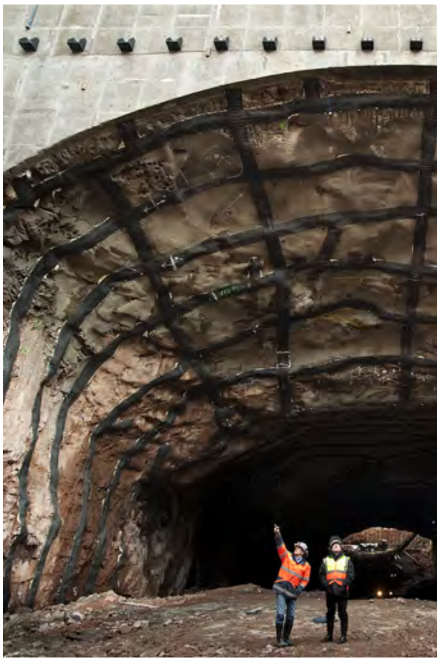

INTERIM REPORT

1 Jan – 31 March 2014

Turnaround is under way

Lemminkäinen

Lemminkäinen Interim Report 1 Jan–31 March 2014: Turnaround is under way

January–March 2014 (1–3/2013)

- Net sales totalled EUR 321.5 million (306.4).
- At the end of the review period, the order book stood at EUR 1,996.5 million (1,626.2).
- Operating profit was EUR -17.0 million (-38.2), or -5.3% (-12.5) of net sales.
- Earnings per share were EUR -1.10 (-1.72).
- Cash flow from operations totalled EUR -102.2 million (-24.4).
- The equity ratio stood at 32.5% (35.4) and gearing at 98.9% (80.8).
- The company adopted a new segment structure from the beginning of the year. Lemminkäinen's five business segments are as follows: Finland, Building construction; Finland and the Baltic countries, Infrastructure construction; Finland, Technical building services; Russia and Scandinavia

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, net sales totalled EUR 2,218 million and operating profit excluding non-recurring items amounted to EUR -5 million.

Key figures

Key figures IFRS		1–3/2014	1–3/2013	Change	1–12/2013
Net sales	€ million	321.5	306.4	15.1	2,218.2
Operating profit, excluding non-recurring items	€ million	-17.0	-38.2	21.2	-5.2
% net sales	*%*	*-5.3*	*-12.5*		*-0.2*
Operating profit	€ million	-17.0	-38.2	21.2	-90.9[1)]
Pre-tax profit	€ million	-24.1	-43.2	19.1	-117.5
Profit for the period	€ million	-19.9	-32.3	12.4	-93.5
Earnings per share	€	-1.10	-1.72	0.62	-5.06[2)]
Cash flow from operations	€ million	-102.2	-24.4	-77.8	8.3

1) Includes non-recurring items: 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

2) Includes non-recurring items: The District Court's decision on damages related to the asphalt cartel, EUR -3.35 per share, and write-downs mainly related to commercial properties, EUR -1.03 per share

Key figures, IFRS		31 March 2014	31 March 2013	Change	31 December 2013
Order book	€ million	1,996.5	1,626.2	370.3	1,821.3
Balance sheet total	€ million	1,306.5	1,287.2	19.3	1,342.7
Interest-bearing net debt	€ million	364.2	329.9	34.3	326.5
Equity ratio	%	32.5	35.4		27.3
Gearing	%	98.9	80.8		100.8
Return on investment, rolling 12 months	%	-5.7	7.8		-9.4

President and CEO’s view

“During the first months of the year, Lemminkäinen’s profitability developed into the right direction.Nevertheless, I cannot be satisfied with our negative result,” says **Berndt Brunow**, Chairman of Lemminkäinen’s Board of Directors and Lemminkäinen’s interim President and CEO. “The impact of the efficiency measures carried out last year was visible in the paving business in the Nordic countries and in building construction in Finland. The profit development in infrastructure construction in Finland was supported by major on-going projects, such as the Rantaväylä tunnel in Tampere and the West Metro in Helsinki-Espoo. Commercial construction in the Helsinki metropolitan area was also successful. In Russia, Lemminkäinen’s residential development finally picked up speed as the permit process returned to normal. However, if the political and economic uncertainty in Russia continues, it might have a negative impact on Lemminkäinen´s business operations.”

“The result development has been weak in recent years and the risks in our operating environment have increased. We must deliver a clear turnaround in order to reach our long-term financial targets. In addition to improving profitability, we must strengthen our balance sheet and improve cash flow. In March, we issued a hybrid bond to strengthen our capital structure. At this time, It was a suitable solution.”

“In order to ensure the turnaround, we have launched the ambitious Deliver 2014 programme that aims at strengthening our operations, improving our competitiveness and naturally safeguarding our 2014 result. The programme consists of three modules: Norway, Russia and the cost structure in all countries. To achieve the programme targets we must renew our way of working and adjust it to the tight market situation. Personnel reduction can hardly be avoided in any of our operating countries. We estimate the personnel impact to be up to 500 full-time equivalent. Furthermore, we have launched the measures to develop the management of market and project risks,” Brunow concludes.

Market outlook

In Finland, the total volume of construction is not expected to increase in 2014. In the Government’s budget framework, some additional support was granted for rental housing production, whereas road maintenance funds were decreased significantly. In general, the decisions made are expected to affect the volume of construction starting from 2015. Demand for new housing will focus more intensely on small apartments in urban growth centres. Demand for commercial construction is not expected to increase outside the Helsinki metropolitan area. The growth outlook in Russia is expected to further weaken, and the declining exchange rate of the rouble will impair the euro-denominated net sales and result of companies operating in Russia. If uncertainty continues, the situation may also affect demand for apartments. In Sweden, Norway and Denmark, long-term investment plans targeted at infrastructure construction will strengthen the market situation in the near future. The growing market attracts Central European construction companies to these countries, 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 Wednesday, 30 April at Lemminkäinen's head office. The street address is Salmisaarenaukio 2, Helsinki, Finland. Lemminkäinen's Chairman of the Board and interim President and CEO Berndt Brunow will present the Interim Report. Presentation materials can be found in Finnish and English at the company's website, www.lemminkainen.com.

Financial Reports for 2014

The Interim Reports for 2014 will be published as follows:

30 April 2014	Interim Report, 1 Jan–31 March 2014
30 July 2014	Interim Report, 1 Jan–30 Jun 2014
29 October 2014	Interim Report, 1 Jan–30 Sept 2014

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Operating environment

Finland

During the first quarter, apartments in urban growth centres were sold at a steady pace. However, the stricter loan terms applied by banks, the slower sales of old apartments and general economic uncertainty have lengthened the sales times and decreased demand for apartments outside urban growth centres. The decline in consumer sales has been compensated by investor sales. In commercial construction, the market situation remained weak outside the Helsinki metropolitan area.

The increase in infrastructure construction is restricted by the tight public economy and weak economic growth. Input costs increased moderately; the price of bitumen fell slightly from last year and there was only a minor increase in salaries. Underground construction in urban growth centres remained active. In the Helsinki metropolitan area, demand for infrastructure construction was maintained by foundation work in building construction and the West Metro, for example.

Demand for contracting in technical building services was still rather minimal, which kept the competition intense. This was reflected in the price level and margins. In service business, demand was slightly better.

Scandinavia

The market situation for infrastructure construction is healthy in the Scandinavian countries. Road construction and basic improvement projects maintain demand for paving. In addition, the governments of these countries invest in the improvement of the infrastructure network and road maintenance. Thanks to the mild winter, the paving season started clearly earlier than last year. Furthermore, there were plenty of ongoing infrastructure projects aimed at improving the efficiency of energy production and renewing production facilities.

Russia and the Baltic countries

The crisis in Ukraine further weakened the growth outlook in Russia. The slowing down of the country’s economic growth that begun last year and the weakening of the external value of the rouble also continued during the first months of the year. Thus far, the situation has not affected consumers’ intentions to purchase apartments, but it impaired the euro-denominated net sales and result of companies operating in Russia. In infrastructure construction, demand remained good and the projects were more profitable than before. In the Baltic countries, the market situation for infrastructure construction picked up along with infrastructure projects funded by the EU.

Group performance

Net sales

Net sales by segment		1–3/2014	1–3/2013	Change	1–12/2013
Finland, Building construction	€ million	115.9	123.1	-7.2	592.9
Finland and the Baltic countries, Infrastructure construction	€ million	68.6	56.3	12.3	687.3
Finland, Technical building services	€ million	49.7	43.9	5.8	221.9
Russia	€ million	16.0	19.2	-3.2	164.5
Scandinavia	€ million	81.5	71.4	10.1	611.9
Other operations and eliminations	€ million	-10.2	-7.5	-2.7	-60.4
Group, total	€ million	321.5	306.4	15.1	2,218.2

The Group's net sales in the first quarter grew by 5% and totalled EUR 321.5 million (306.4). In Finland and the Baltic countries, the volume of infrastructure construction was increased by large projects that began last year. In Scandinavia, the mild winter made it possible to start the paving season earlier than in the previous years. In residential construction in Finland, net sales decreased both in residential development and in contracting. This decrease was compensated by brisk commercial construction in the Helsinki metropolitan area. In Russia, Lemminkäinen's residential development increased but contracting in building construction was clearly lower than in the corresponding period last year.

Net sales by country in the first quarter were 67% (69) from Finland, 25% (22) from Scandinavia, 5% (6) from Russia and 3% (2) from the Baltic countries. Net sales by business type were 47% (52) from building construction, 38% (34) from infrastructure construction and 15% (15) from technical building services.

Operating profit

Operating profit by segment		1–3/2014	1–3/2013	Change	1–12/2013
Finland, Building construction	€ million	6.1	4.1	2.0	5.0
Finland and the Baltic countries, Infrastructure construction	€ million	-6.3	-12.8	6.5	16.3
Finland, Technical building services	€ million	0.4	-1.4	1.8	-1.6
Russia	€ million	-1.4	-3.6	2.2	-0.3
Scandinavia	€ million	-11.7	-20.8	9.1	-29.4
Business segments, total	€ million	-12.9	-34.5	21.6	-10.0
Other operations	€ million	-4.0	-3.7	-0.3	-80.8
Group, total	€ million	-17.0	-38.2	21.2	-90.9

The loss for the first quarter was smaller than in the corresponding period last year: the operating profit was EUR -17.0 million (-38.2). On the other hand, the corresponding period was operationally the weakest in Lemminkäinen's history, which resulted mainly from a too heavy cost structure and integration challenges related to acquired businesses especially in Norway. In order to improve profitability, Lemminkäinen has cut costs related to seasonal fluctuations in infrastructure business, reduced personnel by approximately 450 man-years in the Group in total, closed down unprofitable sites and improved procurement efficiency.

The result for the first months of the year was improved by good commercial construction in the Helsinki metropolitan area. In addition, the company has reduced contracting in building construction in Finland and Russia where the margin level has been low or to some extent even loss-making. The major infrastructure projects in Finland and the Baltic countries, started in the H2/2013, also improved profitability in the first quarter.

Order book

Order book by segment		31 March 2014	31 March 2013	Change	31 December 2013
Finland, Building construction	€ million	556.6	608.6	-52.0	544.3
Finland and the Baltic countries, Infrastructure construction	€ million	516.8	386.3	130.5	510.0
Finland, Technical building services	€ million	95.3	95.9	-0.6	88.1
Russia	€ million	324.5	156.0	168.5	322.2
Scandinavia	€ million	503.4	379.4	124.0	356.7
Group, total	€ million	1,996.5	1,626.2	370.3	1,821.3
- of which unsold	€ million	323.5	201.7	121.8	346.5

The order book grew 23% compared to the corresponding period last year and stood at EUR 1,996.5 million (1,626.2). Of the order book, 44% originated from infrastructure construction, 52 % from building construction and 4% in technical building services. Order inflow during the first quarter was EUR 446.6 million.

In the infrastructure construction project business, growth was focused on Finland: During the second half of 2013, the construction of the Tapiola and Matinkylä metro stations as well as the Rantaväylä tunnel in Tampere were launched. In Norway and Sweden, the paving order book was higher than last year.

In Russia, growth stemmed from residential development in St Petersburg and from contracting for the 46-house residential area near Moscow. In Sweden, the order book was increased by commercial property contracting. In Finland, the building construction order book was decreased by contracting and commercial construction.

Balance sheet, cash flow and financing

On 31 March 2014, the balance sheet total was EUR 1,306.5 million (1,287.3), of which shareholders' equity accounted for EUR 368.1 million (408.4). In order to strengthen its capital structure, Lemminkäinen issued a EUR 70 million hybrid bond at the beginning of the year. The bond carries an interest rate of 8.75% per annum, and the company is entitled to redeem the bond in 2018. In addition, Lemminkäinen has another, EUR 70 million hybrid bond that was issued in 2012 with an interest rate of 10.00% per annum. The company is entitled to redeem this bond in 2016. At the end of the review period, Lemminkäinen's net working capital was EUR 397.7 (412.3).

The equity ratio stood at 32.5% (35.4) and gearing at 98.9% (80.8). Lemminkäinen's return on investment (rolling 12 months) was -5.7% (7.8). The weak performance that has continued for a long time has impaired all of the company's key figures. On the other hand, the hybrid bond mentioned above strengthened the capital structure during the first quarter.

Interest-bearing debt amounted to EUR 415.8 million (434.6) at the end of the review period. Short-term interest-bearing liabilities in the balance sheet stood at EUR 368.8 million (306.2) and long-term liabilities at EUR 46.9 million (128.4). Short-term interest-bearing liabilities include borrowings of housing companies under construction, totaling EUR 75.0 million, which will be transferred to the buyers of the co-op shares when the units are handed over. Hence the short-term liabilities of the company subject to refinancing/maturing were EUR 293.8 million. The maturity of Lemminkäinen's interest-bearing debt is not in line with the company's objective. Of all interest-bearing debt, 29% (36) was at a fixed interest rate. At the end of the review period, the Group's liquid funds stood at EUR 51.6 million (104.6) and interest-bearing net debt totalled EUR 364.2 million (329.9).

Of the company's interest-bearing debt, 5% (12) comprises loans from financial institutions, 43% (36) commercial papers, 21% (17) project loans related to residential and commercial development, 3% (8) pension loans, 13% (13) finance lease liabilities, and 15% (14) bonds. At the end of the review period, the company had binding, unused credit limits amounting to EUR 185.0 million (255.0) and overdraft limits amounting to EUR 51.4 million (36.9).

Some of Lemminkäinen´s financial agreements include specific financial covenants, such as the ratio of net debt to EBITDA and the equity ratio, which are monitored quarterly. Covenants are included in the company's unused committed credit facility, some of the guarantees of pension loans and to some unused overdraft limits. The terms of the net debt/EBITDA covenant were not met in the review period. The ongoing negotiations with the lenders on it are expected to be finalised shortly.

Net finance costs increased clearly and amounted to EUR 7.1 million (4.9), representing 2.2% (1.6) of net sales. The financing limits renewed in 2013, increasing currency hedging costs, particularly with regard to the rouble, and valuation of interest rate derivatives, among other factors, contributed to the increase in finance costs. The interest expenses of the hybrid bond are not recorded under the finance costs in the income statement; instead, their impact can be seen in the earnings per share as well as in equity in the balance sheet.

Cash flow from operations totalled EUR -102.2 million (-24.4). The cash flow was impaired by the damages paid during the review period (approximately EUR 60 million) and capital tied up ongoing residential development and construction especially in Russia.

Deliver 2014 programme

Lemminkäinen has launched a programme called Deliver 2014, which aims to secure the 2014 result, strengthen capital markets', shareholders' and customers' trust in Lemminkäinen and establish a foundation for the company's future. The Deliver 2014 programme is managed in a centralised manner and consists of three modules: Norway, Russia and the streamlining of the cost structure in all countries. The programme is the number-one priority within the company, and the company also utilises external expertise in its implementation.

Measures carried out as part of the Deliver programme are aimed at operational efficiency, such as improved management of market and project risks as well as increased competitiveness. The programme also challenges the company's current operating models, methods and structures.

Through a lighter operating model, Lemminkäinen aims to save approximately EUR 30 million in fixed costs annually. For 2014, the savings target is EUR 10 million. According to its initial estimates, the personnel impact of the planned measures will be up to 500 full-time equivalents.

Business segments

From the beginning of 2014, Lemminkäinen's business is organised into five business segments: Finland, Building construction; Finland and the Baltic countries, Infrastructure construction; Finland, Technical building services; Russia and Scandinavia. Before that, business operations were organised into four business segments: International operations, Building construction, Infrastructure construction and Technical building services.

Finland, Building construction

Key figures		1–3/2014	1–3/2013	Change	1–12/2013
Net sales	€ million	115.9	123.1	-7.2	592.9
Operating profit	€ million	6.1	4.1	2.0	5.0[1)]
% net sales	*%*	*5.3*	*3.3*		*0.8*
Order book at end of period	€ million	556.6	608.6	-52.0	544.3

1) includes write-downs worth EUR 14.1 million

In building construction in Finland, net sales fell slightly from the corresponding period but operating profit increased by nearly 50%. The result was improved by commercial projects in the Helsinki metropolitan area as well as by efficiency measures that lightened the cost structure, including personnel reductions, procurement efficiency improvements and the closing down and/or combining of sites. The impact of efficiency measures could be seen particularly in contracting in which profitability has been weak in recent years. Lemminkäinen's commercial and residential complex in the Töölö Bay area will be completed during the first half of the year, after which the volume of commercial construction is expected to decrease.

During the first quarter, Lemminkäinen sold 210 (371) residential units. The share investor sales was 17%. In the corresponding period last year, housing sales was boosted by changes in taxation that entered into force at the beginning of 2013. The number of completed housing units on sale was nearly one quarter lower than last year. In the future, Lemminkäinen's residential construction will increasingly focus on the Helsinki metropolitan area and the largest urban growth centres.

At the end of the review period, the order book stood at EUR 556.6 million (608.6). The change is due to the company's decision to reduce the volume of contracting. The decline in commercial construction could also be seen in the order book. Order inflow during the first quarter was EUR 95.3 million.

Lemminkäinen's residential development and construction, Finland		1–3/2014	1–3/2013	Change	1–12/2013
Started	units	258	286	-28	1,058
Completed	units	103	126	-23	875
Sold	units	210	371	-161	1,050
- *of which sales to investors*	*%*	*17*	*22*		*25*
Under construction[1)]	units	1,241	1,017	224	1,040
- of which unsold	units	621	435	186	557
Unsold completed[1)]	units	148	194	-46	164
Started (contracting)	*units*	*76*	*53*	*23*	*292*
Unused residential building rights[1)]	sq.m	270,695	319,000		288,434
Land bank[1)]	€ million	109.3	99.7	9.6	109.1

1) at the end of period

Finland and the Baltic countries, Infrastructure construction

Key figures		1–3/2014	1–3/2013	Change	1–12/2013
Net sales	€ million	68.6	56.3	12.3	687.3
Operating profit	€ million	-6.3	-12.8	6.5	16.3[1)]
% net sales	*%*	*-9.2*	*-22.7*		*2.4*
Order book at end of period	€ million	516.8	386.3	130.5	510.0

1) includes write-downs worth EUR 3.0 million

The segment's net sales grew by 22%, and the loss was smaller than last year. The profit development reflected the major infrastructure projects that were started in 2013, such as the Rantaväylä tunnel in Tampere, West Metro in the capital area and a harbour project in Lithuania. In addition, costs incurred by seasonal fluctuations have been reduced through personnel reductions and fleet optimisation, for instance. The increase of infrastructure construction input costs remained moderate compared to the corresponding period last year.

At the end of the review period, the infrastructure construction order book in Finland and the Baltic countries stood at EUR 516.8 million (386.3). The most significant growth took place in the project business in Finland. Order inflow in the review period amounted to EUR 77.5 million.

Finland, Technical building services

Key figures		1–3/2014	1–3/2013	Change	1–12/2013
Net sales	€ million	49.7	43.9	5.8	221.9
Operating profit	€ million	0.4	-1.4	1.8	-1.6[1)]
% net sales	*%*	*0.8*	*-3.2*		*-0.7*
Order book at end of period	€ million	95.3	95.9	-0.6	88.1

1) includes write-downs worth EUR 0.3 million

In Technical building services, both the net sales and the operating profit increased compared to the corresponding period last year. The positive result development was supported by profitability improvement measures that were launched last year and also continued during the review period. These included personnel reductions, the closing down and/or combining of sites and the clarification of organisational structures. Particular attention has also been paid to the improvement of sales efficiency and customer service.

The order book was on a par with last year, amounting to EUR 95.3 million (95.9). The order inflow during the first quarter was EUR 43.1 million.

Russia

Key figures		1–3/2014	1–3/2013	Change	1–12/2013
Net sales	€ million	16.0	19.2	-3.2	164.5
Operating profit	€ million	-1.4	-3.6	2.2	-0.3
% net sales	*%*	*-8.8*	*-18.8*		*-0.2*
Order book at end of period	€ million	324.5	156.0	168.5	322.2

In Russia, net sales decreased but the loss was smaller than last year. The impact of exchange rate changes on net sales was EUR -3.1 million compared to corresponding period last year. The net sales of Lemminkäinen's residential development increased while the volume of contracting in building construction and technical building services declined. Last year, the progress of residential construction projects was delayed by the slow building permit process in St Petersburg. In the review period, Lemminkäinen sold 99 residential units as well as some individual commercial properties and parking facilities. The average price of units sold was approximately EUR 2,700 per square metre.

Thus far, the uncertain economic situation in Russia and the threat of an increase in interest rates for loans has not been reflected in consumers' purchasing behaviour. Approximately a third of Lemminkäinen's customers finance their apartment purchase with a loan. Lemminkäinen has prepared for the weak economic situation becoming prolonged by enhancing its housing sales in the short-term and actively seeking alternatives to consumers sales.

Boosted by residential construction, the order book more than doubled from last year and was EUR 324.5 million (156.0) at the end of the review period. The largest single project in the order book, amounting to EUR 100 million, is the residential area to be constructed in Istra, near Moscow. The order inflow in the first quarter amounted to EUR 33.4 million.

The capital tied in inventory in building construction in Russia at the end of the review period was EUR 88 million (66).

Lemminkäinen's residential development and construction, Russia		1–3/2014	1–3/2013	Change	1–12/2013
Started	units	0	0	0	757
Completed	units	0	0	0	222
Sold	units	99	0	99	165
Under construction[1)]	units	963	425	538	963
- of which unsold	units	758	349	409	812
Completed and available for sale[1)]	units	89	17	72	134

1) at the end of period

Scandinavia

Key figures		1–3/2014	1–3/2013	Change	1–12/2013
Net sales	€ million	81.5	71.4	10.1	611.9
Operating profit	€ million	-11.7	-20.8	9.1	-29.4[1)]
% net sales	*%*	*-14.4*	*-29.1*		*-4.8*
Order book at end of period	€ million	503.4	379.4	124.0	356.7

1) includes write-downs worth EUR 2.7 million

In Scandinavia, net sales increased totalling EUR 81.5 million (71.4). The impact of exchange rate changes on net sales was EUR -5.5 million compared to corresponding period last year. The operating loss decreased from the corresponding period last year but was still EUR -11.7 million (-20.8). The smaller loss was due to the decrease in costs related to seasonal fluctuation and earlier start for the paving season in Southern Norway and Denmark compared to last year. The cost structure has been improved through personnel reductions and by closing down unprofitable sites and business operations, among other measures.

In Norway, Lemminkäinen's market share in the state's paving contracting increased from last year and the contract price level was better than before. In Denmark, the ongoing paving work focused on multi-year maintenance contracts signed with municipalities and on individual investment projects. In Sweden, the paving business proceeded well, but the number of projects in the infrastructure construction was lower than before.

The order book grew and was EUR 503.4 million (379.4). Building construction in Sweden and road maintenance contracts in Norway contributed to the growth of the order book. The order inflow during the first quarter amounted to EUR 197.3 million.

Investments

Gross investments during the review period amounted to EUR 9.2 million (24.9), representing 2.9% (8.1) of the company's net sales. They were mainly replacement investments in infrastructure construction. Corporate acquisitions increased investments in the corresponding period last year. As part of its efficiency programme, Lemminkäinen has imposed stricter criteria involving investments, and more effective monitoring processes have been introduced.

Personnel

At the end of the review period, the Group employed 6,761 people (7,242) , a decrease of 481 people from the corresponding period last year. Of these, 2,725 (3,047) were salaried employees and 4,036 (4,195) were hourly paid employees. Lemminkäinen carried out personnel reduction negotiations in all of its operating countries in 2013.

In Finland, the number of employees increased due to large infrastructure projects started in H2/2013. In Russia growth in residential construction increased the number of personnel.

Employees by business segment	31 March 2014	31 March 2013	Change
Finland, Building construction	1,152	1,377	-225
Finland and the Baltic countries, Infrastructure construction	1,855	1,876	-21
Finland, Technical building services	1,510	1,605	-95
Russia	804	744	60
Scandinavia	1,185	1,337	-152
Parent company	*255*	*303*	*-48*
Group, total	6,761	7,242	-481

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 258.9 million (328.6). The price of Lemminkäinen Corporation's share on the NASDAQ OMX Helsinki was EUR 15.20 (14.28) at the beginning of the period and EUR 13.20 (16.75) at the end. In addition to the NASDAQ OMX Helsinki, Lemminkäinen's share is also traded on alternative markets. A total of 257,482 shares (240,382) were traded during the review period, of which alternative markets accounted for 17% (15). (Source: Fidessa Fragmentation Index, http://fragmentation.fidessa.com).

Treasury shares

At the end of the review period, Lemminkäinen owned 34,915 of its own shares.

Shareholders

At the end of the review period, the company had 4,655 shareholders (5,120). Holders of nominee-registered shares and non-Finnish shareholders held 13% (13) 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/Owners.

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

Damages related to the asphalt cartel

On 28 November 2013, the District Court of Helsinki gave its decisions concerning damages related to the asphalt cartel. In line with the decisions, Lemminkäinen recorded EUR 66 million in expenses in its 2013 result. Of this, approximately EUR 60 million consisted 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. This amount was paid by the company in January 2014. In addition, Lemminkäinen made a EUR 6 million provision for pending claims.

Lemminkäinen has appealed the District Court's decision to the Helsinki Court of Appeal. In Lemminkäinen's opinion, there are some judicial aspects in the decisions of the District Court, where the conclusions of the District Court differ from previous legal practices. Such judicial aspects are related to the questions of prescriptions and value added tax, for example. Lemminkäinen will appeal against all 35 decisions, where the plaintiffs' claims were upheld.

The Finnish state and 12 municipalities have also submitted their appeals to the Helsinki Court of Appeal.

More information on the asphalt cartel, related damages and related communications can be found on the company's website http://www.lemminkainen.com/Lemminkainen/Investors/Lemminkainen-as-an-investment/Asphalt-cartel-issue/.

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. Ukrainian crisis will lead to growing insecurity, and in the worst case scenario it might freeze residential sales. To avoid the risk Lemminkäinen has enhanced the sales and actively sought alternatives to retail sales.

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.

In its business operations, Lemminkinen is exposed to financial risks, the major ones being interest rate, foreign exchange rate, liquidity, credit and funding risks.The management of financial risks is based on the treasury policy, which defines the operating principles and division of responsibility in financial risk management and funding activities. At the end of review period, the maturity of Lemminkäinen´s interest-bearing debt was very short. In addition, the company did not meet the net debt/EBITDA covenant, which is included in some of company´s financial arrangements. The ongoing negotiations with the lenders on it are expected to be finalized shortly.

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.

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 total volume of construction is not expected to increase this year. Domestic migration to urban growth centres and low interest rates will maintain demand for housing. On the other hand, increased difficulty in obtaining mortgages and longer sales times of old apartments threaten to weaken consumers' intentions to purchase an apartment. 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. As a whole, the decisions made by the Government in its budget framework in the spring have a negative impact on the volume of infrastructure construction. The biggest loser is basic road maintenance, with a EUR 100 million reduction in budgetary appropriation. There is a reasonable amount of specialised contracting projects available in earthworks, foundation engineering and rock engineering, and in addition the construction of underground city-centre premises continues. The start of the planning of Pisararata (City Rail Loop) also creates continuity in infrastructure construction in the Helsinki metropolitan area.

The demand for contracting in technical building services is impaired by the decreasing building construction. 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. These countries are also investing in the development of energy production. In addition, the private sector continues to invest in infrastructure construction. Large-scale road projects are being planned around urban growth centres over the coming years, which will increase demand for infrastructure construction especially in Sweden and Denmark.

In Russia, the outlook is very uncertain. There is a significant risk of the economic development being weaker than predicted. Domestic migration and the increased availability of consumer mortgages are still supporting demand for comfort-class apartments targeted at the growing middle class. Acceleration of inflation and the potential increase in mortgage interest rates may weaken consumer desire to purchase apartments. Efforts to develop infrastructure in Russia are increasing, and, for example, numerous projects to expand and repair road networks are currently underway.

In the Baltic countries, ongoing road construction and basic improvement projects will keep demand for infrastructure construction at a reasonable level this year. The launch of the Rail Baltica traffic project would boost the infrastructure construction market situation in all of the Baltic countries. The development of the crisis in Ukraine creates uncertainty and may, if prolonged, affect the countries' economic development and construction market.

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.

Events after the review period

Lemminkäinen to lighten its operating model and initiate negotiations to reduce personnel

On 28 April 2014, Lemminkäinen announced to lighten its operating model and initiate negotiations to reduce personnel. Through a lighter operating model, Lemminkäinen aims to save approximately EUR 30 million in fixed costs annually. For 2014, the savings target is EUR 10 million. According to its initial estimates, the personnel impact of the planned measures will be up to 500 full-time equivalents. About one-half of the estimated reduction need will be in Finland.

Changes in the management

Lemminkäinen Corporation's President and CEO as well as CFO changed. President and CEO Timo Kohtamäki left the company on 2 April 2014 and CFO Robert Öhman on 7 April 2014, both with immediate effect. Lic. Tech. Timo Kohtamäki was Lemminkäinen's President and CEO since 2009. He joined Lemminkäinen in 1996. M.Sc. (Econ.) Robert Öhman was appointed CFO and member of the Executive Team at Lemminkäinen in 2009.

The Chairman of Lemminkäinen's Board of Directors, Berndt Brunow, will act as interim President and CEO of the company. Casimir Lindholm has been appointed deputy to the CEO. He will also continue in his current role as Executive Vice President, Building Construction, Finland.

M.Sc. (Econ.) Ilkka Salonen has been appointed Lemminkäinen's interim CFO as of 8 April 2014. Salonen's areas of responsibility include finance, investor relations and ICT. Executive Team member Tiina Mellas has previously been responsible for ICT and HR. Mellas will continue to be responsible for Group HR. From now on, legal affairs, which previously reported to the CFO, will report to the President and CEO.

Salonen will also become a member of Lemminkäinen's Executive Team for the time being. He will report to Berndt Brunow, Chairman of the Board of Directors and Lemminkäinen's interim President and CEO.

Lemminkäinen divested Lemcon Networks' businesses in Norway and Sweden

On 4 April 2014, Lemminkäinen and Netel, a leading Scandinavian telecommunications contractor, signed a conditional business purchase agreement for Lemcon Networks' mobile telecom network project business in Norway and Sweden. The parties have agreed not to disclose the transaction price.

The divested operations have been part of Lemcon Networks, which is 100% owned by Lemminkäinen. Lemcon Networks provides management and network maintenance services and software solutions for mobile telecom network projects. The divested businesses engage a staff of approximately 80 professionals. Lemcon Networks' Finnish business continues its operations normally.

Resolutions of AGM and administration

On 9 April 2014, Lemminkäinen Corporation's Annual General Meeting adopted the Company's annual accounts and consolidated financial statements for 2013 and granted the members of the Board of Directors and the President and CEO discharge from liability. The General Meeting resolved, in accordance with the Board of Directors' proposal, that no dividend be paid for the financial year ended 31 December 2013.

The General Meeting resolved, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to resolve on the repurchase of the Company's own shares. In accordance with the authorisation, the Board of Directors may resolve to repurchase a maximum of 1,000,000 own shares. The authorisation is effective for a period of 18 months from the resolution of the General Meeting.

In addition 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 Board of Directors may resolve to issue either new shares or own shares possibly held by the Company.

The General Meeting confirmed the number of members of the Board of Directors as six. Berndt Brunow, Noora Forstén, Finn Johnsson, Juhani Mäkinen, Kristina Pentti-von Walzel, and Heikki Räty were elected as members of the Board. PricewaterhouseCoopers Oy, a firm of authorised public accountants, was re-elected to serve as the Company's auditor.

Lemminkäinen Corporation's Board of Directors held its organizing meeting on 9 April 2014.The Board re-elected Berndt Brunow as the Chairman and Juhani Mäkinen as the Vice Chairman of the Board. The Board of Directors elected from among its members Heikki Räty to serve as the Chairman of the Audit Committee, with Juhani Mäkinen and Kristina Pentti-von Walzel serving as members. Berndt Brunow was elected to serve as the Chairman of the Nomination Committee, with Noora Forstén and Kristina Pentti-von Walzel serving as members. Berndt Brunow was elected to serve as the Chairman of the HR Committee, with Noora Forstén and Kristina Pentti-von Walzel serving as members.

Helsinki, 30 April 2014

LEMMINKÄINEN CORPORATION
Board of Directors

TABULATED SECTIONS OF THE INTERIM REPORT

Accounting principles

The same IFRS recognition and measurement principles have been observed in the preparation of this interim report as in the 2013 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

From the beginning of 2014, Lemminkäinen's business operations are organised into five operating segments:

- Finland, Building construction
- Finland and the Baltic countries, Infrastructure construction
- Finland, Technical building services
- Russia
- Scandinavia

New standards and interpretations applied by the company in 2014

IFRS 10 Consolidated Financial Statements

IFRS 10 consolidated financial statements -standard changed the criteria for classifying an investee to be a subsidiary. An investee is considered a subsidiary, when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Adoption of the standard had no impact on the classification of investments as subsidiaries.

IFRS 11 Joint Arrangements

IFRS 11 Joint Arrangements –standard defines the accounting treatment of arrangements under the joint control of two or more parties. According to the standard, a joint arrangement is either a joint operation or a joint venture.

The participating parties of a joint operation have the rights to the assets, and obligations for the liabilities, relating to the arrangement. In this case the company consolidates its share of the joint operation’s assets, liabilities, revenues and expenses.

The participating parties of a joint venture have the right to the joint arrangement’s net assets. The company consolidates joint ventures using the equity method.

The standard has no essential impact on the consolidated financial statements.

Other standards and interpretations

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) and IFRS 12 Disclosures of Interests in Other Entities.

Standards and interpretations applied by the company after 2014

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 7 (amendment, not yet endorsed by the EU), IFRS 9 (amendment, not yet endorsed by the EU), IFRS 14 Regulatory Deferral Accounts (not yet endorsed by the EU) and IFRIC 21 Levies (not yet endorsed by the EU).

Contents

1) CONSOLIDATED INCOME STATEMENT

EUR mill.	1-3/ 2014	1-3/ 2013	1-12/ 2013
Net sales	321.5	306.4	2,218.2
Other operating income and expenses	-332.1	-338.3	-2,264.2
Depreciation and impairment	6.1	5.8	45.3
Share of the profit of associates and joint ventures	-0.2	-0.5	0.6
Operating profit	-17.0	-38.2	-90.9
Finance costs	14.2	6.7	45.0
Finance income	7.1	1.8	18.3
Profit before taxes	-24.1	-43.2	-117.5
Income taxes	4.2	10.9	24.0
Profit for the accounting period	-19.9	-32.3	-93.5
Profit for the accounting period attributable to			
Equity holders of the parent company	-19.8	-32.2	-93.7
Non-controlling interests	-0.2	-0.1	0.2
Basic and diluted earnings per share attributable to equity holders of the parent company			
From profit for the accounting period	-1.10	-1.72	-5.06

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1-3/ 2014	1-3/ 2013	1-12/ 2013
Profit for the accounting period	-19.9	-32.3	-93.5
Items that will not be reclassified to profit or loss			
Pension obligations	0.0	0.3	2.4
Items that may be reclassified subsequently to profit or loss			
Translation difference	-2.5	0.2	-7.7
Cash flow hedge	0.0	0.1	0.4
Change in fair value of available-for-sale financial assets		0.0	0.0
Other comprehensive income, total	-2.5	0.6	-4.9
Comprehensive income for the accounting period	-22.4	-31.6	-98.4
Comprehensive income for the accounting period attributable to			
Equity holders of the parent company	-22.3	-31.5	-98.6
Non-controlling interests	-0.2	-0.1	0.2

3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	3/2014	3/2013	12/2013
ASSETS			
Non-current assets			
Property, plant and equipment	202.1	213.3	201.1
Goodwill	80.1	80.0	80.1
Other intangible assets	29.8	27.9	29.2
Holdings in associates and joint ventures	8.8	9.0	8.8
Available-for-sale financial assets	3.7	5.9	3.8
Deferred tax assets	45.5	31.2	38.5
Other non-current receivables	2.2	1.7	0.9
Total	**372.3**	**368.9**	**362.5**

Current assets			
Inventories	550.4	486.7	504.4
Trade and other receivables	321.7	306.2	391.2
Income tax receivables	3.3	6.9	3.5
Available-for-sale financial assets	0.0	65.0	30.0
Cash and cash equivalents	51.4	39.6	51.1
Total	**926.8**	**904.5**	**980.2**
Assets associated with non-current assets held for sale	7.4	13.8	
TOTAL ASSETS	**1,306.5**	**1,287.2**	**1,342.7**

EQUITY AND LIABILITIES

Share capital	34.0	34.0	34.0
Share premium account	5.7	5.7	5.7
Hedging reserve	0.0	-0.3	-0.1
Fair value reserve		0.0	
Invested non-restricted equity fund	63.8	63.6	63.8
Hybrid bonds	138.4	69.1	69.1
Translation differences	-5.7	4.8	-3.1
Retained earnings	151.3	263.4	247.8
Profit for the period	-19.8	-32.2	-93.7
Equity attributable to shareholders of the parent company	367.7	408.1	323.5
Non-controlling interests	0.5	0.3	0.6
Total equity	**368.1**	**408.4**	**324.0**
Non-current liabilities			
Deferred tax liabilities	13.9	20.4	13.2
Pension obligations	0.9	5.1	0.9
Interest-bearing liabilities	46.9	128.4	61.3
Provisions	18.8	13.3	19.9
Other liabilities	3.5	4.7	3.0
Total	**84.0**	**171.9**	**98.4**
Current liabilities			
Interest-bearing liabilities	368.8	305.9	346.3
Provisions	9.3	8.8	7.2
Trade and other payables	473.3	385.3	564.9
Income tax liabilities	0.8	1.8	1.9
Total	**852.3**	**701.7**	**920.3**
Liabilities associated with non-current assets held for sale	2.0	5.3	
Total liabilities	**938.3**	**878.9**	**1,018.6**
TOTAL EQUITY AND LIABILITIES	**1,306.5**	**1,287.2**	**1,342.7**

4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1-3/ 2014	1-3/ 2013	1-12/ 2013
Profit before taxes	-24.1	-43.2	-117.5
Depreciation and impairment	6.1	5.8	45.3
Other adjustments	2.2	-0.6	21.4
Cash flows before change in working capital	-15.8	-37.9	-50.8
Change in working capital	-80.7	18.4	83.2
Financial items	-4.6	-3.3	-25.6
Direct taxes paid	-1.1	-1.5	1.5
Cash flows from operating activities	-102.2	-24.4	8.3
Cash flows provided by investing activities	32.4	53.0	141.0
Cash flows used in investing activities	-9.1	-77.4	-147.7
Change in non-current receivables	-1.5	-0.7	-0.2
Drawings of loans	144.5	130.7	792.0
Repayments of borrowings	-132.7	-75.2	-762.7
Hybrid bond	69.3		
Dividends paid			-11.7
Cash flow from financing activities	79.5	54.8	17.3
Change in cash and cash equivalents	0.6	6.0	18.8
Cash and cash equivalents at the beginning of period	51.1	34.9	34.9
Translation difference of cash and cash equivalents	-0.1	-1.3	-2.7
Cash and cash equivalents at the end of period	51.6	39.6	51.1

5) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital

B = Share premium account

C = Hedging reserve

D = Fair value reserve

E = Invested non-restricted equity fund

F = 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 1.1.2013	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
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							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
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

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 interests								-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

EUR mill.	A	B	C	D	E	F	G	H	I	J
Equity 1.1.2014	34.0	5.7	-0.1		63.8	69.1	-3.1	154.1	0.6	324.0
Profit for the accounting period								-19.8	-0.2	-19.9
Items that will not be reclassified to profit or loss										
Pension obligations								0.0		0.0
Items that may be reclassified subsequently to profit or loss										
Translation difference							-2.5			-2.5
Cash flow hedge			0.0							0.0
Comprehensive income, total			0.0				-2.5	-19.8	-0.2	-22.4
Change in non-controlling interest									0.1	0.1
Hybrid bond interests								-2.8		-2.8
Transactions with owners, total								-2.8	0.1	-2.7
Hybrid bonds						69.3				69.3
Equity 31.3.2014	34.0	5.7	0.0		63.8	138.4	-5.7	131.5	0.5	368.1

6) ADJUSTMENT TO COMPARISON YEAR FIGURES

The company adjusts figures preceding cash flows from operating activities presented in the consolidated cash flow statement. The adjustment does not have an effect on the company's previously presented consolidated income statements or statements of financial position. Also, it does not affect the cash flows from operating, investing or financing activities. In the table below are presented the adjusted figures for the accounting periods and for the cash flow statement items that the adjustment concerns.

EUR mill.	1-12/ 2013	1-9/ 2013	1-6/ 2013
Other adjustments	21.4	21.5	11.8
Cash flows before change in working capital	-50.8	47.5	-31.9
Financial items	-25.6	-25.1	-14.7
Direct taxes paid	1.5	-1.4	-1.4

7) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR mill.	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Net sales	321.5	639.5	751.0	521.2	306.4
Other operating income and expenses	-332.1	-730.8	-674.7	-520.4	-338.3
Depreciation and impairment	6.1	11.0	15.7	12.8	5.8
Share of the profit of associates and joint ventures	-0.2	0.3	1.2	-0.5	-0.5
Operating profit	-17.0	-102.0	61.8	-12.4	-38.2
Finance costs	14.2	13.0	11.8	13.5	6.7
Finance income	7.1	5.9	3.9	6.7	1.8
Profit before income taxes	-24.1	-109.2	54.0	-19.3	-43.2
Income taxes	4.2	23.4	-12.8	2.6	10.9
Profit for the accounting period	-19.9	-85.8	41.2	-16.7	-32.3
Profit for the accounting period attributable to					
Equity holders of the parent company	-19.8	-85.8	40.9	-16.6	-32.2
Non-controlling interests	-0.2	0.0	0.3	0.0	-0.1
Basic and diluted earnings per share attributable to equity holders of the parent company					
From profit for the accounting period	-1.10	-4.45	2.02	-0.91	-1.72

8) SEGMENT INFORMATION

Lemminkäinen's business operations are organised into five operating segments: Finland, Building construction; Finland and the Baltic countries, Infrastructure construction; Finland, Technical building services; Russia as well as Scandinavia

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/ 2014	1-3/ 2013	1-12/ 2013
Finland, building construction	115.9	123.1	592.9
Finland and the Baltic countries, infrastructure construction	68.6	56.3	687.3
Finland, technical building services	49.7	43.9	221.9
Russia	16.0	19.2	164.5
Scandinavia	81.5	71.4	611.9
Other operations	7.3	10.1	35.9
Group eliminations	-17.5	-17.6	-96.3
Group total, IFRS	321.5	306.4	2,218.2

DEPRECIATION AND IMPAIRMENT EUR mill.	1-3/ 2014	1-3/ 2013	1-12/ 2013
Finland, building construction	0.1	0,1	0.3
Finland and the Baltic countries, infrastructure construction	3.0	2.9	22.9
Finland, technical building services	0.1	0.2	0.7
Russia	0.3	0.3	1.7
Scandinavia	1.7	1.4	14.0
Other operations	0.9	0.9	5.7
Group total, IFRS	6.1	5.8	45.3

OPERATING PROFIT EUR mill.	1-3/ 2014	1-3/ 2013	1-12/ 2013
Finland, building construction	6.1	4.1	5.0
Finland and the Baltic countries, infrastructure construction	-6.3	-12.8	16.3
Finland, technical building services	0.4	-1.4	-1.6
Russia	-1.4	-3.6	-0.3
Scandinavia	-11.7	-20.8	-29.4
Other operations	-4.0	-3.7	-80.8
Group total, IFRS	-17.0	-38.2	-90.9

NET SALES, QUARTERLY EUR mill.	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Finland, building construction	115.9	204.2	149.2	116.4	123.1
Finland and the Baltic countries, infrastructure construction	68.6	192.2	282.6	156.2	56.3
Finland, technical building services	49.7	68.9	54.6	54.5	43.9
Russia	16.0	40.9	64.3	40.1	19.2
Scandinavia	81.5	157.0	219.3	164.2	71.4
Other operations	7.3	7.9	14.8	3.1	10.1
Group eliminations	-17.5	-31.8	-33.6	-13.3	-17.6
Group total, IFRS	321.5	639.5	751.0	521.2	306.4

DEPRECIATION AND IMPAIRMENT, QUARTERLY EUR mill.	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Finland, building construction	0.1	0.0	0.1	0.1	0.1
Finland and the Baltic countries, infrastructure construction	3.0	5.6	8.4	6.0	2.9
Finland, technical building services	0.1	0.1	0.2	0.2	0.2
Russia	0.3	0.5	0.5	0.4	0.3
Scandinavia	1.7	3.2	5.2	4.2	1.4
Other operations	0.9	1.5	1.4	1.9	0.9
Group total, IFRS	6.1	11.0	15.7	12.8	5.8

OPERATING PROFIT, QUARTERLY EUR mill.	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Finland, building construction	6.1	-4.6	7.5	-2.0	4.1
Finland and the Baltic countries, infrastructure construction	-6.3	-4.8	29.7	4.2	-12.8
Finland, technical building services	0.4	1.0	-0.7	-0.5	-1.4
Russia	-1.4	-2.7	5.5	0.5	-3.6
Scandinavia	-11.7	-21.2	18.8	-6.2	-20.8
Other operations	-4.0	-69.7	1.1	-8.5	-3.7
Group total, IFRS	-17.0	-102.0	61.8	-12.4	-38.2

ASSETS EUR mill.	3/2014	3/2013	12/2013
Finland, building construction	473.7	425.0	454.6
Finland and the Baltic countries, infrastructure construction	222.7	241.6	249.7
Finland, technical building services	56.1	56.4	61.8
Russia	177.5	111.3	152.2
Scandinavia	263.0	260.8	284.2
Other operations	45.2	45.7	47.8
Segments total	1,238.2	1,140.8	1,250.3
Assets unallocated to segments and Group eliminations, total	68.3	146.4	92.4
Group total, IFRS	1,306.5	1,287.2	1,342.7

9) ECONOMIC TRENDS AND FINANCIAL INDICATORS

	3/2014	3/2013	12/2013
Return on equity, rolling 12 months, %	-23.5	7.5	-24.4
Return on investment, rolling 12 months, %	-5.7	7.8	-9.4
Operating profit, % of net sales	-5.3	-12.5	-4.1
Equity ratio, %	32.5	35.4	27.3
Gearing, %	98.9	80.8	100.8
Interest-bearing net liabilities, EUR mill.	364.2	329.9	326.5
Gross investments, EUR mill.	9.2	24.9	71.2
Order book, EUR mill.	1,996.5	1,626.2	1,821.3
- of which orders outside Finland, EUR mill.	881.2	632.9	729.9
Personnel on average	6,540	7,107	7,823
Personnel at the end of period	6,761	7,242	7,049
Net sales, EUR mill.	321.5	306.4	2,218.2

10) SHARE-SPECIFIC INDICATORS

	3/2014	3/2013	12/2013
Basic earnings per share, EUR	-1.10	-1.72	-5.06
Diluted earnings per share, EUR	-1.10	-1.72	-5.06
Equity per share, EUR	18.8	20.9	16.5
Dividend per share, EUR	0.00	0.00	0,00
Dividend per earnings, %	0.0	0.0	0.0
Market capitalisation at the end of period, EUR mill.	258.9	328.6	298.2
Share price at the end of period, EUR	13.20	16.75	15.20
Share trading (NASDAQ OMX Helsinki), 1,000 shares	213	821	1,758
Number of issued shares, total	19,650,176	19,650,176	19,650,176
Number of treasury shares	34,915	34,915	34,915
Weighted avarage number of shares outstanding	19,580,645	19,490,610	19,579,392
Diluted weighted average number of shares outstanding	19,580,645	19,490,610	19,579,392

11) NON-CURRENT ASSETS HELD FOR SALE

Lemminkäinen and telecommunications contractor Netel have signed a business purchase agreement for Lemcon Networks' mobile telecom network project business in Norway and Sweden. In addition, Lemminkäinen divests Lemcon Networks' telecom network project management software business to Intelli Group Holdings Inc. In its 31st March 2014 interim financial report, the company classified the divested 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

						CARRYING	FAIR
EUR mill.	A	B	C	D	E	AMOUNT	VALUE
31.3.2014							
Non-current financial assets							
Available-for-sale financial assets			3.7			3.7	3.7
Other non-current receivables		2.2				2.2	2.2
Current financial assets							
Trade and other receivables		327.3				327.3	327.3
Derivative assets	1.9					1.9	1.9
Available-for-sale financial assets			0.0			0.0	0.0
Cash and cash equivalents		51.6				51.6	51.6
Financial assets total	1.9	381.1	3.7			386.8	386.7

Non-current financial liabilities							
Interest-bearing liabilities				46.9		46.9	46.9
Other non-current liabilities				3.5		3.5	3.5
Current financial liabilities							
Interest-bearing liabilities				368.8		368.8	369.5
Trade payables and other financial liabilities [1)]				284.6		284.6	284.6
Derivative liabilities	3.3				0.0	3.3	3.3
Financial liabilities total	3.3			703.8	0.0	707.1	707.8

						CARRYING	FAIR
EUR mill.	A	B	C	D	E	AMOUNT	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		316.1				316.1	316.1
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	357.4	70.9			429.3	429.3
Non-current financial liabilities							
Interest-bearing liabilities				128.4		128.4	128.4
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	680.0

[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 2013, Note 25 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
31.3.2014			
Available-for-sale financial assets			
Equity instruments		3.7	3.7
Money market investments	0.0		0.0
Derivative instruments			
Derivative assets	1.9	0.0	1.9
Derivative liabilities	1.8	1.5	3.3

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

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 1.1.2014	-1.2	3.8
Additions		0.0
Disposals		0.0
Gains and losses recognised through profit or loss, total	-0.4	
Fair values 31.3.2014	-1.5	3.7

13) GUARANTEES AND COMMITMENTS

EUR mill.	3/2014	3/2013	12/2013
Liabilities secured by mortgages			
Loans from financial institutions	1.6		
Chattels mortgages for loans from financial institutions	3.7		
Other collateral for own commitments			
Pledged deposits	0.0		0.0
Guarantees			
On behalf of associates and joint ventures	15.4	17.4	17.4
On behalf of consortiums and real estate companies	1.8	13.0	1.8
Total	17.2	30.4	19.2
Minimum lease payments of irrevocable lease contracts			
One year or less	11.2	12.2	12.3
Over one year but no more than five years	25.7	27.1	26.1
Over five years	2.8	8.7	6.0
Total	39.7	47.9	44.5
Purchase commitments of investments	7.4	7.1	7.7
Derivative contracts			
Forward foreign exchange contracts			
Nominal value	125.7	107.1	106.0
Fair value	0.4	-0.5	0.9
Interest rate swap contracts			
Nominal value	45.8	60.0	47.2
Fair value	-0.4	-0.6	0.0
Commodity derivatives			
Volume, MT	58,958	43,250	58,933
Nominal value	24.1	19.6	24.4
Fair value	-1.5	0.2	-1.2

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 ASSETS AND LIABILITIES

On 28 November 2013, the District Court of Helsinki gave its decisions concerning damages related to the asphalt cartel. In line with the decisions, Lemminkäinen recorded EUR 66 million in expenses in its 2013 result. Of this, approximately EUR 60 million consisted 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. This amount was paid by the company in January 2014. In addition, Lemminkäinen made a EUR 6 million provision for pending claims. Lemminkäinen has appealed the District Court's decision to the Helsinki Court of Appeal. In Lemminkäinen's opinion, there are some judicial aspects in the decisions of the District Court, where the conclusions of the District Court differ from previous legal practices. Such judicial aspects are related to the questions of prescriptions and value added tax, for example. Lemminkäinen will appeal against all 35 decisions, where the plaintiffs' claims were upheld. The Finnish state and 12 municipalities have also submitted their appeals to the Helsinki Court of Appeal.

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.