoing road construction and basic improvement projects will keep demand for infrastructure construction at a reasonable level this year, at least in Latvia and Lithuania. The launch of the Rail Baltica traffic project would boost the infrastructure construction market situation in all of the Baltic countries.

Board of Directors' proposal for the distribution of profit

The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, amounts to EUR 109,260,176.77, consisting of EUR 116,339,972.89 in retained earnings from previous years and EUR -68,388,713.00 in profit for the financial year.

The Board of Directors will propose to the AGM that the company will not pay a dividend for the financial year ended 31 December 2013, and thus retained earnings would stand at EUR 47,951,259.89.

Profit guidance for 2014

Lemminkäinen estimates that its 2014 net sales will be slightly lower than in 2013 but its operating profit will improve clearly on 2013 (excluding non-recurring items). In 2013 the net sales were EUR 2,218 million and operating profit excluding non-recurring items was EUR -5 million.

Helsinki, 7 February 2014

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 annual report as in the 2012 financial statements, except for the changes mentioned below. In the tabulated section the requirements of IAS 34 - Interim Financial Reporting have been applied. The information contained in the annual 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

The change of IAS 19 Employee Benefits –standard removed the "corridor approach" used by the company. According to standard all actuarial gains and losses are recognised though comprehensive income as a change of pension liabilities and deferred income. Retrospective service cost is recognised immediately in personnel expenses as a part of pension expense. Defining the expected return was abandoned, and started to use discount rate also in determining the return of assets. The changes will affect the company's own capital and the amount of the pension obligation because unrecognized actuarial gains and losses are recognized in pension obligations and unrecognized past service costs are recognized retroactively to the relevant equity item. Impacts of the change are presented in note 6.

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 13 Fair Value Measurements 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 27 (amendment), IAS 28 (amendment), IAS 32 (amendment), IAS 36 (amendment), IAS 39 (amendment, not yet endorsed by the EU), IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities, IFRIC 21 Levies (not yet endorsed by the EU).

The following new interpretations and standards applied by the company in 2015 or later have no essential impact on the consolidated financial statements: IAS 19 (amendment, not yet endorsed by the EU), IFRS 9 (classification and valuation, not yet endorsed by the EU).

Financial statements and other tabulated information

1) CONSOLIDATED INCOME STATEMENT

EUR mill.	10-12/ 2013	10-12/ 2012	1-12/ 2013	1-12/ 2012
Net sales	639.5	668.6	2,218.2	2,267.6
Other operating income and expenses	-730.8	-633.3	-2,264.2	-2,177.3
Depreciation	11.0	11.2	45.3	41.0
Share of the profit of associates and joint ventures	0.3	-0.1	0.6	1.1
Operating profit	-102.0	24.0	-90.9	50.4
Finance costs	13.0	10.7	45.0	32.6
Finance income	5.9	1.4	18.3	11.3
Profit before taxes	-109.2	14.7	-117.5	29.1
Income taxes	23.4	-5.6	24.0	-8.7
Profit from continuing operations	-85.8	9.1	-93.5	20.4
Profit from discontinued operations		0.2		23.7
Profit for the accounting period	-85.8	9.3	-93.5	44.1
Profit for the accounting period attributable to				
Equity holders of the parent company	-85.8	9.2	-93.7	43.9
Non-controlling interests	0.0	0.0	0.2	0.2
Basic earnings per share attributable to equity holders of the parent company				
From continuing operations	-4.45	0.26	-5.06	0.83
From discontinued operations		0.02		1.21

From profit for the accounting period	-4.45	0.28	-5.06	2.04
Diluted earnings per share attributable to equity holders of the parent company				
From continuing operations	-4.45	0.26	-5.06	0.83
From discontinued operations		0.01		1.20
From profit for the accounting period	-4.45	0.27	-5.06	2.03

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	10-12/ 2013	10-12/ 2012	1-12/ 2013	1-12/ 2012
Profit for the accounting period	-85.8	9.3	-93.5	44.1
Items that will not be reclassified to profit or loss				
Pension obligations	1.5	0.3	2.4	0.3
Items that may be reclassified subsequently to profit or loss				
Translation difference	-1.6	-0.8	-7.7	3.1
Cash flow hedge	0.1	0.1	0.4	0.5
Change in fair value of available-for-sale financial assets	0.0	0.0	0.0	0.0
Other comprehensive income, total	0.0	-0.3	-4.9	3.9
Comprehensive income for the accounting period	-85.8	9.0	-98.4	48.0
Comprehensive income for the accounting period attributable to				
Equity holders of the parent company	-86.0	8.9	-98.6	47.8
Non-controlling interests	0.2	0.0	0.2	0.2

3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	12/2013	12/2012
ASSETS		
Non-current assets		
Property, plant and equipment	201.1	200.5
Goodwill	80.1	77.0
Other intangible assets	29.2	26.7
Holdings in associates and joint ventures	8.8	9.7
Available-for-sale financial assets	3.8	6.0
Deferred tax assets	38.5	23.5
Other non-current receivables	0.9	0.5

Total	**362.5**	**343.8**
Current assets		
Inventories	504.4	494.4
Trade and other receivables	391.2	363.1
Income tax receivables	3.5	8.3
Available-for-sale financial assets	30.0	59.0
Cash and cash equivalents	51.1	34.9
Total	**980.2**	**959.7**
Total assets	**1,342.7**	**1,303.5**
EQUITY AND LIABILITIES		
Share capital	34.0	34.0
Share premium account	5.7	5.7
Hedging reserve	-0.1	-0.4
Fair value reserve		0.0
Invested non-restricted equity fund	63.8	63.6
Hybrid bond	69.1	69.1
Translation differences	-3.1	4.5
Retained earnings	247.8	220.9
Profit for the period	-93.7	43.9
Equity attributable to shareholders of the parent company	323.5	441.4
Non-controlling interests	0.6	0.4
Total equity	**324.0**	**441.8**
Non-current liabilities		
Deferred tax liabilities	13.2	25.2
Pension obligations	0.9	5.2
Interest-bearing liabilities	61.3	138.8
Provisions	19.9	13.2
Other liabilities	3.0	7.6
Total	**98.4**	**190.1**
Current liabilities		
Interest-bearing liabilities	346.3	232.4
Provisions	7.2	9.1
Trade and other payables	564.9	427.8
Income tax liabilities	1.9	2.4
Total	**920.3**	**671.7**
Total liabilities	**1,018.6**	**861.8**
Total equity and liabilities	**1,342.7**	**1,303.5**

4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1-12/ 2013	1-12/ 2012
Profit before taxes	-117.5	29.1
Depreciation and impairment	45.3	41.0
Other adjustments	16.1	16.0
Cash flows before change in working capital	-56.1	86.0
Change in working capital	83.2	-4.8
Financial items	-18.6	-20.8
Direct taxes paid	-0.2	-2.7
Cash flows from operating activities	8.3	57.8
Cash flows provided by investing activities	141.0	91.9
Cash flows used in investing activities	-147.7	-135.3
Change in non-current receivables	-0.2	4.4
Drawings of loans	792.0	482.1
Repayments of borrowings	-762.7	-555.8
Hybrid bond		69.1
Dividends paid	-11.7	-10.0
Cash flow from financing activities	17.3	-10.2
Change in cash and cash equivalents	18.8	4.2
Cash and cash equivalents at beginning of period	34.9	30.4
Translation difference of cash and cash equivalents	-2.7	0.3
Cash and cash equivalents at end of period	51.1	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								43.9	0.2	44.1
Items that will not be reclassified to profit or loss										
Pension obligations								0.3		0.3
Items that may be reclassified subsequently to profit or loss										
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
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								-93.7	0.2	-93.5
Items that will not be reclassified to profit or loss										
Pension obligations								2.4		2.4
Items that may be reclassified subsequently to profit or loss										
Translation difference							-7.7			-7.7
Cash flow hedge			0.4							0.4
Change in fair value of available-for-sale financial assets				0.0						0.0

Comprehensive income, total			0.4	0.0			-7.7	-91.3	0.2	-98.4
Direct entries, acquisition of non-controlling interest								-0.3		-0.3
Change in non-controlling interest									0.0	0.0
Option to redeem shares from non-controlling interest								-0.5		-0.5
Share-based incentive schemes					0.2			-0.8		-0.7
Contingent shares returned to the company								-0.8		-0.8
Hybrid bond interest								-5.3		-5.3
Dividends paid								-11.8		-11.8
Transactions with owners, total					0.2			-19.5	0.0	-19.3
Equity 31.12.2013	34.0	5.7	-0.1		63.8	69.1	-3.1	154.1	0.6	324.0

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 increased 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 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 periods' 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	0.2	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 segment and EUR 0.1 million is subject to other operations.

7) UNUSUAL EVENTS DURING THE ACCOUNTING PERIOD

In its decisions on 28 November 2013, the District Court of Helsinki ordered Lemminkäinen and other asphalt industry companies to pay damages related to the asphalt cartel to 35 plaintiffs. Lemminkäinen's share of the damages is EUR 49.3 million, which consists of damages ordered to only Lemminkäinen, Lemminkäinen's share of the damages ordered to be paid jointly and severally as well as expenses related to the damages. As, according to Lemminkäinen's estimate, some of the other defendants that have been ordered to pay damages jointly and severally will not be able pay the shares ordered to them by the District Court, Lemminkäinen will pay shares of damages and related expenses ordered to these defendants in the amount of approximately EUR 10.4 million.

In addition to the claims which the District Court has already decided on, there are damages-related legal proceedings pending against Lemminkäinen and other asphalt industry companies at the District Court of Helsinki, with 14 municipalities as plaintiffs. Lemminkäinen has made a EUR 5.9 million provision for these legal proceedings. The provision amount is estimated on the basis of decisions given by the District Court of Helsinki on 28 November 2013.

With regard to the items mentioned above, the company recorded a EUR 65.6 million entry under other operating expenses. Trade and other payables include EUR 59.7 million of payables associated with the damages-related legal proceedings. The EUR 5.9 million provision related to the 14 claims for damages pending a main proceeding is included in non-current provisions.

8) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR mill.	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013	10-12/ 2012
Net sales	639.5	751.0	521.2	306.4	668.6
Other operating income and expenses	-730.8	-674.7	-520.4	-338.3	-633.3
Depreciation	11.0	15.7	12.8	5.8	11.2
Share of the profit of associates and joint ventures	0.3	1.2	-0.5	-0.5	-0.1
Operating profit	-102.0	61.8	-12.4	-38.2	24.0
Finance costs	13.0	11.8	13.5	6.7	10.7
Finance income	5.9	3.9	6.7	1.8	1.4
Profit before income taxes	-109.2	54.0	-19.3	-43.2	14.7
Income taxes	23.4	-12.8	2.6	10.9	-5.6
Profit from continuing operations	-85.8	41.2	-16.7	-32.3	9.1
Profit from discontinued operations					0.2
Profit for the accounting period	-85.8	41.2	-16.7	-32.3	9.3
Distribution of the profit for the accounting period					
To equity holders of the parent company	-85.8	40.9	-16.6	-32.2	9.2
To non-controlling interest	0.0	0.3	0.0	-0.1	0.0
Basic earnings per share attributable to equity holders of the parent company					
From continuing operations	-4.45	2.02	-0.91	-1.72	0.26
From discontinued operations					0.02
From profit for the accounting period	-4.45	2.02	-0.91	-1.72	0.28
Diluted earnings per share attributable to equity holders of the parent company					
From continuing operations	-4.45	2.02	-0.91	-1.72	0.26
From discontinued operations					0.01
From profit for the accounting period	-4.45	2.02	-0.91	-1.72	0.27

9) SEGMENT INFORMATION

Lemminkäinen's business operations are organised into four operating segments: 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.	1-12/ 2013	1-12/ 2012
International Operations	930.9	903.2
Building Construction	592.9	682.4
Infrastructure Construction	533.4	591.1
Technical Building Services	221.9	230.0
Other operations	35.9	37.8
Group eliminations	-96.9	-122.1
Segments total	2,218.2	2,322.4
Discontinued operations		-54.8
Group total, IFRS	2,218.2	2,267.6

DEPRECIATION AND IMPAIRMENT EUR mill.	1-12/ 2013	1-12/ 2012
International Operations	18.9	17.9
Building Construction	0.3	0.5
Infrastructure Construction	19.7	19.3
Technical Building Services	0.7	0.8
Other operations	5.7	3.9
Segments total	45.3	42.3
Discontinued operations		-1.3
Group total, IFRS	45.3	41.0

OPERATING PROFIT EUR mill.	1-12/ 2013	1-12/ 2012
International Operations	-22.0	15.0
Building Construction	5.0	16.9
Infrastructure Construction	8.5	47.2
Technical Building Services	-1.6	3.3
Other operations	-80.8	-7.7
Segments total	-90.9	74.8
Discontinued operations		-24.4
Group total, IFRS	-90.9	50.4

NET SALES, QUARTERLY EUR mill.	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013	10-12/ 2012
International Operations	247.8	350.5	235.8	96.8	252.0
Building Construction	204.2	149.2	116.4	123.1	252.4
Infrastructure Construction	143.5	215.2	124.7	50.0	134.6
Technical Building Services	68.9	54.6	54.5	43.9	61.4
Other operations	7.9	14.8	3.1	10.1	10.0
Group eliminations	-32.9	-33.3	-13.3	-17.4	-41.8
Segments total	639.5	751.0	521.2	306.4	668.6
Group total, IFRS	639.5	751.0	521.2	306.4	668.6

DEPRECIATION AND IMPAIRMENT, QUARTERLY EUR mill.	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013	10-12/ 2012
International Operations	4.6	6.8	5.4	2.1	4.8
Building Construction	0.0	0.1	0.1	0.1	0.1
Infrastructure Construction	4.7	7.3	5.2	2.5	4.5
Technical Building Services	0.1	0.2	0.2	0.2	0.2
Other operations	1.5	1.4	1.9	0.9	1.6
Segments total	11.0	15.7	12.8	5.8	11.2
Group total, IFRS	11.0	15.7	12.8	5.8	11.2

OPERATING PROFIT, QUARTERLY EUR mill.	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013	10-12/ 2012
International Operations	-22.9	31.8	-4.7	-26.2	2.5
Building Construction	-4.6	7.5	-2.0	4.1	15.2
Infrastructure Construction	-5.9	22.1	3.4	-11.1	4.6
Technical Building Services	1.0	-0.7	-0.5	-1.4	1.4
Other operations	-69.7	1.1	-8.5	-3.7	0.4
Segments total	-102.0	61.8	-12.4	-38.2	24.2
Discontinued operations					-0.2
Group total, IFRS	-102.0	61.8	-12.4	-38.2	24.0

ASSETS EUR mill.	12/2013	12/2012
International Operations	494.3	335.9
Building Construction	454.6	275.8
Infrastructure Construction	191.7	120.5
Technical Building Services	61.8	30.4
Other operations	47.8	39.9
Segments total	1,250.3	802.5
Assets unallocated to segments and Group eliminations, total	92.4	501.0
Group total, IFRS	1,342.7	1,303.5

10) ECONOMIC TRENDS AND FINANCIAL INDICATORS

	12/2013	12/2012
Return on equity, rolling 12 months, % [1]	-24.4	11.1
Return on investment, rolling 12 months, % [1]	-9.4	10.8
Operating profit, % of net sales	-4.1	2.2
Equity ratio, %	27.3	37.2
Gearing, %	100.8	62.8
Interest-bearing net liabilities, EUR mill.	326.5	277.3
Gross investments, EUR mill. (incl. leasing purchases)	71.2	64.5
Order book, EUR mill.	1,821.3	1,443.9
- of which orders outside Finland, EUR mill.	729.9	574.6
Personnel on average	7,823	8,180
Personnel at the end of period	7,049	7,370
Net sales, EUR mill.	2,218.2	2,267.6

[1] Includes the effect of discontinued operations

11) SHARE-SPECIFIC INDICATORS

	12/2013	12/2012
Basic earnings per share, EUR	-5.06	2.04
Diluted earnings per share, EUR	-5.06	2.03
Equity per share, EUR	16.5	22.6
Dividend per share, EUR	0.00[1]	0.60
Dividend per earnings, %	0.0	26.9
Market capitalisation at the end of period, EUR mill.	298.2	280.6
Share price at the end of period, EUR	15.20	14.28
Share trading (OMX Helsinki), 1,000 shares	1,758	992
Number of issued shares, total	19,650,176	19,650,176
Number of treasury shares	34,915	509
Weighted avarage number of shares outstanding	19,579,392	19,565,441
Diluted weighted average number of shares outstanding	19,579,392	19,660,976

[1] Board of directors' proposal to the AGM

12) ACQUIRED BUSINESSES

The company acquired the city of Tampere’s asphalt paving business on 2 January 2013. The goodwill recognized from the acquisition comprises of a strengthening the market position in the Pirkanmaa area.

The company acquired the entire share capital of Biomaa Oy on 2 January 2013. Biomaa Oy specialises in mass stabilisation and the treatment of contaminated soil. The goodwill recognized from the acquisition comprises of special expertise in contaminated soil treatment. The acquisition involves a contingent consideration. Biomaa Oy was merged to Lemminkäinen Infra Oy on 1 May 2013.

The company acquired on 2 January 2013, with a single deed, the entire share capitals of three companies: Maanrakennus Katupojat Oy, Bergqvist Oy and Kuljetus Oy Wilkman. The acquirees engage in earthwork contracting, regional development, energy network construction and transport as well as the winter and summer maintenance of roads in Southern Finland. A negative goodwill of EUR 0.1 million was recognized from the acquisition. The acquired companies were merged to Lemminkäinen Infra Oy on 1 May 2013.

The company acquired 80 per cent of the share capital of a Danish company FD-Entreprise ApS on 2 May 2013. FD-Entreprise specialises in the milling of asphalt and concrete road surfaces and operates primarily in eastern Denmark. The goodwill recognized from the acquisition comprises of expanding the company's market area. The acquisition will double Lemminkäinen's market share in road milling in Denmark and expand the company's market area to cover the entire country. The option to redeem shares from non-controlling shareholders is booked as a liability in the company’s balance sheet.

The company acquired 75 per cent of the share capital of Swedish Landvetterkrossen AB (former Vest Kross AB) on 12 July 2013. Landvetterkrossen AB is a supplier of mineral aggregates. The acquisition involves an option to redeem shares from non-controlling shareholders which has not been recognised as a liability in the balance sheet.

The company acquired the entire share capital of LEC Consultancy JLT from United Arab Emirates on 24 July 2013. The goodwill recognized from the acquisition comprises of personnel special expertise.

The recognised fair values of the acquired business operations after merging in 2013 are presented in the table below.

	Fair values
	after consolidation
EUR mill.	2013
Property, plant and equipment and intangible assets	11.9
Available-for-sale financial assets	0.6
Inventories	0.9
Current receivables	5.4
Cash and cash equivalents	2.3
Total assets	21.0
Deferred tax liabilities	0.2
Interest-bearing liabilities	5.9
Other liabilities	5.3
Total liabilities	11.3
Net assets	9.7
Non-controlling interest	0.0
Consideration paid in cash	10.1
Consideration recognised as liability	4.9
Total consideration	15.0
Goodwill	5.3
recognized in balance sheet	5.4
recognized as income	-0.1
Consideration paid in cash	-8.4

Lemminkäinen

Cash of acquierd subsidiaries	2.2
Impact on cash flow	-6.1
Expensed acquisition costs	0.3

13) DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

In 2013, the company hasn't had any discontinued operations, or non-current assets classified as held for sale. In the comparison period figures, the company’s concrete business (Lemminkäinen Rakennustuotteet Oy), sports construction business as well as the technical building and property services business in the Uusikaupunki area are classified as discontinued operations. In addition, the company’s concrete business (Lemminkäinen Rakennustuotteet Oy) was classified as a non-current asset held for sale.

14) PROPERTY, PLANT AND EQUIPMENT

EUR mill.	12/2013	12/2012
Aquisition cost in the beginning of accounting period	437.2	464.0
Translation difference	-12.9	4.6
Increases	46.2	48.0
Acquired businesses	9.2	1.1
Disposals	-27.4	-37.5
Discontinued operations		-43.0
Transfers between items	0.0	0.0
Accumulated depreciation	-251.3	-236.7
Carrying amount at the end of accounting period	201.1	200.5

15) RELATED-PARTY TRANSACTIONS

EUR mill.	12/2013	12/2012
Sales to associates and joint ventures	2.9	3.9
Sales to a company under the influence of a key management person’s family member	0.1	0.2
Total	3.1	4.1
Purchases from associates and joint ventures	11.3	14.4
Trade receivables from associates and joint ventures	0.0	2.2
Trade receivables from a company under the influence of a key management person’s family member	0.1	0.2
Total	0.2	2.4
Accounts payable to associates and joint ventures	0.2	0.2

16) 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
31.12.2013							
Non-current financial assets							
Available-for-sale financial assets			3.8			3.8	3.8
Other non-current receivables		0.9				0.9	0.9
Current financial assets							
Trade and other receivables		389.3				389.3	389.3
Derivative assets	1.9					1.9	1.9
Available-for-sale financial assets			30.0			30.0	30.0
Cash and cash equivalents		51.1				51.1	51.1
Financial assets total	1.9	441.3	33.8			476.9	476.9
Non-current financial liabilities							
Interest-bearing liabilities				61.3		61.3	61.3
Other non-current liabilities				3.0		3.0	3.0
Current financial liabilities							
Interest-bearing liabilities				346.3		346.3	347.1
Trade payables and other financial liabilities 1)				386.6		386.6	386.6
Derivative liabilities	2.0				0.1	2.1	2.1
Financial liabilities total	2.0			797.3	0.1	799.3	800.1

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	138.5
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	676.8

[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
31.12.2013			
Available-for-sale financial assets			
Equity instruments		3.8	3.8
Money market investments	30.0		30.0
Derivative instruments			
Derivative assets	1.9	0.0	1.9
Derivative liabilities	0.9	1.2	2.1

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 recongised at fair value through profit and loss

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

EUR mill.	A	B
Opening balance 1.1.2013	-0.6	6.0
Additions		0.0
Disposals		-2.2
Gains and losses recognised through profit or loss, total	-0.6	
Fair values 31.12.2013	-1.2	3.8

17) GUARANTEES AND COMMITMENTS

The company corrects comparison period figure for minimum lease payments. As a consequence, the amount of the minimum leases of irrevocable lease contracts of the year 2012 decreased by EUR 13.2 million.

EUR mill.	12/2013	12/2012
Pledged deposits		
For own commitments	0.0	0.0
Guarantees		
On behalf of associates and joint ventures	17.4	17.9
On behalf of consortiums and real estate companies	1.8	13.3
Total	19.2	31.2
Minimum lease payments of irrevocable lease contracts		
One year or less	12.3	11.9
Over one year but no more than five years	26.1	27.2
Over five years	6.0	10.0
Total	44.5	49.1
Purchase commitments of investments	7.7	5.3

Derivative contracts		
Forward foreign exchange contracts		
Nominal value	106.0	93.6
Fair value	0.9	-0.3
Interest rate swap contracts		
Nominal value	47.2	61.5
Fair value	0.0	-1.1
Commodity derivatives		
Volume, MT	58,933	40,000
Nominal value	24.4	17.2
Fair value	-1.2	-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.

18) CONTINGENT LIABILITIES

In its decisions on 28 November 2013, the District Court of Helsinki ordered Lemminkäinen and other asphalt industry companies to pay damages related to the asphalt cartel to 35 plaintiffs. Lemminkäinen's share of the damages is EUR 49.3 million, which consists of damages ordered to only Lemminkäinen, Lemminkäinen's share of the damages ordered to be paid jointly and severally as well as expenses related to the damages. As, according to Lemminkäinen's estimate, some of the other defendants that have been ordered to pay damages jointly and severally will not be able pay the shares ordered to them by the District Court, Lemminkäinen will pay shares of damages and related expenses ordered to these defendants in the amount of approximately EUR 10.4 million. With regard to the court decisions, the company recorded EUR 59.7 million in expenses under its result in the 2013 financial statements. Most of the parties have applied for an extension to the appeal period, after which the appeal must be submitted by 31 March 2014.

In addition, the company has several other individual legal proceedings related to business operations, the outcome of which is uncertain. The company estimates that these legal proceedings will not have a material impact on the company's financial position.