Lemminkäinen

100

1910–2010

Annual Report 2009

The year 2010 is a jubilee year for Lemminkäinen. One hundred years ago, in 1910, Asfaltti Osakeyhtiö Lemminkäinen was founded as a specialist business and subcontractor of Helsinki's master builders. The activities of the company were initially limited to waterproofing works on buildings and the bituminous paving of yards and streets. Soon the fledgling company started to manufacture concrete products such as staircase steps. Lemminkäinen opened its own roofing felt factory in 1920.

Over the past one hundred years that small specialist firm has grown to become a large construction group offering a diverse range of services covering every segment of the construction sector both domestically and on the international market.

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1910–2010

Today Lemminkäinen is well known as a reliable project partner and as a supplier of first-class building products and services.

We make everyday living, working and travelling easier, safer and healthier. We do our work for the benefit of people and a better tomorrow, both in Finland and internationally.

Good construction is a mix of professional skill, experience, technology and heart. Over the last hundred years Lemminkäinen has learnt to blend those ingredients together to create masterpieces of construction.

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The best way to build


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Lemminkäinen in brief

Lemminkäinen is a construction group operating in Finland and on the international market. Our business sectors are Building Construction, Infrastructure Construction, Technical Building Services and Building Products. Our main market area encompasses the entire Baltic Rim region. Our special construction expertise has attracted clients from all over the world.

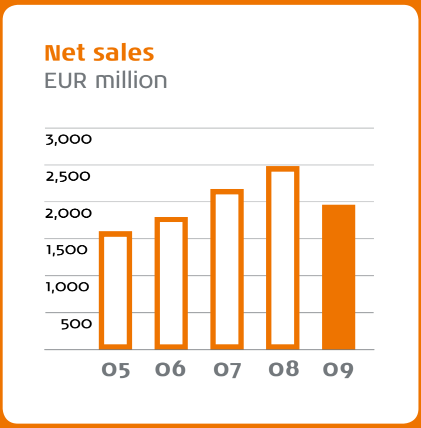
Lemminkäinen Group's net sales in 2009 were EUR 1,964 million, of which international operations accounted for 27 per cent. The Group's operating profit was EUR 23.3 million. The result for the Group was weakened by a decline in volumes stemming from the general economic situation. The result was also adversely impacted by the SAC's imposition of a EUR 68 million infringement fine, EUR 54 million of which was recognised in the 2009 accounting period.

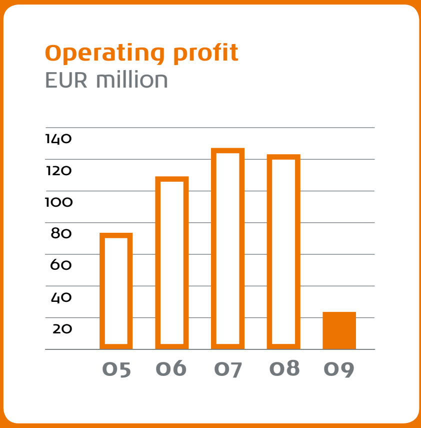
The Group employs some 8,600 people, of whom approx. 2,600 work abroad. The total number of employees fell by 1,200 during the year as a result of business adjustment measures.

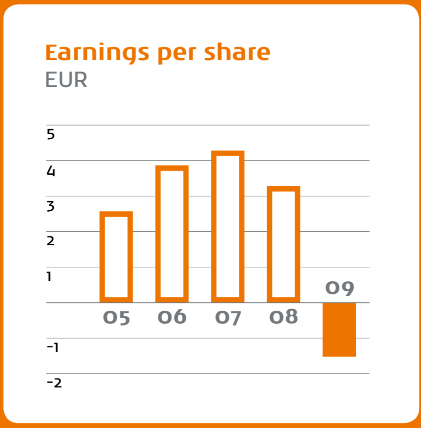
The shares of the Group's parent company, Lemminkäinen Corporation, are quoted on NASDAQ OMX Helsinki.

Business development	2009	2008	Change, %
Net sales, EUR mill.	1,964.4	2,481.8	-20.8
of which operations abroad, EUR mill.	527.1	676.7	-22.1
Operating profit, EUR mill.	23.3	123.2	-81.1
Result for accounting period, EUR mill.	-23.7	63.5	over 100
Operating margin, %	1.2	5.0	
Return on investment, %	5.4	17.7	
Return on equity, %	-7.4	19.2	
Equity ratio, %	31.4	26.2	
Earnings per share, EUR	-1.53	3.28	over 100
Dividend per share, EUR	0.00[1]	0.90	-100.0
Gross investments, EUR mill.	41.5	60.2	-31.1
Order book, EUR mill.	958.4	1,064.5	-10.0
Average number of employees	8,626	9,776	-11.8

1) Board of Directors' proposal to the AGM



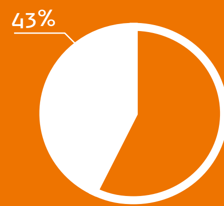


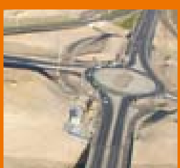


Business Sectors

Building Construction Lemminkäinen is one of Finland's biggest, most experienced and most internationalised building construction companies. Lemminkäinen operates locally close to the customer, where its knowledge of local conditions and construction environments is a great strength. Lemminkäinen's expertise as an international project contractor has attracted customers from every continent of the world. Lemminkäinen Building Construction's services include residential construction, commercial and office construction, industrial and logistics construction and sports and recreational construction. International operations account for about a fifth of the business sector's net sales.

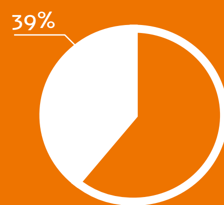
Share of group net sales

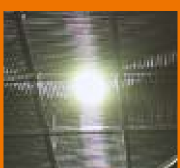




Infrastructure Construction Lemminkäinen is one of the biggest infrastructure construction companies in Finland and the Baltic Rim region. Its strong market position is based on the ability to combine local knowledge, special contracting and the skills necessary to manage large projects. Local presence is the foundation of good customer service. Lemminkäinen Infrastructure Construction's services include the construction and maintenance of road, street and railway networks as well as rock and geotechnical engineering works. Lemminkäinen has its own asphalt and mineral aggregates production. International operations account for just under a half of the business sector's net sales.

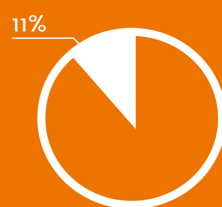
Share of group net sales





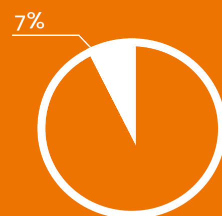
Technical Building Services Lemminkäinen is a specialist supplier of installation and maintenance services covering the full range of technical building and facility systems over the entire life cycle of the property. Services include installation contracting of technical building systems on new and renovation construction sites, building and facility maintenance, servicing and modernisation, control room and call-our services, and industrial services. A network of 36 service locations all over Finland and a subsidiary in St. Petersburg, Russia ensures that services are always close to the customer.

Share of group net sales

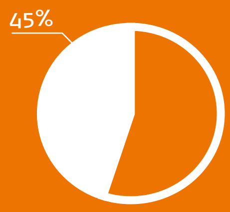


Building Products Lemminkäinen is a pioneer in building materials production and special contracting. Its main market area is Finland. Roofing materials and pre-cast concrete elements are exported all over the world. Lem-minkäinen manufactures and sells concrete and natural stone urban environ-ment products, pre-cast concrete elements, ready-mix concrete, bituminous roofing materials and waterproofing products. The Company also imports and distributes specialised roofing, urban environment and sports construction products. Lemminkäinen also offers repair, maintenance, installation and advisory service nationwide.

Share of group net sales

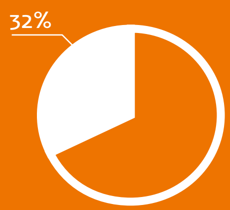


Share of group operating profit



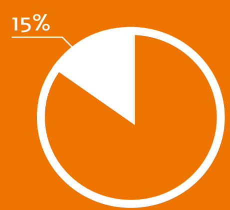
Business breakdown	2009	2008
Net sales, EUR mill.	867.7	1,207.5
Share of group net sales, %	42.9	47.3
International operations, share of business sector net sales, %	17.7	20.2
Operating profit, EUR mill.	36.6	69.7
Order book, EUR mill.	495.6	576.3
Personnel (average)	2,356	3,159
of which abroad	629	726

Share of group operating profit



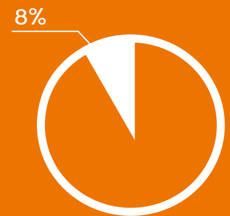
Business breakdown	2009	2008
Net sales, EUR mill.	789.6	920.3
Share of group net sales, %	39.0	36.0
International operations, share of business sector net sales, %	46.4	46.5
Operating profit, EUR mill.	25.9	26.2
Order book, EUR mill.	322.7	365.4
Personnel (average)	3,453	3,658
of which abroad	1,942	2,090

Share of group operating profit



Business breakdown	2009	2008
Net sales, EUR mill.	233.8	269.9
Share of group net sales, %	11.5	10.6
International operations, share of business sector net sales, %	3.8	2.9
Operating profit, EUR mill.	12.2	16.3
Order book, EUR mill.	106.8	97.7
Personnel (average)	1,941	2,013
of which abroad	36	20

Share of group operating profit



Business breakdown	2009	2008
Net sales, EUR mill.	132.7	156.0
Share of group net sales, %	6.6	6.1
International operations, share of business sector net sales, %	5.8	5.8
Operating profit, EUR mill.	6.5	10.5
Order book, EUR mill.	33.3	25.2
Personnel (average) in Finland	762	839

Key events 2009

DECISIONS OF THE AGM

- The Annual General Meeting of Lemminkäinen Corporation held on 17 March 2009 confirmed the number of Board members at six. Berndt Brunow, Kristina Pentti-von Walzel, Teppo Taberman and Juhani Mäkinen were re-elected to serve as members of the Board of Directors. Mikael Mäkinen, M.Sc.(Eng.) and Heikki Räty, M.Sc.(Econ.) joined the Board as newly elected members.

- The Extraordinary General Meeting held on 17 November 2009 decided 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 Companies Act in one or several instalments, either against payment or without payment. In addition, the General Meeting decided to authorise the Board of Directors to resolve on the acquisition of own shares. The maximum number corresponds to approximately 10 per cent of all the current shares in the Company.

DECISION OF THE SAC IN THE ASPHALT CARTEL CASE

- The Supreme Administrative Court imposed an infringement fine of EUR 82.55 million on seven asphalt industry companies for breaching the Act on Competition Restrictions. Lemminkäinen's share was EUR 68 million for unlawful activities on the Finnish paving market in the years 1994–2002.

NEW STRATEGY, NEW LOOK

- The Board of Directors of Lemminkäinen Corporation confirmed the Group's strategy for the period 2010–2013 (the strategy is presented on pages 10–13). The main economic goals are profitable growth and strengthening of the Group's financial position. Lemminkäinen's strategic development focus areas are renovation construction, servicing, maintenance and technical building services, residential construction in Russia, and infrastructure construction in the Nordic countries. At the end of 2009 Lemminkäinen began streamlining its group structure and unifying its brand with the aim of creating one united Lemminkäinen. The renewed strategy was published on 5 November 2009. At the same time Lemminkäinen's new corporate logo and visual identity were made public.

MANAGEMENT CHANGES

- Tiina Mellas, M.Sc.(Econ.) took up the post as Director, Human Resources on 7 January 2009.

- Robert Öhman, M.Sc.(Econ.) took up the post as Chief Financial Officer on 9 May 2009.

- Jukka Terhonen, M.Sc.(Eng.) was appointed Executive Vice President, Building Construction, and Managing Director of Lemminkäinen Talo Oy with effect from 10 December 2009.

- Marcus Karsten, M.Sc.(Econ.) was appointed Executive Vice President, Technical Building Services, and Managing Director of Tekmanni Oy with effect from 1 January 2010.

MANAGEMENT INCENTIVE PLAN FOR KEY PERSONNEL

- The Board of Directors of Lemminkäinen Corporation decided on a new share-based management incentive plan for the Group's key personnel.

PERSONNEL ADJUSTMENT MEASURES

- The personnel adjustment measures initiated at the end of 2008 continued, and at the end of the accounting period there were about 1,200 fewer employees than twelve months earlier.

PRIZES AND AWARDS

- Paulig's new coffee roastery building won the Finnish Constructional Steelwork Association's prize for the best steel structure of 2009. Lemminkäinen was the project management and technical building services contractor.

- The Association of Finnish Landscape Constructors (Viheraluerakentajat ry) awarded its annual prize in the building contractor category to Lemminkäinen in recognition of its excellent stonework and landscaping work at Eiranranta residential area in Helsinki.

- Tekmanni Service Oy was ranked first in the servicing and maintenance company category of Talotekniikka's survey, which focused on the customer service and reputation of companies operating in the technical building services sector. It was the third time running that Lemminkäinen receive top marks in the survey.

- The Finnish Association of Civil Engineers (RIL) chose Timo Kohtamäki, President and CEO of Lemminkäinen Corporation, as the Construction Sector's Engineer of the Year 2009. The main selection criteria included responsibility for sustainable living, high-quality engineering expertise, promotion of the importance of design, and exemplary personal exploits.

- Lemminkäinen received the Active Workplace Award in recognition of the encouragement and wide-ranging opportunities for physical exercise that the Company gives its employees. The award is made annually by the Finnish Sport for All Association.

Most significant new orders

ORDERS IN FINLAND

- In March work began on the construction of Tammiston Tähti in Vantaa. The new commercial building has a total floor area of 4,900 m² and will be completed in March 2010. The property was sold to Suomi Mutual Life Insurance Company in December 2009.

- In the summer, work began on the pedestrianisation of Keskuskatu street in downtown Helsinki. The total street area involved in the contract is about 10,000 m² and the work will be carried out in the years 2009-2013. The contract is worth approx. EUR 6.8 million.

- In June Lemminkäinen made an agreement with IKEA concerning the construction of a new IKEA store in Tampere. The project is being carried out as a project management contract and will be completed in summer 2010. The contract is worth approx. EUR 18 million.

- In July work began on the phase 1 construction of Åbo Akademi University's campus in Pietarsaari. The floor area to be built in phase 1 of the project is almost 10,000 m² and it is scheduled for completion by November 2010.

- In the summer Lemminkäinen won the excavation and reinforcement contract for the P-Hämppi underground parking facility in Tampere. The contract is worth approx. EUR 27 million and will be completed in spring 2011.

- In the summer Lemminkäinen and Paulig Oy made an agreement on the phased purchase of Paulig's old roastery site in the Vuosaari district of Helsinki. The site has been zoned as a residential area for about 2,000 residents. Planning work for the site is under way and construction is expected to start during 2010.

- In the summer Lemminkäinen won contracts for the construction of numerous non-residential buildings of various types. The buildings are located in different parts of Finland and their combined value is approx. EUR 40 million. In addition to these, work began on the construction of a shopping centre in Imatra in August. The total floor area of the building is approx. 6,000 m².

- In the autumn the development of the Jätkäsaari residential area in Helsinki began with an architectural competition. Lemminkäinen will build some 400 housing units in the Saukonpaasi district. Construction work will begin in autumn 2010.

- In September an agreement was made with Oy Teboil Ab to extend the contract to provide technical facility management and maintenance services to Teboil's 450 distribution points.

- In September, work began on the construction of new premises for the Finnish Agency for Rural Affairs in Seinäjoki. The property, which has a floor area of 6,400 m² and will be completed in early 2011, was then sold to Etera Mutual Pension Insurance Company.

- In October Lemminkäinen and Ilmarinen Mutual Pension Insurance Company extended their comprehensive, long-term partnership agreement concerning real estate services. The agreement covers the servicing and maintenance of technical systems in office and commercial properties as well as management services related to their day-to-day operation. The 21 properties in question have a combined floor area of approx. 350,000 m².

- In October Lemminkäinen started work on the replumbing and bathroom refurbishment of 189 housing units in the Vuosaari district of Helsinki. The contract raised the total number of housing units in which Lemminkäinen was carrying out replumbing and bathroom refurbishments in the old Vuosaari district of Helsinki to 840.

- In November work began on the construction of the Western Metro in Helsinki. Lemminkäinen won the first contract of the project, which involves the excavation of track and access tunnels in Ruoholahti. The contract is worth approximately EUR 10 million and will be completed in May 2011.

- In December construction work began on a significant life-cycle project in Kuopio. The project entity encompasses the new construction and basic repair of four schools and one child day-care centre. Lemminkäinen will be responsible for the maintenance and upkeep of the buildings for a period of 25 years. The total value of the project is EUR 93.5 million.

- In December Lemminkäinen won the contract for the construction works of the Töölönlahti underground parking facility and civil defence shelter in Helsinki. The contract will be completed in summer 2012 and is worth approx. EUR 35 million.

- In December work began on the construction of the eastern mouth of the Ring Rail Line's tunnel section in Vantaa. The contract will be completed in spring 2012 and is worth approx. EUR 14 million.

ORDERS ABROAD

- In January Lemminkäinen and the Moldovian Road Administration agreed a highway upgrade contract worth EUR 13.5 million.

- In February an agreement was made with the Estonian Road Administration concerning a highway upgrade contract in Ida-Viru County. Lemminkäinen is the leading partner in the consortium and its share of the contracted works is about a third. The whole contract is worth approx. EUR 31 million.

- In April an agreement was made with the Lithuanian Road Administration concerning basic improvement works to be carried out as a consortium project on the motorway between Vilnius and Klaipeda. The whole contract is worth approx. EUR 17 million. Lemminkäinen's share of the contracted works is over a third.

- In the summer an agreement was made concerning the project management contract for Cargotec's new multi-assembly unit (MAU) in Poland. The total value of the project for Lemminkäinen is approx. EUR 22 million. The works will be completed in summer 2010.

- In August Lemminkäinen won a significant geotechnical engineering contract in Sweden. The project involves improving the stability of two concrete dams for safety reasons. The dams were constructed at Storfinnefors and Ramsele in the 1950s. The contract is worth approx. EUR 10 million.

- Lemminkäinen won two road construction contracts in Lithuania. Construction work will begin in spring 2010. The contracts are partly funded by the EU and their combined value is EUR 12.3 million.

Greater efficiency and better customer service

In November 2009 Lemminkäinen published its new strategy for the period 2010–2013. At the core of the new strategy is the improvement of customer service by creating one united Lemminkäinen, in which both internal efficiency and the abil-ity to serve customers can be improved by developing common business practices and streamlining the group structure.

THE BEST WAY TO BUILD IS OUR VISION

Lemminkäinen will offer its customers comprehensive and cost-effective service packages and solutions spanning the entire life cycle of construction, not to mention special expertise and basic services as required.

Lemminkäinen's vision is to continuously develop its services so that the Company can justifiably claim to represent the best way to build in all of its businesses.

GOALS FOR THE STRATEGY PERIOD

Stronger financial position

Lemminkäinen's main economic goals are profitable growth and strengthening of the Group's financial position. The profitability target will be held at a return on investment in excess of 18 per cent and the solvency target an equity ratio of at least 35 per cent.

Lemminkäinen aims to achieve an average net sales growth rate of 10 per cent per annum over the 2010–2013 strategy period.

Business development

Lemminkäinen is refocusing its operations on those businesses and markets where there is growth potential, where it is possible to achieve a significant position, or where special expertise is required. Lemminkäinen will also be aiming to strengthen its position in its present core businesses. Our strategic development focus areas are renovation construction, servicing, maintenance and technical building services, residential construction in Russia, and infrastructure construction in the Nordic countries.

Steadily growing renovation construction is likely to exceed the volume of new construction in the near future. Lemminkäinen aims to further increase the share of renovation construction,

ECONOMIC GOALS

Average net sales growth rate	Return on investment	Equity ratio
>10%	>18%	>35%

VISION 2013: LEMMINKÄINEN – THE BEST WAY TO BUILD

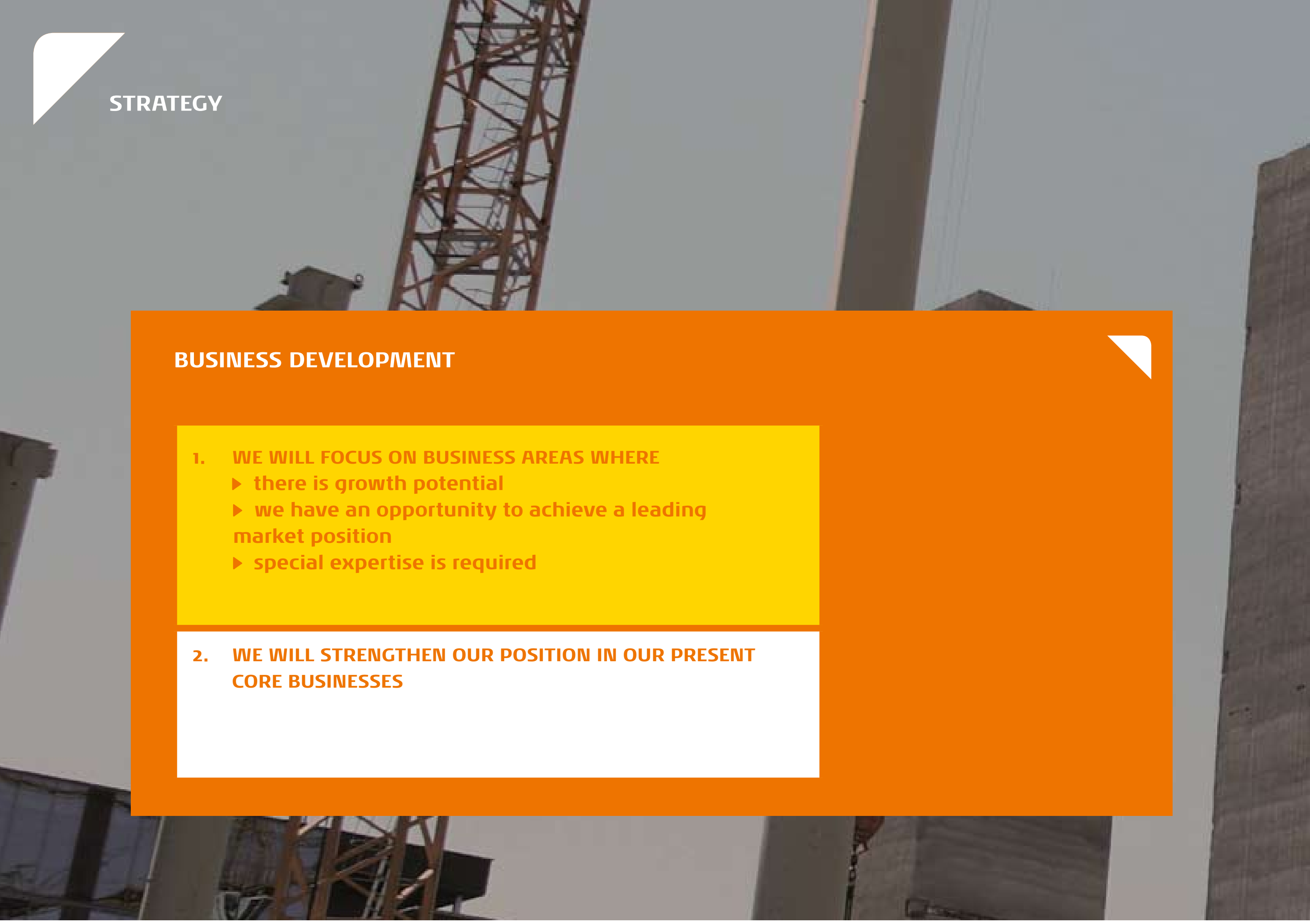
- We want to understand the customer's needs so that we can offer the most competitive construction solutions.
- We will develop our business sustainably and resolutely. We want to be the most interesting investment target in the Finnish construction sector.
- We will invest in the development and well-being of our personnel. We want to be the best employer.

LEMMINKÄINEN'S KEY STRATEGIC GOALS

Stronger financial position

Business development

One Lemminkäinen



BUSINESS DEVELOPMENT

1. **WE WILL FOCUS ON BUSINESS AREAS WHERE**
   - there is growth potential
   - we have an opportunity to achieve a leading market position
   - special expertise is required

2. **WE WILL STRENGTHEN OUR POSITION IN OUR PRESENT CORE BUSINESSES**

serving and maintenance in the Group's net sales. The importance of different kinds of life cycle solutions will also increase. Lemminkäinen is already one of Finland's biggest renovation contractors, so it is natural to combine the Group's resources in pursuit of new service models for renovation construction. Smart solutions, more use of technology and, for example, tighter energy requirements will facilitate growth in technical building services and the maintenance of technical building systems.

On the international market Lemminkäinen has growth opportunities in the infrastructure markets of the Nordic countries, where its position is already strong. Government stimulus measures, among other factors, will support the Nordic infrastructure markets.

The Russian housing market will continue to grow in the coming years. Lemminkäinen aims to increase the volume of its own housing and non-residential building production in addition to traditional contracting.

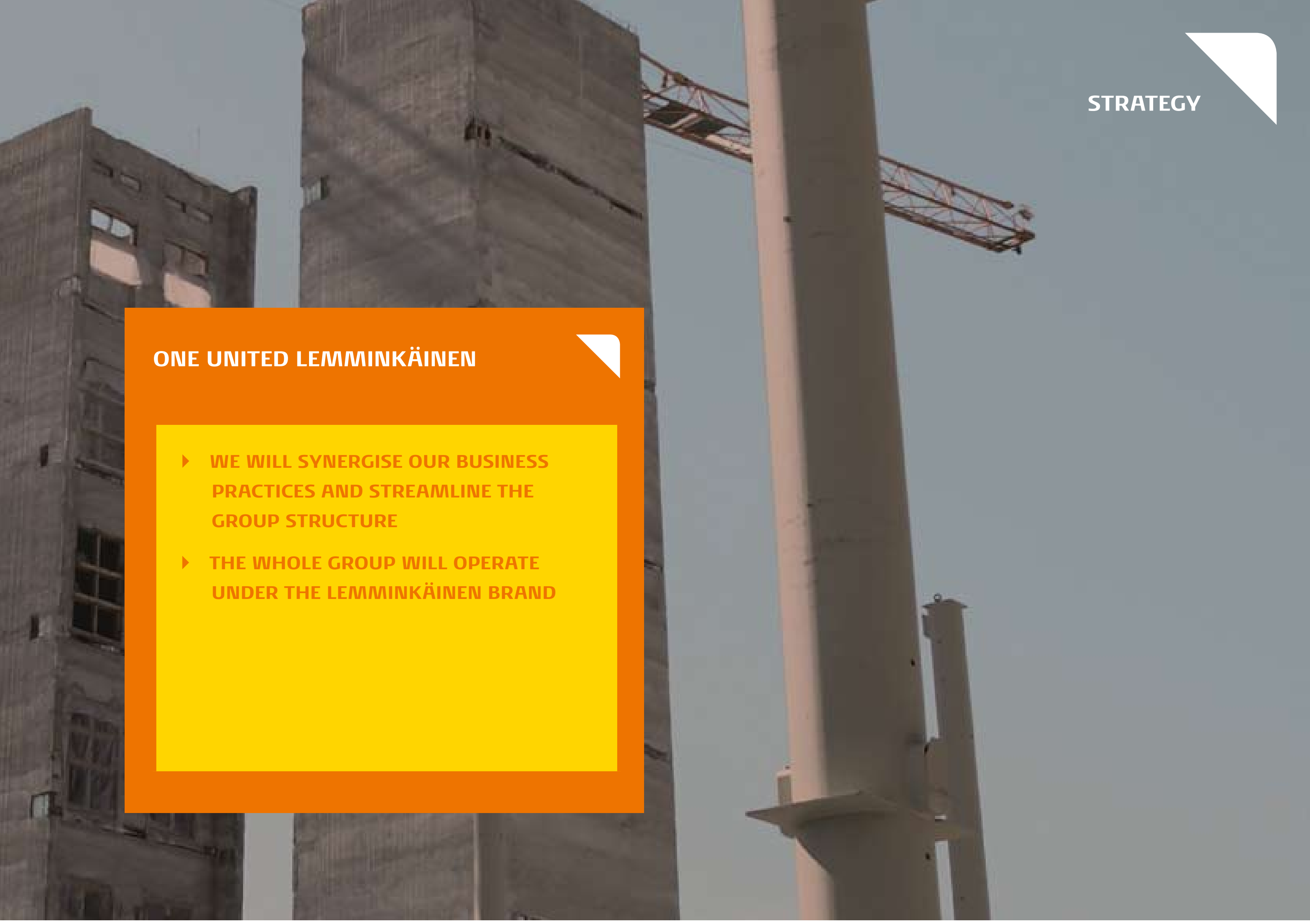
One Lemminkäinen is more for the customer

At the end of 2009 Lemminkäinen began streamlining its group structure and unifying its brand with the aim of creating one united Lemminkäinen.

Lemminkäinen aims to be perceived in the future as a single reliable partner offering not only a higher standard of service than before, but also easier access to all of its products and services. The change will also bring greater flexibility and cost-effectiveness.

SERVICES FOR THE CUSTOMER'S NEEDS

Lemminkäinen will put emphasis on the needs of the customer as the starting point for the development of its service offering. In addition to special expertise and basic services, Lemminkäinen will offer more comprehensive and more cost-effective packages of construction services.



ONE UNITED LEMMINKÄINEN

- WE WILL SYNERGISE OUR BUSINESS PRACTICES AND STREAMLINE THE GROUP STRUCTURE
- THE WHOLE GROUP WILL OPERATE UNDER THE LEMMINKÄINEN BRAND

Lemminkäinen is bringing together the expertise of its specialists so that it can offer customers all the solutions and services they need in new construction, renovation construction, servicing and maintenance, and project development.

Operating locally close to the customer, knowledge of local conditions and the construction environment, and long-standing customer and stakeholder relations promote the development of products and services and help Lemminkäinen to identify new business opportunities.

NEW BRAND – NEW LOOK

In connection with the publication of the new strategy, the Lemminkäinen brand was adopted throughout the Group. The Group's subsidiaries now use the Lemminkäinen name and the new corporate logo. It is now easier for customers to contact Lemminkäinen and access its services. The content of Lemminkäinen's brand will be gradually expanded to match the broader scope of its service offering, and its strengths will be more effectively exploited in marketing and other stakeholder relations.

At the core of Lemminkäinen's brand is the promise of partnership, whereby Lemminkäinen's customers benefit from advanced products and professionally executed services covering the entire life cycle of construction – whether it be new construction, renovation and modernisation, or care and maintenance of the existing built environment.

Lemminkäinen is always looking for better ways to build, the ultimate aim being a more durable, more functional and safer end-result. Lemminkäinen wants to apply its own expertise to the challenge of making the built environment a more comfortable and more vital place to live and work .

The Lemminkäinen brand is outwardly expressed by the new visual identity and corporate logo, which send a message of renewal and forward movement.

We are committed to the creation of one united Lemminkäinen

2009 was a year of change for Lemminkäinen. We renewed our strategy and published new shared values for the whole Group. We set about simplifying the group structure and streamlining our business in accordance with our new strategy. At the same time the weakened market situation demanded improved business efficiency and adjustment to reduced demand for construction.

The net sales of all of Lemminkäinen's business sectors were down on the previous year due to the general state of the economy. The Group's net sales as a whole contracted by about a fifth. Even so, 2009 can be regarded as being satisfactory from the business perspective. In spite of the weak market situation, we achieved successes in all of our business sectors, and in some business areas we were even able to increase our market share. The year began in an atmosphere of gloom, but it brightened up in the second half. The Group's result fell short of the level achieved in the previous year.

PERIOD OF MODEST GROWTH

We are looking forward to 2010 with cautious optimism. There are positive signs of economic development: for example, the employment situation in the construction sector is better than was feared a year ago. According to several forecasts, Finland's gross domestic product will return to growth and construction will follow on behind with its customary lag. There are no signs of rapid economic recovery, so Lemminkäinen is preparing for a period of modest growth. We are following the development of our markets closely and we are ready to react to any changes.

Going forward, we will focus on business areas and markets with growth potential where it is possible to achieve a significant market position or where our special expertise is required. We also aim to strengthen our position in our existing key businesses. Our strategic development focus areas are renovation construction, technical building services, residential construction in Russia, and infrastructure construction in the Nordic countries.

Renovation construction is expected to continue growing steadily, and demand for technical building services is expected to increase over the long term. The volume of residential construction in Russia is likely to grow already this year. Especially the Scandinavian countries will continue to allocate additional funding for infrastructure investments, which will have a favourable effect on the markets for some years to come.

NEW STRATEGY WILL SYNERGISE THE WHOLE GROUP

Lemminkäinen was already well down the path of developing its business as it entered 2009, and the work will continue this year, too. The main goal of the new strategy is the creation of one united Lemminkäinen. This means developing synergistic business models, streamlining the group structure, and bringing all the companies of the Group under the Lemminkäinen brand. The key economic goals for the strategy period are profitable growth and strengthening of the Group's financial position.

Our new strategy responds to the challenging market situation and the changed needs of our customers, adding more flexibility and cost-effectiveness to the Company's business. We are bringing together the diverse expertise existing within the Group and offering our customers all the solutions and services they need in new construction, renovation construction, servicing and maintenance, and project development under one unified Lemminkäinen brand.

BUSINESS DIVERSITY AS A STRENGTH

Lemminkäinen's business diversity and local presence are its strengths. Business diversity brings stability against cyclical fluctuations in particular, and this aspect of Lemminkäinen certainly proved its worth last year. Local presence close to the customer promotes the development of products and services and makes it easier to identify new business opportunities. We are particularly strong in those business areas that require special expertise.

SHARED VISION BASED ON SOUND VALUES

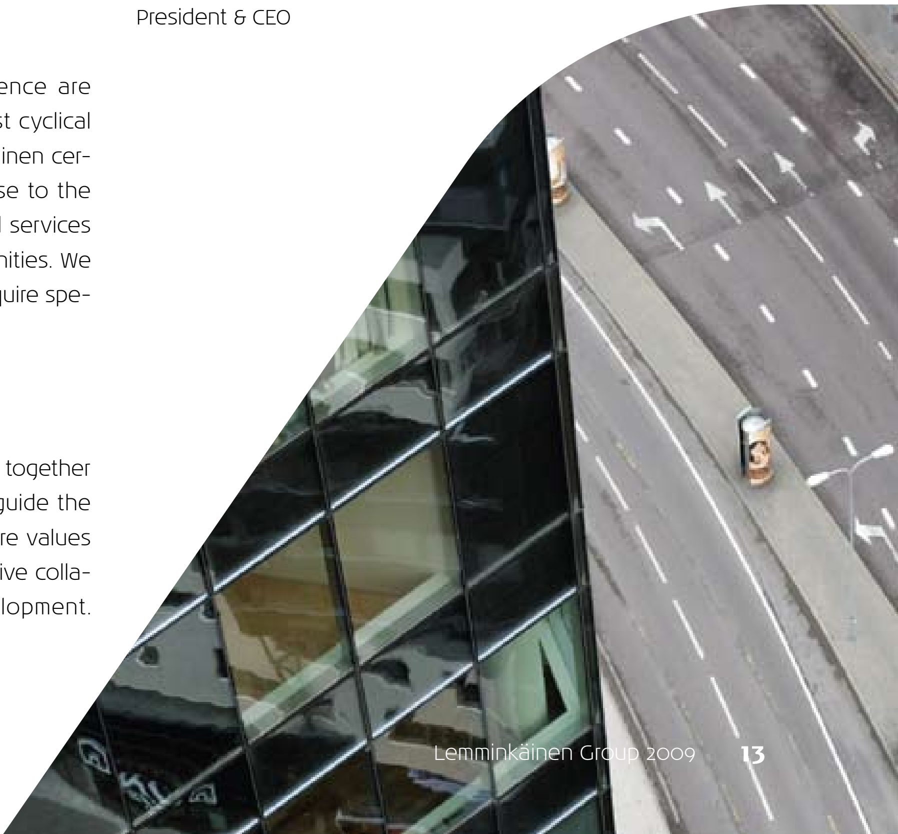
In early 2009 we published Lemminkäinen's new values together with our Principles of Good Business Practice. They guide the work of every single Lemminkäinen employee. Our core values of respect and trust lay the foundations for constructive collaboration as well as sustainable growth and development. The Principles of Good Business Practice were written down to concretise our shared vision of what the company ought to be and how it should operate. Thinking and acting in a responsible manner is emphasised in the development of all of Lemminkäinen's activities. We never want to see a recurrence of anything like the competition infringement fine handed down by the Supreme Administrative Court in 2009.

THE NEXT HUNDRED YEARS

Lemminkäinen celebrates its centenary this year. Despite the challenging market situation, we believe that our next hundred years will be even better than our first century in business. As a result of the strategy work, we have found a lot of things that we can do better and more effectively. We are determined to make this year a good beginning for our second hundred years in business.

I would like to thank all of our present and former employees for their contribution to Lemminkäinen's success, for their commitment to the Company's change process and for the part they have played in Lemminkäinen's growth and development over the past hundred years. Many thanks to our customers and other stakeholders for their valued co-operation. And finally, thanks to Lemminkäinen's shareholders for the confidence they have shown in the Company.

Timo Kohtamäki
President & CEO



09

TARJA MERIKALLIO, Lemminkäinen Infra Oy's Development Manager, is responsible for the upkeep and development of the company's business system. She also co-ordinates Lemminkäinen Infra's development projects.

We want to offer customers our diverse expertise and comprehensive top-class services.

Construction sector stabilises

2009 was a difficult year for the construction sector and for the Finnish economy as a whole. The deep recession that followed in the wake of the global financial crisis struck Finland, and over the year GDP contracted by almost 8 per cent – a historically large decline. Exports were down by a quarter on the previous year. Domestic demand – construction, other investments and private consumption – contracted much faster than had been anticipated.

In 2009 job losses put a lid firmly on household consumption. The unemployment rate rose for the first time since 1994 and reached 8.2 per cent. Public finances deteriorated quickly and the central government's financing position went sharply into deficit.

The total volume of construction in Finland fell by about 13 per cent in 2009. The biggest decline was in new construction: new starts were made on buildings with a total volume of some 31 million cubic metres, down by a quarter on the previous year.

The slowdown in building construction also depressed demand for building products. Infrastructure and renovation construction were the segments least affected. In infrastructure construction, the start-up of some major investment projects already in the pipeline, e.g. the Ring Rail Line, the Western Metro and some highway projects, played their part in lessening the contraction in volume.

During the year the government launched a number of economic stimulus measures, most of which were aimed at the construction sector. The full effects of these measures did not have enough time to show up in 2009. In particular, the measures stimulated rental housing production and supported renovation construction.

According to Statistics Finland, the average number of people employed in the construction sector in 2009 was 175,000, which was 11,000 fewer than in the previous year. The workforce grew in renovation construction, but declined in new building production.

RESIDENTIAL CONSTRUCTION RECOVERED TOWARDS THE END OF THE YEAR

The volume of residential construction contracted 26 per cent in 2009. During the year the emphasis in residential construction shifted to state-subsidised rental housing production. Its rise contrasted sharply with the sharp decline in private-sector housing production. Last year 24,000 new housing starts were made in Finland, whereas the long-term need is estimated at 30,000 housing units per annum.

The housing market began to recover towards the end of the year, rekindling the construction of private-sector housing. Low interest rates, pent-up demand and migration towards growth centres had a positive effect on the housing market.

Non-residential construction declined by a third during the year. The hardest hit areas were commercial, office and industrial construction. The only increase was in public construction, which grew slightly. Measured in terms of building volume, new starts were down by a half in industrial and logistics construction, and by over a third in commercial and office construction.

Following the withdrawal of foreign real estate investors from the Finnish market, the vacancy rate in non-residential premises grew and the supply of commercial properties increased. The number of real estate deals declined, the level of non-residential rents fell, and the yield on real estate investments weakened.

VOLUME OF MUNICIPAL INTRASTRUCTURE WORKS REMAINED REASONABLE

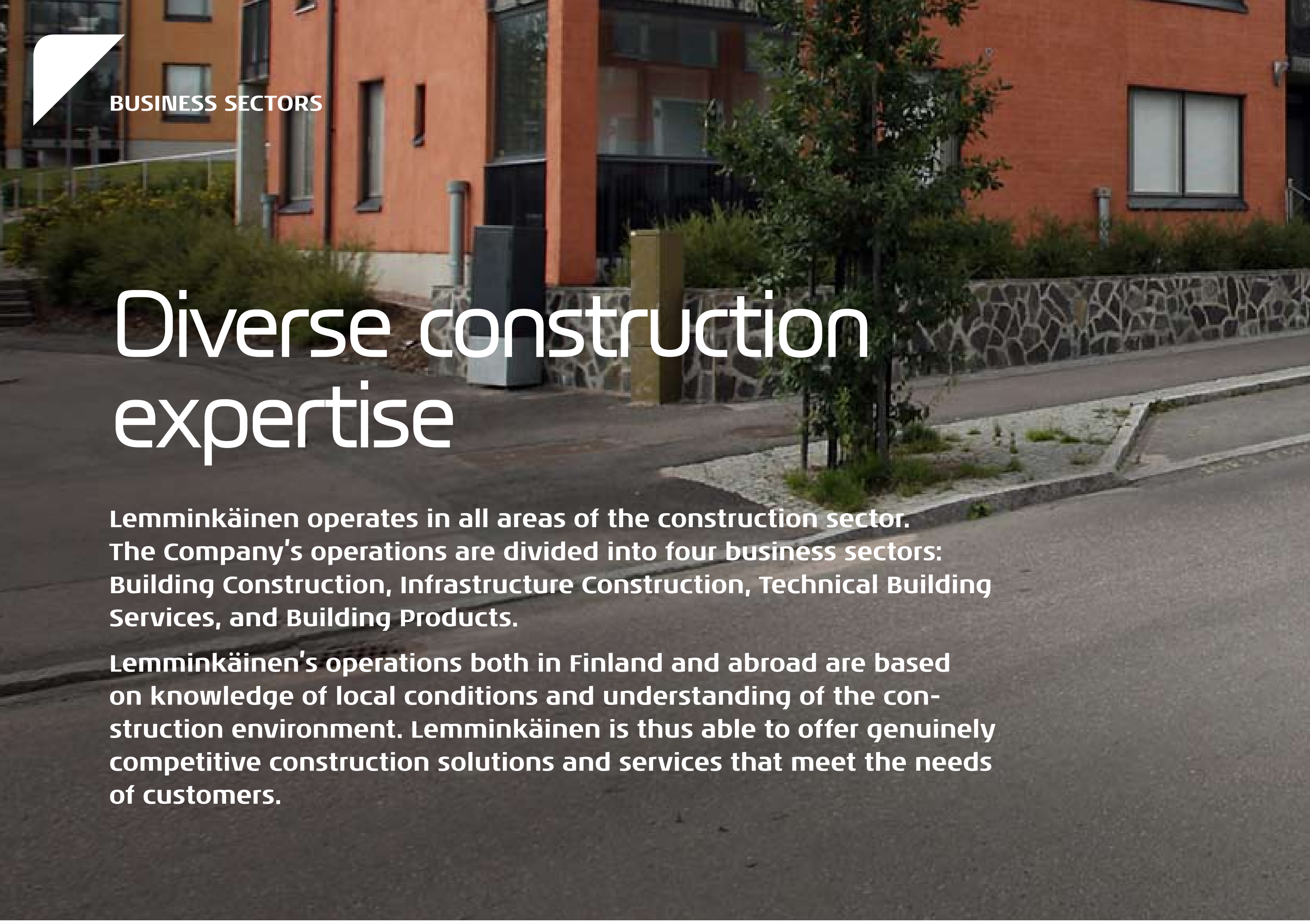
The volume of infrastructure construction declined from the good level of 2008, but it did not fall in the same way as the volume of other construction. The biggest reason for the decline of infrastructure construction in Finland was the completion of several large infrastructure projects at the end of 2008 and the beginning of 2009. The volume of municipal infrastructure works remained reasonable. The contraction of building construction showed up especially as a reduction in demand for geotechnical engineering works, mineral aggregates and ready-mix concrete.

INFRASTRUCTURE PROJECTS IN OTHER BALTIC RIM COUNTRIES

In the Scandinavian countries the level of infrastructure construction remained at a good level, partly because of government stimulus measures and partly due to the execution of long-lasting investment programmes. In Norway and Denmark demand for paving works was particularly brisk, and in Sweden a major renewal of the rail network provided work for Finnish infra builders. On the other hand, the weak economic situation of the Baltic states continued. In Russia, the economy deteriorated quickly in the first half of 2009, but then turned around towards the end of the year, which also showed up as a pick-up in demand for housing.

THE WORST MAY BE BEHIND US

The Ministry of Finance's Working Group on the Business Cycle of the Construction Sector (Rakennusalan suhdannetyöryhmä) estimates that the decline in construction will continue this year, but at a clearly lower rate of contraction. Finland's gross domestic product is expected to return to growth, albeit a rather modest rate of increase. Road and railway construction will increase as construction works on projects such as the Ring Rail Line, the Western Metro and some major life cycle projects move into high gear. Residential construction is recovering thanks to increased rental housing production and the pick-up in demand for private-sector housing. As residential construction increases, so too will geotechnical engineering and foundation works. On the other hand, no growth is expected in non-residential construction. The state of local government finances has a significant bearing on construction as a whole.



Diverse construction expertise

Lemminkäinen operates in all areas of the construction sector. The Company's operations are divided into four business sectors: Building Construction, Infrastructure Construction, Technical Building Services, and Building Products.

Lemminkäinen's operations both in Finland and abroad are based on knowledge of local conditions and understanding of the construction environment. Lemminkäinen is thus able to offer genuinely competitive construction solutions and services that meet the needs of customers.

BUILDING CONSTRUCTION

Housing, commercial and office buildings, industrial and logistics facilities, sports and recreational facilities, telecommunications network construction, project management services, life-cycle projects, developer and competitive contracting, and renovation construction.

TECHNICAL BUILDING SERVICES

Turnkey contracting and subcontracting for technical building systems, installation works, servicing, maintenance, modernisation, control room and call-out services, industrial process and building electrification, instrumentation, system deliveries and installation.

INFRASTRUCTURE CONSTRUCTION

Paving; asphalting and earthworks, mineral aggregates and civil engineering; rock engineering, geotechnical engineering and transport infrastructure; underground parking facilities

BUILDING PRODUCTS

Bituminous roofing and waterproofing products, contracting, renovation construction, servicing, pre-cast concrete staircase and façade elements, concrete and natural stone urban environment products, installation and contracting, ready-mix concrete, sports and urban environment construction, special coatings.

BUILDING CONSTRUCTION

Experience and internationalisation

Lemminkäinen is one of Finland's biggest, most experienced and most internationalised building construction companies.

Lemminkäinen Building Construction is the Group's largest business sector. It encompasses residential construction, commercial and office construction, industrial and logistics construction, sports and recreational construction and telecom network construction. Key customers of Lemminkäinen Building Construction are home buyers as well as the users, developers and owners of public and private premises.

Lemminkäinen Talo and its subsidiaries operate not only in Finland but also through foreign subsidiaries in Russia, China, India, Poland, Estonia and Sweden. Lemminkäinen's expertise as an international project contractor has attracted customers from every continent of the world. Lemminkäinen employs some 2,400 building construction professionals.

Thanks to the regional operating model and its nationwide coverage, Lemminkäinen's builders understand local conditions as well as the special features of the local economy and demographic structure. This enables the needs of the customer to be better taken into consideration in the planning and execution of construction, and gives Lemminkäinen the ability to foresee changes in the operating environment.

HOUSING PRODUCTION PICKED UP TOWARDS THE END OF THE YEAR

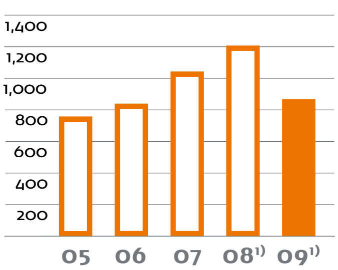
Demand for construction declined strongly in 2009, the contraction being most clearly evidenced in the number of new building starts. The first half of the year was quiet for Lemminkäinen in building construction. As a consequence of the pick-up in the housing market, Lemminkäinen resumed its own housing production during the third quarter. The number of contracted housing starts made by Lemminkäinen also started to grow.

Non-residential construction was much quieter than in the previous year, and demand for office and industrial construction in particular was minimal. Demand for commercial and logistics construction remained at a reasonable level.

▼ Nokia Siemens Networks' plant was completed in Chennai, India. Lemminkäinen has been building production, research and development and office buildings for Nokia in Finland, Germany, Hungary, China and India since the early 1990s.

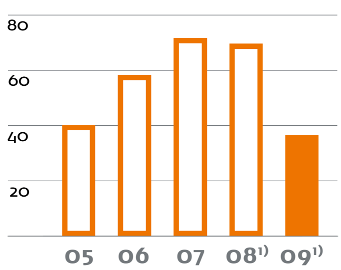
▶ Paulig's new coffee roastery was completed at Vuosaari in Helsinki after two years of construction work. It was one of the biggest industrial building projects undertaken in Helsinki in recent years. All of Lemminkäinen's business sectors took part in the construction work.

Net sales
EUR million



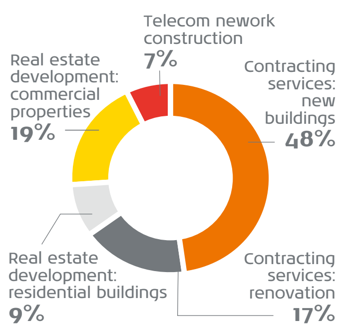
1) The figures are based on internal segment reporting to management.

Operating profit
EUR million



1) The figures are based on internal segment reporting to management.

Production value by business area



The real estate investment market showed signs of recovery towards the end of the year, but the threshold for new starts remained high. The result for Lemminkäinen Building Construction at the end of the year was improved by the pick-up in the housing market and a number of commercial property deals in the fourth quarter.

The renovation construction market remained stable. The government's renovation construction stimulus measures boosted demand somewhat and the outlook for the future is also favourable. Lemminkäinen is one of the biggest renovation contractors in Finland. Renovation construction accounts for about 17 per cent of Lemminkäinen Building Construction's net sales.

HOUSING CONSTRUCTION IN RUSSIA WAS RESUMED

International operations accounted for about 18 per cent of Lemminkäinen Building Construction's net sales in 2009, with Russia contributing almost a third of that business.

Economic uncertainty continued in Russia and demand for construction declined. However, as in Finland, demand for housing picked up in Russia towards the end of the year. Work halted on 264 housing units in St. Petersburg was resumed and is scheduled for completion in 2010.

The emphasis in project management contracting was still on the factory projects of Finnish industrial companies in China, India and Poland.

The volume of telecommunication network construction was down on the previous year.

REPUTATION FOR EXPERTISE AND EXPERIENCE

In accordance with Lemminkäinen's strategy, the corporate structure of Lemminkäinen Building Construction is being streamlined and the brand unified. Lemminkäinen Talo Oy has operated nationwide in Finland through 12 subsidiaries. At the end of 2009 Lemminkäinen Building Construction's new regional organisational model was published. According to the new model Lemminkäinen Talo Oy has six operative subsidiaries with effect from 1 January 2010. All the companies have adopted Lemminkäinen's new look and corporate logo.

Lemminkäinen aims to strengthen its position on the Finnish building construction market. The development focus areas for Lemminkäinen Building Construction are residential construction in Russia, and renovation construction. Both are strategic growth areas in which the Group already has a reputation for expertise, experience and achievement.

Lemminkäinen is aiming to exploit the potential growth of the Russian construction market in the coming years. The goal is to increase the volume of Lemminkäinen's own developments in residential and non-residential building construction in parallel with traditional building contracting.

BUILDING CONSTRUCTION

Lemminkäinen Talo Oy's group structure will be renewed during 2010. At the end of 2009 Lemminkäinen Talo Oy adopted a regional operating model covering the whole of Finland.

OPERATIONS IN FINLAND

Lemminkäinen Talo Oy Pääkaupunkiseutu (formerly Oy Alfred A. Palmberg Ab)
Palmberg-Urakoitsijat Oy (merger 1.6.2010)

Lemminkäinen Talo Oy Kaakkois-Suomi (formerly Oka Oy)

Lemminkäinen Talo Oy Keski- ja Lounais-Suomi (formerly Rakennustoimisto Palmberg Oy)
Palmberg TKU Oy (merger 1.6.2010)
Rakennus-Otava Oy (merger 1.6.2010)

Lemminkäinen Talo Oy Itä- ja Pohjois-Suomi (formerly Rakennusliike A. Taskinen Oy)
Savocon Oy (merger 1.5.2010)
Palmberg-Rakennus Oy (merger 1.5.2010)

Lemminkäinen Talo Oy Länsi-Suomi (formerly Oy Konte Ab)
Lemminkäinen Talo Oy Forsström

INTERNATIONAL OPERATIONS

Lemminkäinen Talo Oy International (formerly Lemcon Ltd)

Lemcon Networks Ltd

BETTER REGIONAL AND LOCAL SERVICE

The subsidiary mergers required by Lemminkäinen Talo Oy's regional organisational model will be completed by summer 2010. Lemminkäinen Talo's domestic project management contracting will be based in subsidiaries covering the whole of Finland. Lemminkäinen Talo Oy International specialises in international project management contracting.

The perspectives of customer accounts, development, procurements and intra-Group partnerships are taken into account when organising support functions serving the regional subsid-iaries.

Lemminkäinen aims to increase the share of renovation construction in the net sales of Lemminkäinen Building Construction by developing its special expertise and ability to serve customers.

In Russia Lemminkäinen aims to exploit the potential for growth in the coming years, especially in and around St. Petersburg and Moscow, as a residential builder and contractor. Furthermore Kaluga industrial park offers investors a fast and risk-free way to establish a presence in Russia's growing markets.

RESPONSIVE TO CHANGES IN DEMAND

In Finland construction is expected to pick up slightly with GDP growth. The housing market, which began to recover in the second half of 2009, is expected to remain stable in 2010. Non-residential construction is likely to remain more subdued than in previous years. Renovation construction is expected to continue its steady growth.

Lemminkäinen has been managing the construction of Finland's pavilion for the 2010 Shanghai World Fair as a project management consultant. The pavilion is called Kirnu, or "Giant's kettle". The pavilion is the embodiment of sustainable development and energy-efficient construction. For example the façades of the building are covered with shingles made of industrial recycled plastic and paper.

INFRASTRUCTURE CONSTRUCTION

We strengthen the foundations of society

Lemminkäinen is one of the biggest infrastructure construction companies in Finland and the Baltic Rim region. Infrastructure Construction is the Group's second biggest business sector. Its business areas are paving, mineral aggregates and civil engineering. Lemminkäinen has its own asphalt and mineral aggregates production, and its services include the construction and maintenance of road, street and railway networks as well as rock and geotechnical engineering works.

Lemminkäinen is Finland's most internationalised infrastructure builder. Lemminkäinen Infra Oy and its subsidiaries also operate in Sweden, Norway, Denmark, Russia, Estonia, Latvia and Lithuania. International operations account for just under a half of the business sector's net sales.

Lemminkäinen Infrastructure Construction employs some 3,500 infra construction professionals.

Local presence is the foundation of Lemminkäinen's good customer service. Lemminkäinen's strong market position is based on its ability to combine local knowledge, special contracting and the skills necessary to manage large projects.

Lemminkäinen Infra's biggest clients include road and rail administrations, cites and municipalities, construction companies and real estate owners.

LEMMINKÄINEN MAINTAINS ITS LEADING POSITION

The total volume of infrastructure construction in Finland declined from the high level achieved in 2008, but the contraction was not as severe as in other segments of the construction sector. The biggest reason for the decline was the completion of many large public infrastructure projects at the end of 2008. The municipalities continued to provide work despite the deterioration of the municipal economy.

In spite of the worsening competitive situation, Lemminkäinen maintained its position as a leading infrastructure builder.

The Finnish paving market contracted and the total volume of asphalt production was about 10 per cent down on the previous year. Lemminkäinen's paving business had a good year in 2009 even though the early onset of winter shortened the infrastructure construction season.

Competition in transport infrastructure construction was fierce all year. The rock and geotechnical engineering market improved. Lemminkäinen won the lead contract of the Western Metro construction project and, among others, the contracts for two underground parking caverns.

The slowdown in building construction reduced demand for mineral aggregates and ready-mix concrete. Demand for crushing contracting was reasonable given the state of the market.

The ready-mix concrete producer Forssan Betoni Oy, which formerly belonged to Lemminkäinen Infrastructure Construction, became a part of Lemminkäinen Building Products' concrete business from the beginning of 2010.

DEMAND FOR PAVING CONTRACTING PICKED UP IN DENMARK AND NORWAY

Demand for paving was particularly brisk in Norway and Denmark.

In Sweden the infrastructure construction market remained good. The development of the rail network continued, which offered some significant geotechnical and rock engineering contracts. Among other projects, Lemminkäinen won the contracts to improve the stability of two reinforced concrete dams.

The poor economic situation in the Baltic states made for an exceptionally challenging construction market, and Lemminkäinen adjusted its operations accordingly. The work situation remained at a satisfactory level in Estonia and Lithuania. In Latvia the situation was challenging. The Baltic infrastructure construction markets were supported by a few EU-funded highway projects.

STRONG EXPERTISE IN ROAD CONSTRUCTION, ROCK AND GEOTECHNICAL ENGINEERING

Lemminkäinen's goal in infrastructure construction during the strategy period 2010–2013 is to maintain its position as one of the biggest infra construction companies in Finland and the Baltic Rim region, and to strengthen its operations especially in the Scandinavian infra market.

Renovation construction has been defined as one of Lemminkäinen's strategic growth areas. It already accounts for over 60 per cent of Lemminkäinen Infrastructure Construction's net sales.

On the international market Lemminkäinen's success is based on strong expertise especially in highway construction and rock and geotechnical engineering works.

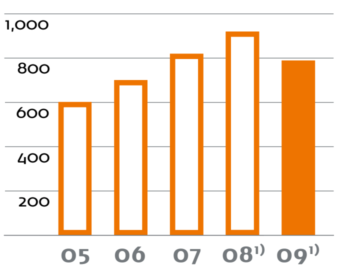
Despite the economic problems of the Baltic states, Lemminkäinen will continue to operate on the region's infra market. Operations have been adjusted to match demand, and Lemminkäinen has been very successful in the EU-funded highway projects started up in the region.

MORE ENERGY-EFFICIENT PRODUCTION METHODS

Preserving Lemminkäinen's present market position and results will require continuous development of and investment in its area of core expertise. When developing new businesses, Lemminkäinen will look for solutions that reduce the strong cyclical sensitivity that is typical of the business sector.

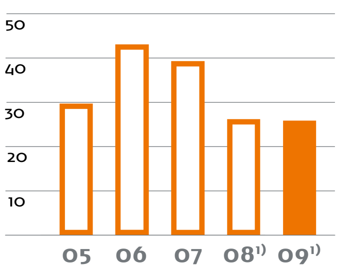
The use of more energy-efficient production methods and working practices is essential when developing the business. For example, there is a lot of potential for energy saving in the crucially important asphalt production process.

Net sales
EUR million



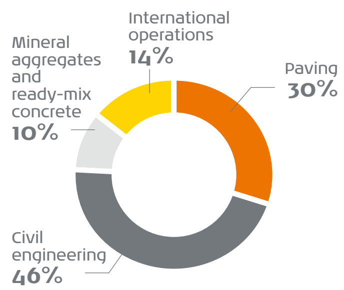
1) The figures are based on internal segment reporting to management.

Operating profit
EUR million



1) The figures are based on internal segment reporting to management.

Production value by business area



STIMULUS BOOSTS NORDIC INFRASTRUCTURE CONSTRUCTION

The Finnish infra construction market will remain challenging in 2010. Budgetary constraints in the municipal sector could lead to reduced spending on infrastructure construction. In Finland competition in the transport infrastructure market will continue to be fierce in 2010, and there are hardly any new projects in the bid preparation pipeline for 2010. The situation in rock and geotechnical engineering has improved thanks to the start-up of new contracts towards the end of last year. Demand for mineral aggregates and asphalt is likely to pick up as building construction recovers.

In Sweden the focus in tunnel construction is switching to the Stockholm area, where some significant infrastructure projects have been launched.

In the Nordic countries government investment in infrastructure construction will probably keep demand at a good level in 2010.

In the Baltic states the situation is likely to remain uncertain. The outlook for the Latvian market in particular is poor.

▼ Lemminkäinen is involved in a major highway contract in which Estonia's eastern arterial road, the Narva road leading from Tallinn to Russia, is being upgraded. The upgrade of the seven-kilometre-long road section in Ida-Viru County, which is being mainly funded by the European Union, will be completed in autumn 2010. In recent years Lemminkäinen has carried out a number of highway projects in the Baltic states with funding provided by the EU and the World Bank.

▶ Work began on the construction of the Western Metro in Helsinki in autumn. In the first contract of the project, Lemminkäinen is excavating the metro tunnels from Ruoholahti station to the Salmisaari shoreline. Lemminkäinen has been involved in the construction of Helsinki's metro system right from the start.

TECHNICAL BUILDING SERVICES

Technical systems make buildings work

Lemminkäinen is Finland's second biggest supplier of installation and maintenance services for technical building systems in terms of revenue generation. The maintenance and servicing business areas of Lemminkäinen Technical Building Services offer full-service coverage of the entire life cycle of buildings and facilities.

Lemminkäinen's service offering includes installation contracting of technical building systems in new and renovation construction, servicing, maintenance and modernisation, expert services, control room and call-out services, and industrial services.

Lemminkäinen Technical Building Services has grown in recent years and its regional service network has been strengthened in response to the increased demand for its services. In 2009, however, net sales were depressed by the general slowdown in construction.

Lemminkäinen's success factors in technical building services are experienced and highly skilled personnel, long-standing customer relationships, and a nationwide network of installation, contracting, servicing and maintenance services, which enables fast-cycle facility servicing and maintenance services as well as flexible local customer service.

The future growth areas are servicing and maintenance operations, the repair and renovation of technical building systems, especially modernisation of piped systems and improvement of energy efficiency, and special expertise in areas such as the servicing and installation of refrigeration equipment. Lemminkäinen has invested in personnel training, service capabilities, the improvement of service quality, and collaboration with its network of partners.

The most important customers of Lemminkäinen Technical Building Services are the central government, local authorities, property developers, owners and users, building managers and housing companies, industry, trade and services. Lemminkäinen's customers are served by about 2,000 skilled professionals based at 36 locations in Finland and a subsidiary in St. Petersburg, Russia.

◄ Lemminkäinen Talotekniikka Oy carried out the electrical works for Tapiola Groups' new head office at Tapiola in Espoo. In the challenging two-year contract particular attention was given to the assurance of reliable power distribution in all situations, and also to the building's security systems and high-quality lighting solutions.

▲ Lemminkäinen and Oy Teboil Ab have extended their long-standing partnership. The companies have made an agreement whereby Lemminkäinen will provide technical facility management and maintenance services to Teboil's service stations. Lemminkäinen's nationwide service network enables it to service Teboil's 450 distribution points all over Finland.

ORDERS PICK UP IN SECOND HALF OF THE YEAR

With new construction in decline, the emphasis in technical building services shifted to renovation construction and servicing and maintenance work. The modernisation of piped systems in residential buildings increased during the year.

In spite of intensified competition, Lemminkäinen Technical Building Services' order book remained at the 2008 level and even started to grow towards the end of the year.

Demand for industrial services declined during 2009 as industry cut back on its investments and maintenance functions. The servicing, maintenance and repair of technical building systems already accounts for over a half of the business sector's net sales.

Despite the deterioration of Russia's economy, servicing work increased during the year and Lemminkäinen received some significant contracts in the St. Petersburg area.

PROFESSIONALISM COMES TO PROPERTY MANAGEMENT

Technical building services is one of Lemminkäinen's strategic focus areas. In accordance with the strategy, the corporate structure of Lemminkäinen Technical Building Services is being streamlined by merging subsidiaries. The business sector's companies, i.e. Tekmanni Oy and Tekmanni Service Oy and its subsidiaries, will change their names and adopt Lemminkäinen's corporate logo and visual identity. Tekmanni Oy will become Lemminkäinen Talotekniikka Oy and Tekmanni Service Oy will become Lemminkäinen Kiinteistötekniikka Oy.

Lemminkäinen Technical Building Services will grow in Finland organically and possibly through corporate acquisitions. Technical building services is expected to account for a growing share of the costs of both new and renovation construction. The amount of technology employed in buildings is increasing continuously. Automation, control systems and electronics have proliferated, and air conditioning and energy efficiency requirements have grown. The use of increasingly sophisticated equipment and systems means that more professional, preventative maintenance and servicing will be needed in property management.

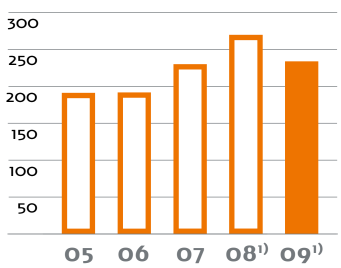
The emphasis in business development is on personnel training, making procurement more efficient and utilising the management system to improve customer service.

GROWING NEED FOR SERVICING AND REPAIR WORK

Demand for the servicing, maintenance and repair of technical building systems is expected to remain at a good level. In Finland, demand for the modernisation of piped systems in residential buildings will continue. Life-cycle building maintenance contracts will also increase.

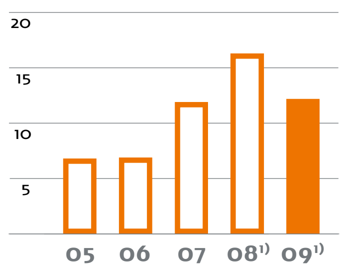
In Russia, demand will be affected by factors such as the price of oil, reduced foreign investment, and a pick-up in residential construction. The need for building maintenance services will grow as the volume of construction grows and the quality standard of properties rises.

Net sales
EUR million



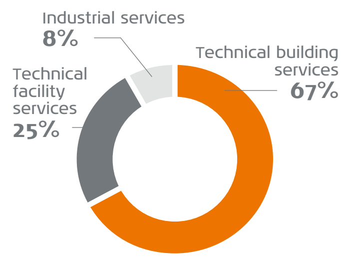
1) The figures are based on internal segment reporting to management.

Operating profit
EUR million



1) The figures are based on internal segment reporting to management.

Production value by business area



TECHNICAL BUILDING SERVICES

The corporate structure of Lemminkäinen's Technical Building Services business sector will change. At the end of 2010 Lemminkäinen Talotekniikka Oy will have only one subsidiary in Finland.

Lemminkäinen Talotekniikka Oy (formerly Tekmanni Oy)
Tekmanni Uusimaa Oy (merger by 30.4.2010)
Turun Rakennusputki Oy (merger by 31.5.2010)
Tekmanni Tampere Oy (merger by 30.8.2010)
Tekmanni Pohjanmaa Oy (merger by 30.11.2010)
Sähköliike Tekno Oy (merger by 30.11.2010)

Lemminkäinen Kiinteistötekniikka Oy (formerly Tekmanni Service Oy)
Oulun LVI-Ykkönen Oy (merger by 29.10.2010)

BUILDING PRODUCTS

Bringing quality to the urban environment

Lemminkäinen Building Products is a pioneer in building materials production and special contracting.

Lemminkäinen manufactures, sells and offers contracting services related to concrete and natural stone urban environment products, pre-cast concrete elements, ready-mix concrete, bituminous roofing materials and waterproofing products. The Company also offers contracting services for the specialised roofing, urban environment and sports construction products that it imports and distributes. Lemminkäinen's extensive range of manufactured and imported building products are used in its design and contracting services for yards, roofs and urban environment and sports-related structures. Lemminkäinen also offers repair, maintenance, installation and advisory service nationwide.

Lemminkäinen's branded building products are Elemento pre-cast concrete staircase and façade elements, Formento urban environment products, and Kerabit waterproofing products. The Company is also the representative for a number of other brands.

The business sector's key customer groups are municipalities and cities, building firms and contractors, retailers, designers, consumers and real estate and housing companies.

Lemminkäinen Building Products has production plants in nine locations as well as 15 other service points. The main market area is Finland, but Lemminkäinen also exports building products such as bituminous membranes and concrete products to other Nordic countries, Russia, Eastern Central-Europe, the Baltic states and Poland, where local subsidiaries offer a comprehensive range of related contracting services.

EMPHASIS ON RENOVATION CONSTRUCTION

The contraction in new construction reduced demand for the products and services of Lemminkäinen Building Products in 2009. Demand for pre-cast concrete staircase and wall elements in particular fell in the first half of 2009, but the pick-up in construction activity clearly boosted demand for pre-cast concrete elements towards the end of the year. Lemminkäinen increased its share of the building products market in spite of intensified competition.

The shift of emphasis from new construction to renovation construction increased the volume of yard and roofing repair works for housing companies. Renovation construction was supported by the government's building repair grants for housing companies and a tax-deductable home improvement allowance for private households.

Although sales of roofing and waterproofing products fell with the slowdown of construction, Lemminkäinen was successful in

▲ The diversity of Lemminkäinen's expertise in renovation construction is exemplified by the renewal of the roof of Haukiputaa church, which was built in 1762. The one-hundred-year-old clay roof tiles were removed, and new ones were installed on a new underlay made from Lemminkäinen's polymer-modified bitumen membrane. The restoration of the church was carried out under the supervision of the National Board of Antiquities and the Board of the Evangelical Lutheran Church of Finland.

▼ Downtown Helsinki will be an even more pleasant urban environment when the pedestrianisation of Keskuskatu street is completed. Lemminkäinen is using natural stone paving slabs of different sizes and colours to create a lively street surface.

maintaining the roofing and waterproofing contracting situation at a reasonably good level. Exports to the Baltic states and Russia in particular were down on the previous year.

The market for sports and urban environment construction was good, with municipalities continuing to invest in the construction of parks, playgrounds and neighbourhood exercise and sports facilities.

Increases in the costs of raw materials such as bitumen, cement and thermal insulation were moderate, and prices remained steady throughout the accounting period.

MORE COMPREHENSIVE SERVICES

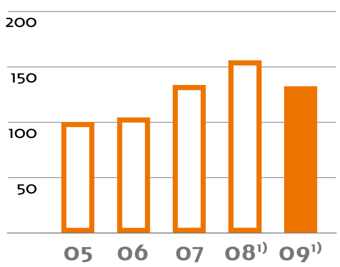
As part of the streamlining of Lemminkäinen's group structure and the unification of its brand, Lemminkäinen Building Products' companies, i.e. Lemminkäinen Katto Oy, Lemminkäinen Betonituote Oy and its subsidiaries, and Omni-Sica, will merge during spring 2010 to form Lemminkäinen Rakennustuotteet Oy. Lemminkäinen Rakennustuotteet Oy's business areas will be roofing, concrete and sports construction.

The business of ready-mix concrete producer Forssan Betoni Oy, which formerly belonged to Lemminkäinen Infrastructure Construction, was added to Lemminkäinen Building Products' concrete business area at the beginning of 2010.

GROWING NEED FOR SERVICING AND REPAIR

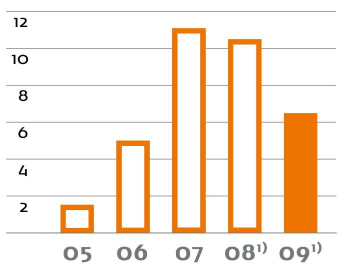
Demand for building products, especially pre-cast concrete elements, will grow as residential construction picks up and the volume of renovation construction continues to grow. Sports construction is also expected to increase.

Net sales
EUR million



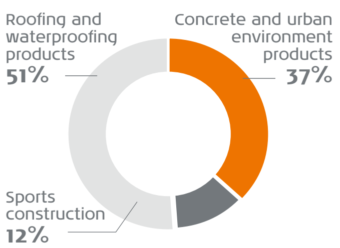
1) The figures are based on internal segment reporting to management.

Operating profit
EUR million



1) The figures are based on internal segment reporting to management.

Production value by business area



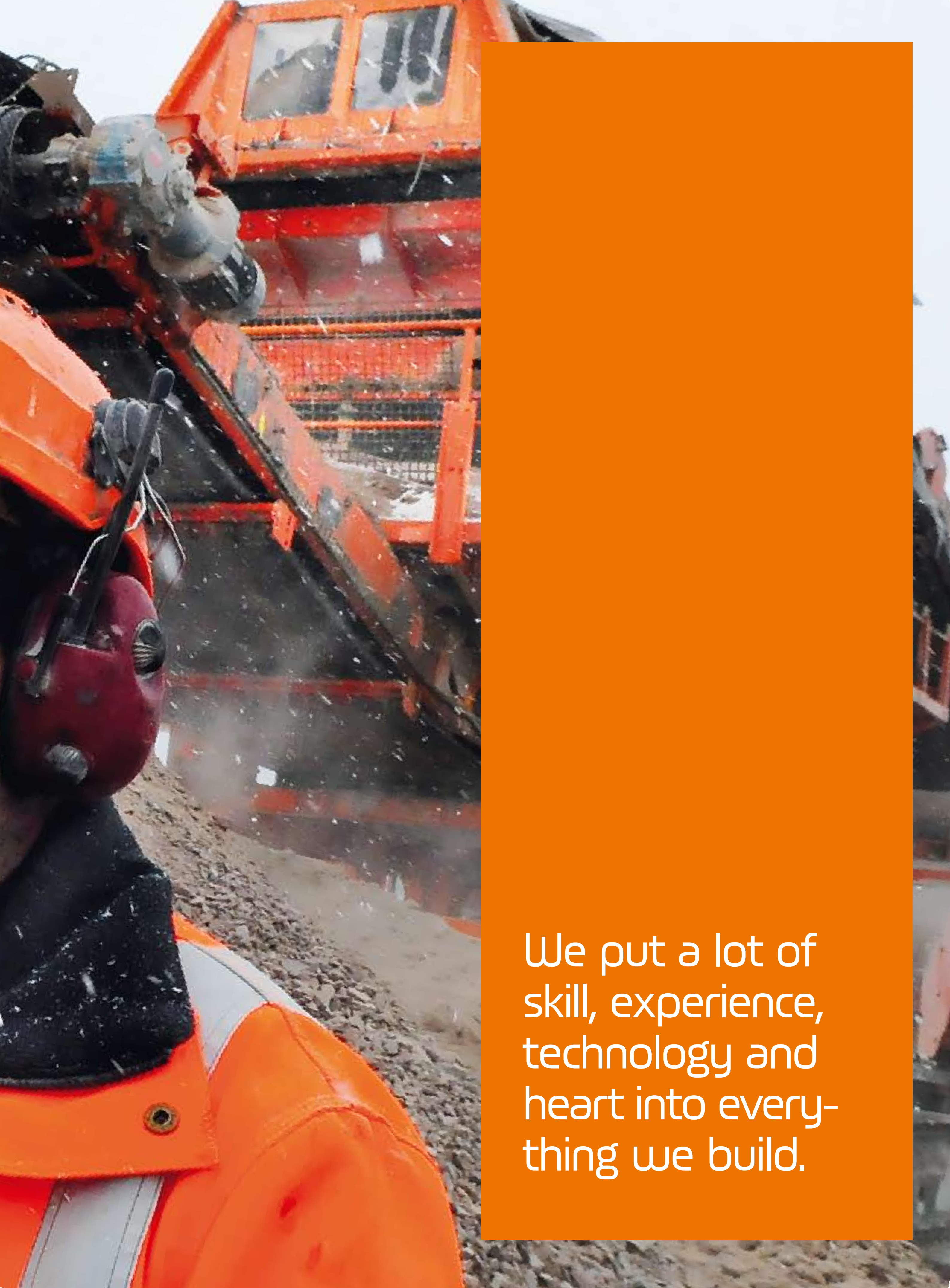
BUILDING PRODUCTS

Lemminkäinen's Building Products business sector will be restructured. At the end of 2010 the business sector will consist of just one company.

Lemminkäinen Rakennustuotteet Oy (formerly Lemminkäinen Katto Oy)
Lemminkäinen Betonituote Oy (merger 1.6.2010)
Omni-Sica Oy (merger 1.6.2010)
Forssan Betoni Oy (merger 1.5.2010)
Suonenjoen Betonituote Oy (merger 1.4.2010)

09

SEPPO AND VILLE SUNDVALL, father (left) and son, with their heavy work machine – a track-mounted mobile stone crushing plant.



We put a lot of skill, experience, technology and heart into everything we build.

09

Responsibility is the answer

For Lemminkäinen it is important to grow the Company's business sustainably from a long-term perspective, giving due consideration to the expectations of customers, employees and other stakeholder groups. The Company acknowledges that it bears a responsibility for construction and its development as well as for people and the environment.

Lemminkäinen's mission is to make living, working and travelling easier, safer and more healthy, both in Finland and internationally. In its vision Lemminkäinen wants to promote the best way to build in all of its operations.

THE PRINCIPLES OF GOOD BUSINESS PRACTICE IN LEMMINKÄINEN

In 2009 Lemminkäinen's Board of Directors approved the Company's Principles of Good Business Practice for use as a code of conduct for the entire Group. The principles apply to all business operations and dictate the way in which Lemminkäinen's workers, salaried staff and directors are expected to act. The principles are augmented by more detailed instructions whenever necessary.

With regard to economic responsibility, the Principles of Good Business Practice provide guidance in matters such as insider information, the promotion of competition, conflicts of interest, care of customer, partner and other stakeholder relations, care of the Company's property, and the protection of confidential information.

The principles include directives on acting in accordance with values, respecting international human rights, the management culture, respect for an equal treatment of employees, and the creation of a safe working environment at all of Lemminkäinen's locations.

The principles concerning environmental responsibility emphasise the personal responsibility and duty of everyone working in the construction sector to continuously reduce the environmental impacts of construction and to promote sustainable development. Environmental perspectives are taken into consideration in all operations and decision-making in order to achieve continuous improvement in environmental issues.

In corporate communications and the care of stakeholder relations, it is essential that correct information on Lemminkäinen's goals and business is disseminated reliably, openly and quickly. Lemminkäinen plays an active role in the development of society and the construction sector through its participation in the work of industry organisations.

Every Lemminkäinen employee must know the laws, regulations and instructions applicable to his or her own work, and must be committed to observing them. Managers are responsible for the necessary familiarisation training, and for ensuring that applicable laws regulations and instructions are observed. The Company's management monitors compliance with the principles.

THE MOST IMPORTANT INTERNATIONAL RULES AND AGREEMENTS GUIDING LEMMINKÄINEN'S BUSINESS

- UN Charter of Human Rights
- UN Global Compact – a global citizenship initiative that promotes human rights, labour standards, environmental protection and anti-corruption
- ILO Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises
- Recommendations of the International Chamber of Commerce

UN'S GLOBAL COMPACT

In 2009 Lemminkäinen signed the UN Global Compact initiative and became one of its supporting members. Lemminkäinen wants to promote the UN Global Compact's ten principles in its own operating environment. These ten principles are concerned with respect for human rights, the improvement of labour standards and working conditions, the promotion of environmental protection and the prevention of corruption.

HUMAN RIGHTS

1. Companies should support and respect universal human rights in their own spheres of influence.
2. Companies should ensure that they are not complicit in abuses of human rights.

LABOUR

3. Companies should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Companies should eliminate all forms of forced and compulsory labour.
5. Companies should work for the effective abolition of child labour.
6. Companies should strive for the elimination of discrimination in respect of employment and occupation.

Environment

7. Companies should support a precautionary approach to environmental challenges.
8. Companies should undertake initiatives to promote greater environmental responsibility.
9. Companies should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Companies should work against corruption in all its forms, including extortion and bribery.

Anyone aware of activities not conforming to good business practice must report the matter to their superior or to the internal audit unit. The investigation of such activities and any further action are the responsibility of the immediate superiors in line management or, if necessary, senior management.

Lemminkäinen's Principles of Good Business Practice have been distributed in printed form to every employee of the Company, and issues related to them are featured regularly, for example, in the personnel magazine. The principles also form an important part of management training. Lemminkäinen's Principles of Good Business Practice can be viewed on the Company's website at www.lemminkainen.com

ECONOMIC RESPONSIBILITY

Profitable growth brings economic value added

Lemminkäinen's main economic goals are profitable growth and strengthening of the Group's financial position.

Lemminkäinen's importance for the economic wellbeing of society can be assessed through the cash flows between the Company and its stakeholder groups. These cash flows include sales revenues from customers, purchases from goods suppliers and subcontractors, wages and salaries paid to employees, different kinds of taxes and social charges, payments to shareholders and financiers, and business investments. The indirect economic effects are mainly associated with the employees of customers and subcontractors. Central government and local authorities also benefit from the income taxes paid on the wages and salaries of the Company's employees.

CUSTOMERS

In 2009 Lemminkäinen's net sales were EUR 1,964 million (2,482). International business accounted for 27 per cent or EUR 527 million (677) of the total.

GOODS SUPPLIERS AND SUBCONTRACTORS

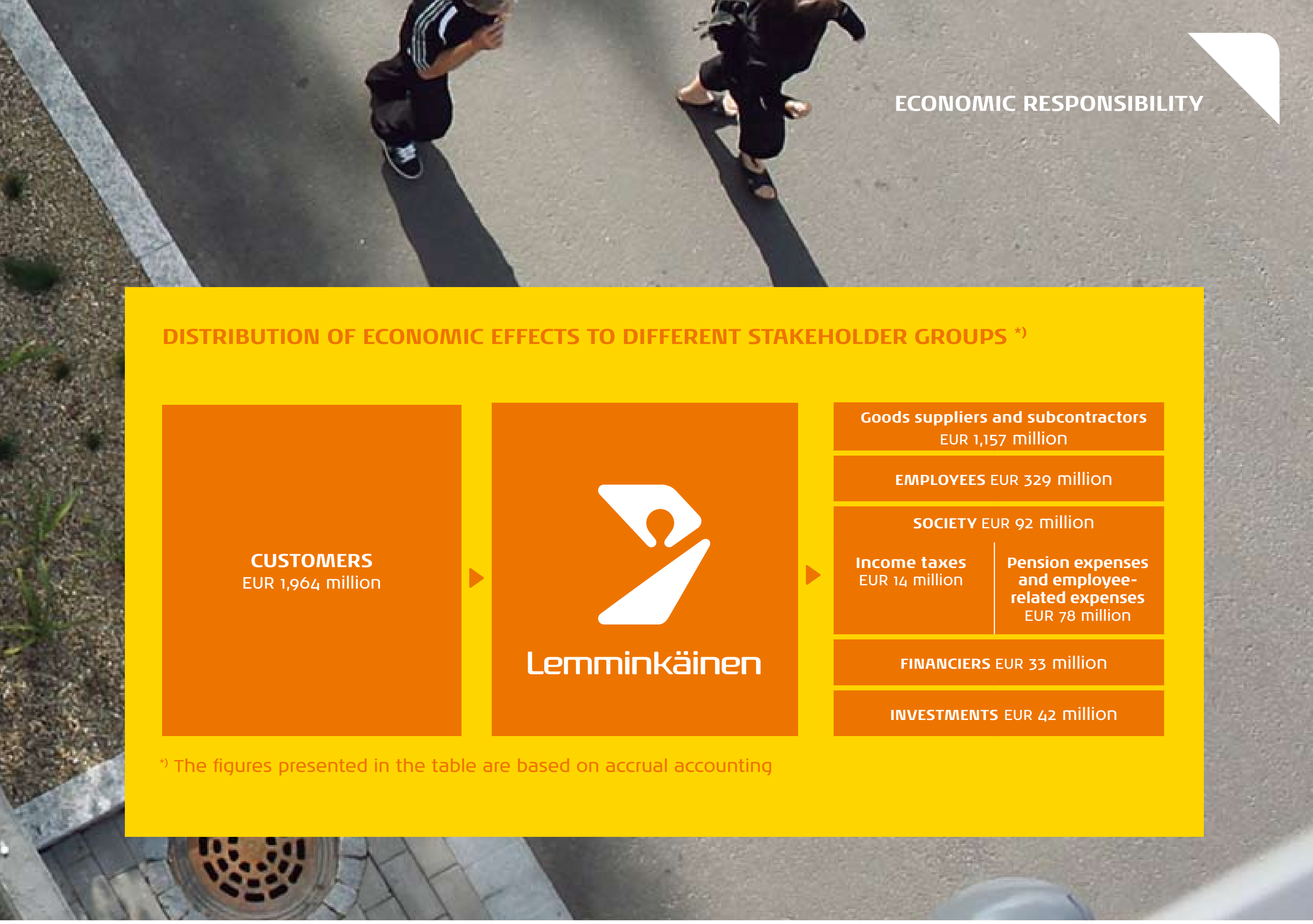
Lemminkäinen's total purchases from external goods suppliers and subcontractors in 2009 were EUR 1,157 million (1,634), i.e. approx. 60 per cent of the Company's net sales. Of this total, pur-chases of goods and raw materials accounted for EUR 500 million (722), and purchases of external services for EUR 664 million (945). The biggest single item in external services was subcontracting, which totalled EUR 530 million (770). Approximately 23 per cent (19) of purchases were made in countries other than Finland.

EMPLOYEES

The average number of people employed in Lemminkäinen Group in 2009 was 8,626 (9,776), of whom 2,607 (2,836) were working abroad. According to the income statement for 2009, the Company paid wages, salaries and other remuneration totalling EUR 329 million (358), of which EUR 72 million (71) was paid to employ-ees outside Finland.

Employee pension expenses of EUR 52 million (55) and other employee-related expenses of EUR 26 million (36) were paid in 2009.

The personnel adjustment measures initiated at the end of 2008 continued, and at the end of the accounting period the number of employees was about 1,200 fewer than it was a year earlier.



In addition to the continuing adjustment measures, Lemminkäinen is striving to improve the efficiency of its business by streamlining the structure of the Group and reorganising its support functions.

SOCIETY

The Company paid income taxes totalling EUR 14 million (28) in 2009. In addition, the Company paid other public charges and taxes such as real estate tax, value added tax and environmental charges.

SHAREHOLDERS

Lemminkäinen had 5,017 shareholders (4,511) at the end of the 2009 accounting period. Lemminkäinen's share price increased 85 per cent during the year. The Board of Directors of Lemminkäinen Corporation will propose to the Annual General Meeting that no dividend be paid for the 2009 accounting period.

FINANCIERS

The Company's net financing expenses in 2009 were EUR 33 million (32). Lemminkäinen's interest-bearing net debt was EUR 325 million (336), gearing 109 per cent (98) and the equity ratio 31 per cent (26).

INVESTMENTS

Gross investments in 2009 were EUR 42 million (60). The most significant single investment made during the accounting period was a new asphalt plant at Sammonmäki. The other investments were mainly replacement purchases of equipment for paving and mineral aggregate operations.

NON-PROFIT ORGANISATIONS

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

The doctoral dissertation prize is EUR 3,500 and the prize for licentiate research and master's theses EUR 2,000. In 2009, prizes were awarded for two doctoral dissertations, one licentiate research and seven master's theses. The fund has awarded prizes for 112 academic theses in total.

ENVIRONMENTAL RESPONSIBILITY

Responsibility for the environment is a matter of practical actions

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

ENVIRONMENTAL RESPONSIBILITY IN ALL OPERATIONS

All construction changes the environment in which we live. As one of Finland's biggest construction companies, Lemminkäinen has a duty and an opportunity to strive continuously to reduce the environmental impacts of construction and to promote sustainable development in construction and its related activities.

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

Lemminkäinen operates in accordance with the principles of the ISO 14001 environmental management system. Systems certificated to this standard are being used in the civil engineering and paving and mineral aggregates business areas of Lemminkäinen Infra Oy, in Forssan Betoni Oy (certificate awarded in January 2010), in Lemminkäinen Building Products, and in Lemminkäinen Talo Oy's subsidiaries in Finland.

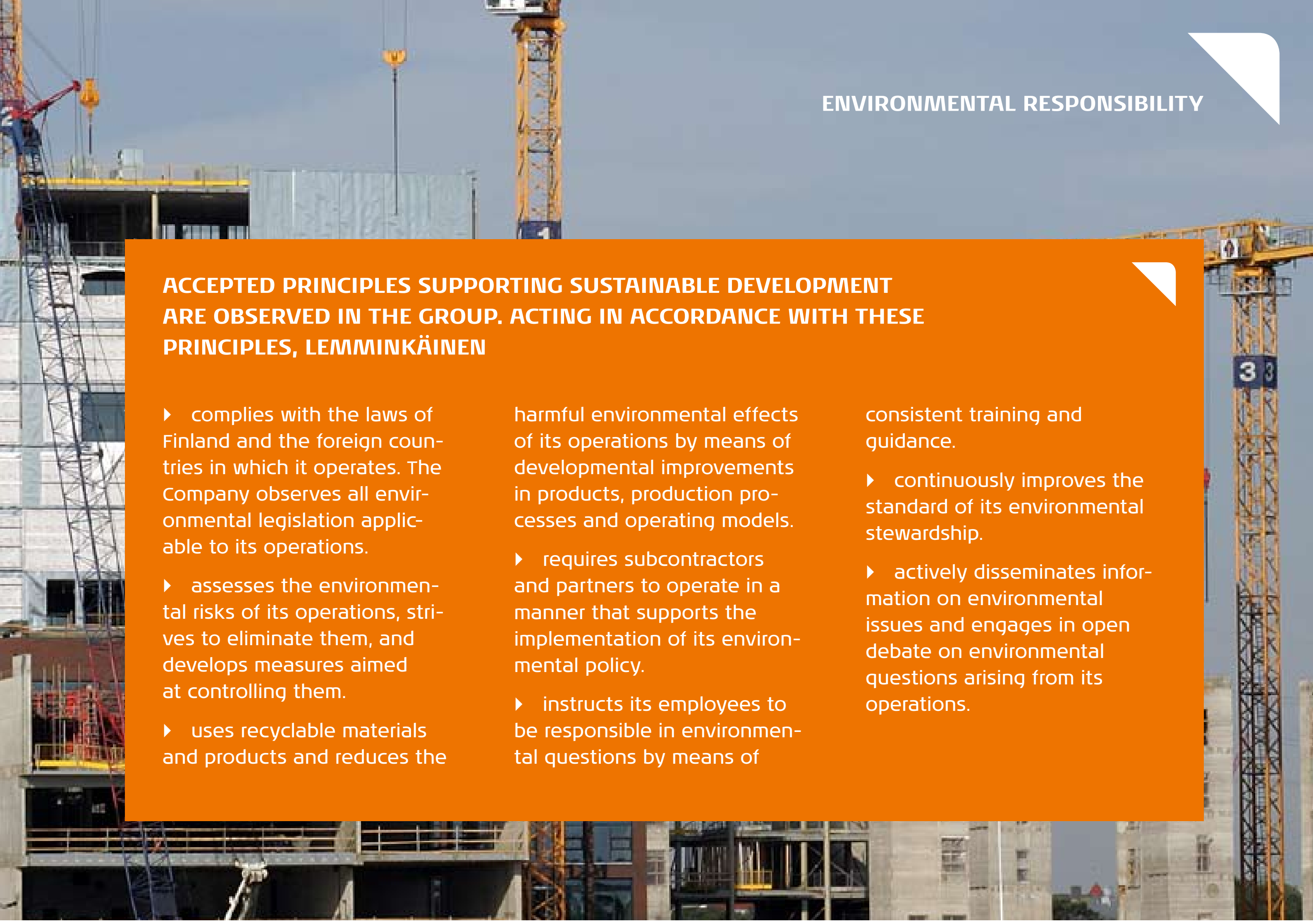
Lemminkäinen is continuously developing its environmental management systems, practices and measurement systems.

The Group's environmental work is guided by the Environmental Protection Act, which requires the prevention and minimisation of harmful effects, caution and carefulness, the use and promotion of the best available technology, the adoption of best environment practices, the acceptance of responsibility for damages caused, and awareness of the environmental effects of Lemminkäinen's activities. The Environmental Protection Act also contains prohibitions concerning the contamination of soils and groundwater.

The principle is to prevent the occurrence of environmental damages by paying particular attention to areas such as the storage of chemicals, the siting of storage facilities, chemical pollution, energy consumption, the recycling and reuse of waste materials, and the organisation and cleanliness of production areas and construction sites.

Emergency plans have been prepared for production plants and facilities, and emergency exercises have been arranged.

The CLP decree (Classification, Labelling and Packaging) entered into force on 20 January 2009. CLP implements the UN's GHS (Globally harmonised system of classification and labelling of chemicals). The purpose of GHS is to improve human safety and the standard of environmental protection.



ACCEPTED PRINCIPLES SUPPORTING SUSTAINABLE DEVELOPMENT ARE OBSERVED IN THE GROUP. ACTING IN ACCORDANCE WITH THESE PRINCIPLES, LEMMINKÄINEN

- complies with the laws of Finland and the foreign countries in which it operates. The Company observes all environmental legislation applicable to its operations.
- assesses the environmental risks of its operations, strives to eliminate them, and develops measures aimed at controlling them.
- uses recyclable materials and products and reduces the harmful environmental effects of its operations by means of developmental improvements in products, production processes and operating models.
- requires subcontractors and partners to operate in a manner that supports the implementation of its environmental policy.
- instructs its employees to be responsible in environmental questions by means of consistent training and guidance.
- continuously improves the standard of its environmental stewardship.
- actively disseminates information on environmental issues and engages in open debate on environmental questions arising from its operations.

The entry into force of the CLP decree changed the classification and labelling of all hazardous chemicals. People working with such chemicals must know both the old and the new documentation and labels, which are prepared in accordance with the regulations of the REACH decree (Registration, Evaluation and Authorization of Chemicals).

The BAT (Best Available Technology) principle is observed in plant and machinery procurements. BAT means technically and economically feasible production and cleaning techniques that are as efficient and advanced as possible, as well as design, construction, maintenance and operating methods that can prevent or most effectively reduce environmental pollution caused by business operations.

BEP (Best environmental practice) is also taken into consideration in Lemminkäinen's operations. BEP means the most appropriate and cost-effective means of preventing pollution of the environment and reducing emissions.

The operations of most of the Group's production plants require an environmental permit. At new sites, permits are applied for in accordance with action plans. Production plant operation is monitored and reports are submitted to the authorities in accordance with the conditions of the operating permit.

ENERGY EFFICIENCY A KEY OBJECTIVE

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

Lemminkäinen is involved in RYM Oy, which co-ordinates the real estate and construction sector's strategic centre for science, technology and innovation. Its goal is to promote world-class research driven by the sector's companies and based on their needs, and to increase the R&D inputs of the construction sector and its companies.

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

CLIMATE CHANGE BRINGS NEW CHALLENGES FOR BUILDING CONSTRUCTION

Energy economy factors must be taken into consideration when designing and building a high-quality and sustainable living and working environment.

The manifestations of climate change in building construction include more stringent regulations and the development of new ecological building methods and technical solutions. From the beginning of 2009 the sellers and renters of buildings are required to have an energy certificate. Climate change and the increasing incidence of heavy rainfall and high winds subject building structures, especially external walls and roofs, to greater loads and stresses, and increase the need for seasonal heating and cooling.

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

Lemminkäinen Talo Oy has launched the first of its LEED (Leadership in Energy and Environmental Design) projects in Seinäjoki, and has started incorporating more stringent energy efficiency requirements into its own housing production. LEED is a green building rating system covering the design, construction, use and maintenance of buildings.

PREREQUISITE FOR ENVIRONMENTALLY FRIENDLY INFRASTRUCTURE CONSTRUCTION

Lemminkäinen conducts its own research and development in the field of infrastructure construction, and also participates in many joint industry projects aimed at developing products and production methods that place less of a burden on the environment.

In its paving business, Lemminkäinen does continuous development work aimed at reducing the energy consumption and energy-related emissions of machines and equipment. Natural gas, fuel oil and liquefied petroleum gas are used as energy sources at production plants. Natural gas is used as an energy source at Lemminkäinen's asphalt production plants in Lahti, Lappeenranta, Imatra, Hämeenlinna and Lohja. The Group's latest natural-gas-fired asphalt plant was completed at the Sammonmäki industrial area in Tuusula in 2009.

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

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

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

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

GROWING NEED FOR TECHNICAL BUILDING SERVICES

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

BUILDING PRODUCTS MEET MORE STRINGENT QUALITY REQUIREMENTS

Lemminkäinen Building Products is developing cost-effective production processes, operating models and products that place the least possible burden on the environment. All of Lemminkäinen Building Products' companies have certificated environmental management systems.

Changing weather conditions call for better-quality materials and higher standards of work. Careful consideration is being be given to life cycle and environmental perspectives and stricter regulations concerning thermal insulation and moisture barrier systems. Key issues are the quality, durability, serviceability and recyclability of products, as well as professional skill and expertise throughout the entire chain from product design and manufacture to installation and maintenance in service. Attention is also being paid to logistics solutions by increasing, for example, the use of recycled materials in product packaging.

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

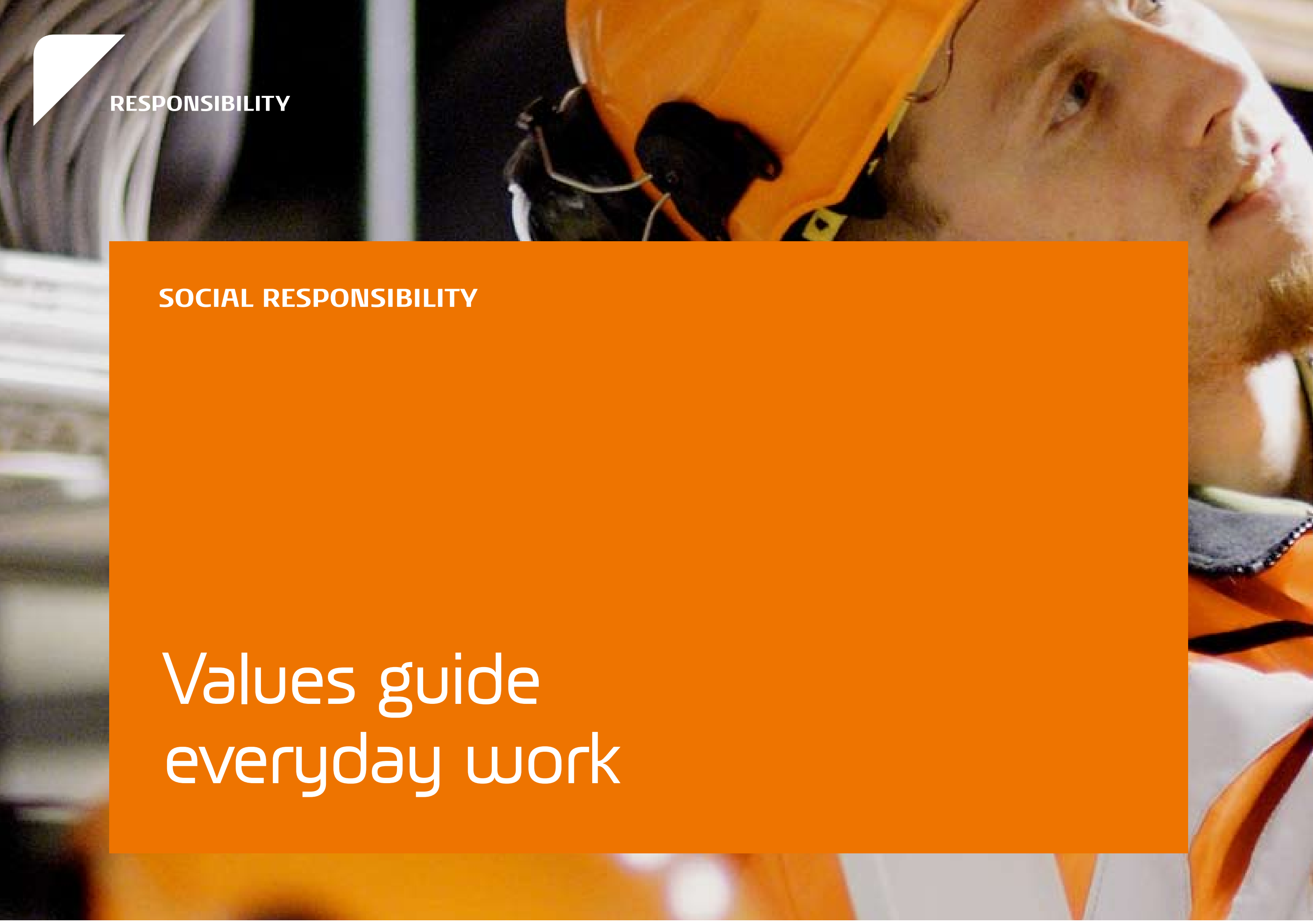
GREEN OFFICE

Lemminkäinen is the first large construction company operating in Finland to join the Green Office network.

In autumn 2009 a Green Office environmental programme was drawn up for Lemminkäinen's head office with the aim of supporting sustainable development. Five environmental themes were chosen for Lemminkäinen's head office, and their development is monitored annually. The themes are power consumption, paper consumption, consumption paths, waste volumes, and air travel.

Green Office encourages Lemminkäinen's head office personnel to act and think more ecologically and more responsibly. The everyday choices made by office workers can have an impact on sustainable development and ecology. Environmental management certificates ensure that environmentally friendly practices are observed on the Company's construction sites.

▶ Lemminkäinen's head office in the Salmisaari district of Helsinki has joined the WWF's Green Office network. Permission to use the Green Office logo was granted in January 2010.



SOCIAL RESPONSIBILITY

Values guide everyday work

New shared values guide all of the Lemminkäinen's activities. Lemminkäinen's core values of respect and trust create a solid foundation for constructive collaboration and thus sustainable growth and development. Keeping these values firmly in focus in personnel work will make them genuinely a part of everyday work and the way we do business.

By the end of the strategy period Lemminkäinen aims to be the construction sector's best employer with the best-trained personnel and the best managers. Achieving that goal will require investment in personnel development and training as well as motivational management work.

In 2009 Lemminkäinen established an HR management group consisting of representatives from the business sectors and Group-level HR co-ordinators. The group prepares important matters concerning personnel work for consideration and decision by the Group's Executive Board.

A draft version of Lemminkäinen's personnel strategy was completed in spring 2009. The final version of the personnel strategy will be completed in spring 2010. A number of large development projects were initiated in 2009, some of which will continue in 2010.

With a labour shortage expected in the construction sector after the recession is over, Lemminkäinen is developing its management personnel work as part of a wider effort to ensure that it remains an attractive employer in the future.

UNIFORM PERSONNEL PRACTICES

The aim is that the personnel administration practices and employee benefits of one united Lemminkäinen should be uniform throughout the Group. The operating models used by personnel

administration in the Group's different companies, e.g. the remuneration system and occupational healthcare, recruitment practices and training opportunities, are being harmonised. Uniform practices in personnel administration support the achievement of business goals; they create a pleasant working atmosphere; and they support employee motivation and development even-handedly. They also support management work that is consistent with Lemminkäinen's values and improve the Company's image as an employer.

PAY AND REMUNERATION PRINCIPLES HAVE BEEN HARMONISED

The pay and remuneration principles have been harmonised throughout the Group.

At the end of 2009 Lemminkäinen's Board of Directors approved the management pay and remuneration policy as well as policies on the pay and remuneration of other employees. The policies all came into effect at the beginning of 2010 and will be fine-tuned on the basis of experience.

The policies cover the basic pay and fringe benefits of Lemminkäinen's personnel and management as well as short-term rewards and, in the case of management, long-term rewards. The policies also define the target levels used in the reward systems.

MANAGING WORK FITNESS RISKS IS IMPORTANT

Lemminkäinen places a great deal of emphasis on the fitness and health of its employees. New operating models for identifying work fitness risks, managing them more effectively and supporting the fitness of employees for work are being developed in the Group. The aim of the work fitness management project is to extend the careers and working lives of Lemminkäinen's employees, reduce sick leave absences, and save costs incurred as a result of premature retirement.

The project also aims to standardise occupational healthcare throughout the Group by the beginning of 2011 so that all employees receive equal healthcare benefits. A study on the present state of occupational healthcare in Lemminkäinen's different companies was made in 2009.

An early intervention model is being used to support the fitness for work of employees in poor health or condition and to react to threatening fitness-for-work problems at an early stage. The aim is to avoid unnecessary premature retirements due to health issues and to ensure that employees can retire in good health.

A sick leave absence monitoring system piloted since the end of 2008 will be brought into use throughout the Group by the beginning of 2011. The monitoring of sick leave absences and reacting to them is part of the early intervention model. This promotes the timely identification of deteriorating fitness for work and the search for alternative jobs for unfit employees within the Group. When an accident occurs, the occupational healthcare service ensures than the injured person gets the necessary treatment and rehabilitation, and looks for ways to restore the employee's full fitness and return to work.

Lemminkäinen has developed its collaboration with occupational pension and accident insurance companies. Lemminkäinen has been successful in guiding employees on extended sick leave to retraining and in finding new career paths for them.

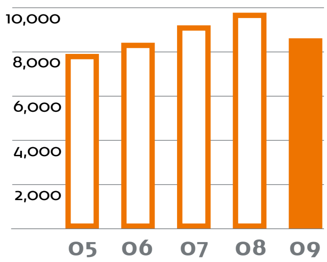
The biggest factors for musculoskeletal loading in different professional groups are being studied in a project concerned with the description of physically strenuous jobs. In 2009 the jobs done in the Building Construction, Infrastructure Construction and Building Products business sectors were described. After the jobs done in the Technical Building Services business sector have been described, the physical strenuousness of all the jobs done in the Group will have been studied. This work will be completed by the beginning of 2011.

Lemminkäinen appointed an occupational wellbeing manager at the beginning of 2010. The tasks of the occupational wellbeing manager are concerned with foreseeing work fitness risks, occupational safety and health, and nutrition and physical exercise issues. The occupational wellbeing manager works together with managers, employees and the occupational healthcare service to ensure that the work community's wellbeing and equal treatment in the workplace as well as matters related to age management are all taken care of appropriately.

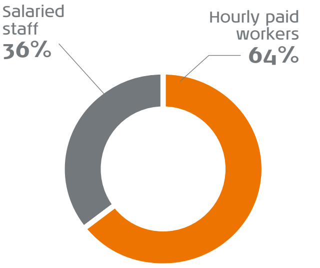
LEMMINKÄINEN HAS THE BEST WORKPLACE EXERCISE PROGRAMME

Lemminkäinen has been systematically developing workplace exercise over a number of years, and has created a genuinely

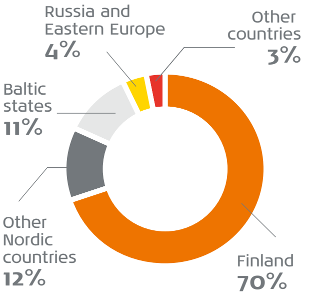
Personnel (average)



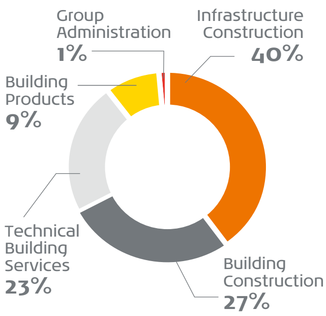
Personnel by employment group



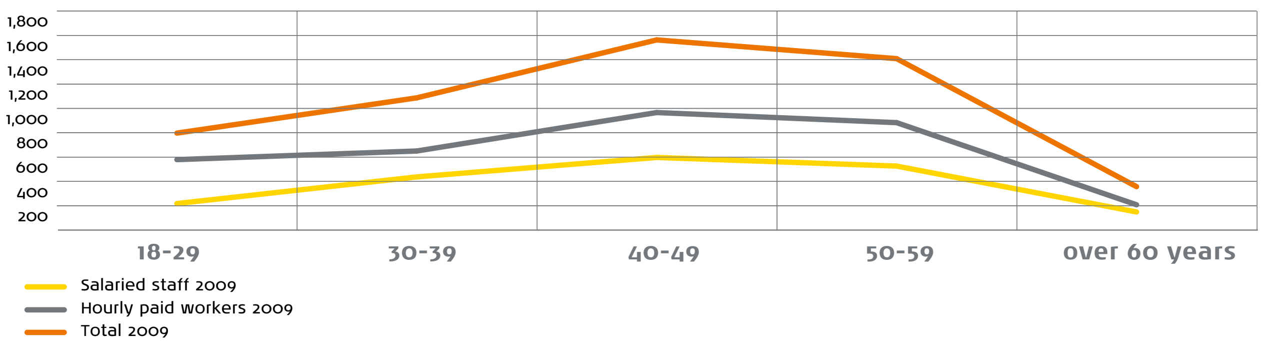
Personnel by market area



Personnel by business sector



Age distribution, regular employees in Finland



motivating model for it. A wide range of physical exercise activities are offered equally to all of Lemminkäinen's employees. Encouraging the personnel to exercise regularly is also a part of management responsibility and training.

Employee participation in workplace exercise has risen from just under 40 000 visits to almost 80 000 visits a year. The number of employees taking enough exercise to maintain good health has risen significantly since 2004. Lemminkäinen's long-term work in this area was recognised when it received the Finnish Sport For All Association's 2009 Active Workplace Award.

MANAGEMENT ACADEMY LEKA INTRODUCES GOAL-ORIENTED TRAINING TO THE GROUP

Management Academy LEKA is a training programme for Lemminkäinen's managers that covers different aspects of management ranging from personnel management to project management and business expertise.

LEKA pilot training began in autumn 2009. Both new content and the various separate management training courses organised earlier in Lemminkäinen Group have been incorporated into the training programme. Managers from all of Lemminkäinen's business sectors meet at the LEKA training venue, and this serves as a good example of how closer collaboration between the business sectors is being promoted.

LEKA consists of four training modules targeted at different management levels and focusing on essential expertise for the individual's own work as well as the development of general management skills. LEKA is intended for all levels of management: directors, managers, site managers and foremen.

The first LEKA training events will be held in 2010. By the end of the strategy period, all 1,400 of Lemminkäinen's managers will have gone through the LEKA programme.

In addition to LEKA, supplementary management and expert training programme VIILA is also under construction. The content of VIILA is topical training material selected according to need. In 2009 VIILA included management training on competition law and challenging situations.

ADJUSTMENT SUPPORT

The management training concerned with challenging situations was also closely related to the adjustment support project. In the training, managers were given tips on how to deal with challenging situations. About 250 of Lemminkäinen's managers had completed the training by the end of 2009.

In 2009 the emphasis in the adjustment support project was on the handling redundancy and lay-off situations. Lemminkäinen aims to handle such situations during the recession in a manner that is respectful of the employees concerned. Lemminkäinen employees who are made redundant are offered a two-day job seeker's support course.

CO-OPERATION WITH EDUCATIONAL INSTITUTES AND SUMMER WORK

The Group's forms of collaboration with educational institutes and the target groups for such partnerships were examined in 2009 in order to obtain an overview of the situation. Lemminkäinen wants to promote the merits of working in the construction sector and its own attractiveness as an employer. About two-thirds of Lemminkäinen's personnel are workers, so vocational schools are one of the most important target groups for collaboration with educational institutes.

Lemminkäinen is involved in the universities' Get a Life project, which aims to encourage students to plan out their working career while they are still at college. In particular, a career exploration web tool applicable to the needs of university students and their teachers is being developed in the project. Tuition models promoting initiative, entrepreneurship and independent thinking are also being produced in the project.

Familiarisation events for summer workers were organised in Tampere, Turku and Helsinki. In spite of the challenging market situation, Lemminkäinen wants to offer development and on-the-job learning opportunities to future construction industry professionals.

OCCUPATIONAL SAFETY

The entire Lemminkäinen Group observes the safety programme approved by the Company's Board of Directors. The programme, which forms part of the management system, encompasses safety management, risk management and measures that improve occupational safety. The key principles, goals, actions and monitoring methods relating to occupational safety and health are documented in the safety programme.

Lemminkäinen's safety work is based on the support of safe working conditions and practices, the creation of a safety-conscious work atmosphere, the reduction of workplace accidents and the organisation of safety training. Lemminkäinen's safety work is purposeful and preventative. Safety analyses are made to assess risks, and employees use safety equipment and personal protective gear as per instructions. The employer and the employees work together to promote safety. Employees are given the safety training and guidance needed in their work. Safety work is continuously improved on the basis of internal assessments and the feedback obtained from them. Lemminkäinen observes all occupational safety, occupational health and environmental legislation. Accident risks are insured in accordance with the insurance plan.

The development of safety work is monitored monthly and annually. Lemminkäinen is a member of the Zero Accident Forum of Finnish workplaces.

Different kinds of safety audits, reviews and measurements are made regularly at all workplaces. In these reviews the safety management systems and workplace safety practices are examined and recommendations are made to improve occupational safety.

The new decree on the safety of construction work that entered into force in summer 2009 is observed throughout the Group. The decree combines four earlier laws relating to the safety of construction sites.

Responsibility for operational safety resides with the management of the Group's business sectors. The task of ensuring safety as well as responsibility for its implementation are shared by management, employees, safety managers and the industrial safety organisation.

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

- Lemminkäinen Talo Oy's subsidiaries in Finland
- Lemminkäinen Infra Oy's business functions: paving, mineral aggregates, and civil engineering
- Forssan Betoni Oy (certificate awarded in January 2010)
- Lemminkäinen Building Products: Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy's subsidiary Suonenjoen Betonituote Oy

CERTIFICATION WORK CONTINUES WITHIN THE GROUP

Particular attention has been paid to the way in which accidents are dealt with. For example, in Lemminkäinen Infrastructure Construction serious accidents are handled by the management board of Lemminkäinen Infra Oy. The passage of events leading up to the accident are examined and ways in which a similar occurrence can be prevented are explored.

The Group aims to reduce the frequency of workplace accidents by 10 per cent per annum. The number of recorded accidents in Lemminkäinen Group has been reduced in recent years. The accident statistics are compiled in accordance with counting principles of the Zero Accident Forum and those generally used in the industry. All accidents resulting in at least one full day's absence from work are counted in the statistics. In future, particular attention will be given to the establishment of safety measures and good practices on the Group's work sites. The investigation and reporting practices for accidents and dangerous situations will be further developed.

The Group will organise theme days and produce training and communications materials, including, among other things, safety videos for each business sector to support the familiarisation training of new employees.

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TERO TIURA works as a roof tiler in the Tampere district of Lemminkäinen Rakennustuotteet Oy's roofing contracting unit. Safety considerations are crucially important in Tero Tiura's profession.

We make living, working and travelling easier, safer and healthier.

Corporate governance of Lemminkäinen Group

Principles of corporate governance

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

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

GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting is held annually within six months of the end of each accounting period on a date to be determined by the Board of Directors. The AGM decides on matters as required in the provisions of the Companies Act, such as adoption of the year-end financial statements, profit distribution, and the granting of discharge from liability to the members of the Board of Directors and to the President & CEO. The AGM also elects the members of the Board of Directors and the auditors and decides on the fees that will be paid to them.

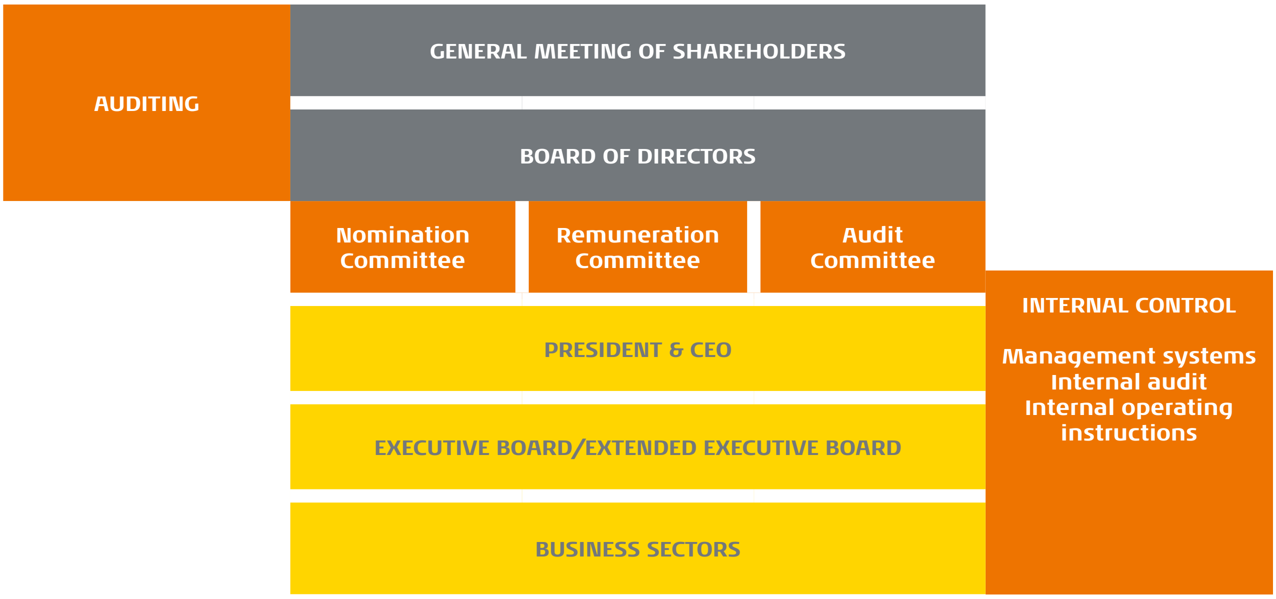
Notice of a general meeting of shareholders must be published in at least in one newspaper appearing in Helsinki no earlier than two months and no later than 17 days prior to the meeting. The right to attend a general meeting of shareholders is restricted to those shareholders who are registered on the Company's list of shareholders kept by Euroclear Finland Oy at least ten days prior to the meeting. Nominee-registered shareholders can be included on the Company's list of shareholders temporarily for the purpose of attending a general meeting of shareholders. Lemminkäinen has one share class, and each share carries one vote at a general meeting of shareholders.

Lemminkäinen's Board of Directors is responsible for ensuring that the shareholders are provided in advance with adequate information on the matters to be dealt with at a general meeting of shareholders. This information is given in the notice of the general meeting, in other bulletins and releases, and on the Company's website.

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

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

LEMMINKÄINEN-KONSERNIN HALLINTO



Lemminkäinen Corporation's Annual General Meeting 2009 was held on 17 March 2009. The AGM adopted the year-end financial statements for 2008 and granted discharge from liability to the members of the Board of Directors and to the President & CEO.

An Extraordinary General Meeting was held on 12 November 2009. The meeting decided to authorise the Board of Directors to resolve on the issuance of shares and on the acquisition of own shares.

The Extraordinary General Meeting decided 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 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 4,200,000 shares. The proposed maximum number corresponds to approximately 25 per cent of all the current shares in the Company. The Board of Directors may resolve to issue either new shares or own shares possibly held by the company.

The authorisation entitles the Board of Directors to resolve on all terms and conditions of the share issue and the issue of special rights entitling to shares, including the right to derogate from the pre-emptive right of the shareholders. The authorisation may be used for the financing or execution of any acquisitions or other business arrangements, to strengthen the balance sheet and financial position of the company or for other purposes as determined by the Board of Directors.

The authorisation is in force for five (5) years from the resolution of the General Meeting.

In addition, the General Meeting decided to authorise the Board of Directors to resolve on the acquisition of own shares. In accordance with the authorisation, the Board of Directors may resolve to acquire a maximum of 1,700,000 own shares in one or several instalments, using the unrestricted shareholders' equity of the company, subject to the provisions of the Finnish Companies Act on the maximum amount of own shares. The maximum number corresponds to approximately 10 per cent of all the current shares in the Company.

The Board of Directors may resolve to acquire shares also otherwise than in proportion to the holdings of the shareholders. The shares shall be acquired in public trading at market price. The acquisition shall be carried out on NASDAQ OMX Helsinki Ltd. in accordance with its rules and regulations.

The authorisation is in force for a period of 18 months from the resolution of the Extraordinary General Meeting.

BOARD OF DIRECTORS

Board of Directors of the parent company

Lemminkäinen Corporation's Annual General Meeting elects each year at least four and at most eight members to serve on the Company's Board of Directors. The term of office of the board members ends at the conclusion of the first Annual General Meeting held after their election. The Board of Directors elects the Chairman and Vice Chairman from among the members.

Order of business

The Board of Directors handles matters in accordance with its order of business and decides on important matters of principle and issues with far-reaching consequences for the Group.

In accordance with its order of business, the Board of Directors confirms Lemminkäinen Corporation's values, strategy and business policies, and monitors their implementation and topicality. The Board of Directors makes decisions in accordance with its mandate in the Articles of Association on expansion into new business areas and the discontinuation of old businesses.

The Board of Directors approves the budgets of Group companies as constituent parts of the Group's budget, and makes investment and financing decisions that are important for the Group. In addition, the Board of Directors ensures that the principles of the Group's risk management are defined and annually ensures that key business risks are identified and systematically monitored. The Board of Directors also ensures that the Company has a functional system of internal controls.

The Board of Directors appoints and dismisses the President & CEO as well as his/her immediate subordinates. It decides on the pay, incentive scheme and other benefits received by the President & CEO and his/her immediate subordinates on the basis of a proposal made by the Remuneration Committee. The Board of Directors also decides on the principles of the Group's incentive pay schemes.

At meetings of the Board of Directors the President & CEO presents his review of the Group's different business sectors as well as financial reports on the Group.

Members of the Board of Directors

The Annual General Meeting held in spring 2009 elected six persons to serve as members of the Board of Directors, all of whom are independent of the Company. Of the board members, Berndt Brunow, Juhani Mäkinen, Mikael Mäkinen, Heikki Räty and Teppo Taberman are independent of the Company's major shareholders.

The Board of Directors of Lemminkäinen Corporation held an organising meeting on 17 March 2009 and elected Berndt Brunow to serve as Chairman and Juhani Mäkinen to serve as Vice Chairman.

The six members of the Board of Directors of Lemminkäinen Corporation are:

- Berndt Brunow, b. 1950, Chairman of the Board
- Juhani Mäkinen, b. 1957, Vice Chairman of the Board

- Mikael Mäkinen, b. 1956
- Kristina Pentti-von Walzel, b. 1978
- Heikki Räty, b. 1953
- Teppo Taberman, b. 1944

Meetings

Lemminkäinen Corporation's Board of Directors generally convenes once a month. There were 11 board meetings in 2009 and the attendance rate of the board members was 100 per cent (95).

Fees

The 2009 Annual General Meeting decided that the Chairman would be paid a fee of EUR 10,000 (11,000) per month and the board members would each receive a fee of EUR 3,000 (3,000) per month. The board members also receive an attendance fee of EUR 500 per meeting

Self-assessment

The Board of Directors makes an annual internal self-assessment of its work. Amongst other things, the Board assesses the accomplishment of the order of business, as well as the Board's structure and working practices. The Board also makes an annual assessment of the independence of its members.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has chosen from among its members a Nomination Committee, an Audit Committee, and a Remuneration Committee. The committees assist the Board of Directors by preparing pertinent matters for the Board's consideration. All members of the Board of Directors may take part in the meetings of the Remuneration Committee and the Audit Committee.

Lemminkäinen's Board of Directors has approved its committees' orders of business, in which the key tasks and working principles of the committees are defined. The committees prepare proposals and recommendations on the matters that they deal with for decision by the Board of Directors. The chairmen of the committees present these proposals and recommendations to the Board. Minutes of the meetings of the committees are kept and distributed to all the members of the Board of Directors.

The Board of Directors may deal with matters belonging to the order of business of the Audit Committee and the Remuneration Committee by decision of the Chairman of the Board.

Nomination Committee

The role of the Nomination Committee is to prepare for the Annual General Meeting a proposal on nominations for membership of the Board of Directors as well as the fees that should be paid to the members.

On 1 January 2009 Berndt Brunow was acting as the Chairman of the Nomination Committee, with Teppo Taberman and Sakari Tamminen serving as committee members.

At its organising meeting on 17 March 2009 after the Annual General Meeting in spring 2009, the Board of Directors elected Berndt Brunow, Kristina Pentti-von Walzel and Teppo Taberman to serve on the Nomination Committee. Berndt Brunow acts as the Chairman of the committee. All the members of the committee are independent of the Company and two of them are independent of its major shareholders.

The Nomination Committee convened once in 2009. All the members of the committee attended the meeting.

Audit Committee

The role of the Board of Directors' Audit Committee is to monitor the annual and interim financial reporting processes as well as the statutory auditing of the parent company and consolidated financial statements. In March 2010 Lemminkäinen published a Corporate Governance Statement. With regard to the content of the statement, the Audit Committee describes the main features of the internal control and risk management systems associated with the financial reporting process. The Audit Committee monitors the adequacy and effectiveness of the Group's risk management, internal controls and internal auditing. The Audit Committee deals with reports and plans prepared for the committee by the internal control and internal audit units. Furthermore, the Audit Committee assesses the independence of the statutory auditor or firm of authorised public accountants and especially the provision of ancillary services to the audited firm. The Audit Committee carries out preparatory work on the election of the auditor for the Board of Directors' consideration.

The Company's auditor and internal auditor as well as management representatives attend the committee's meetings when summoned to do so.

On 1 January 2009 the Chairman of the Audit Committee was Sakari Tamminen, with Juhani Mäkinen and Kristina Pentti-von Walzel serving as committee members. From 17 March onward, Heikki Räty was the Chairman, and Juhani Mäkinen and Kristina Pentti-von Walzel served as committee members. All the members of the committee are independent of the Company and two of them are independent of its major shareholders.

The Audit Committee convened five times in 2009. All the members of the committee attended the meetings.

The members of the Audit Committee are paid an attendance fee of EUR 500 per meeting of the committee.

Remuneration Committee

The Remuneration Committee deals with matters relating to pay and rewards of senior management as well as and other key terms and conditions of their service agreements. In addition the Remuneration Committee deals with Group-level remuneration, incentive and retention bonus schemes. Final decisions are made by the Board of Directors on the basis of the Committee's proposals.

On 1 January 2009 the Chairman of the Audit Committee was Teppo Taberman, with Berndt Brunow and Juhani Mäkinen serving as committee members.

From 17 March onward, Teppo Taberman was the Chairman, and Juhani Mäkinen and Berndt Brunow served as committee members. All the members of the committee are independent of the Company and its major shareholders.

The Remuneration Committee convened three times in 2009. All the members of the committee attended the meetings.

GROUP MANAGEMENT

President & CEO

The President & CEO of Lemminkäinen Corporation is responsible for the day-to-day management and practical planning of the Company's businesses. The President & CEO also takes care of actions that are strategically important at Group level, such as preparations for acquisitions and the execution of measures decided by the Board of Directors. In addition, the President & CEO ensures that the Company's management resources are sufficient and that the Company's governance is appropriate and in accordance with the law.

Timo Kohtamäki (b. 1963) has served as President & CEO of Lemminkäinen Corporation since 1 January 2009. In 2009 the President & CEO was paid a salary of EUR 416,020 and benefits totalling EUR 11,760. No performance-related reward was paid.

The President & CEO is entitled to retire on reaching 60 years of age. The President & CEO's pension is determined on the basis of the terms of the supplementary pension insurance plan for Lemminkäinen Group's management (described on page 57).

The President & CEO's contract of employment may be terminated at six months' notice. If the Company gives notice of termination, the President & CEO shall be entitled upon termination of the contract to receive a one-time severance payment equivalent to 18 months' salary according to his salary rate at the time of contract termination.

Executive Board

The Executive Board of Lemminkäinen Group comprises, in addition to the President & CEO of the parent company, the executive vice presidents responsible for the Group's business sectors, i.e. Building Construction, Infrastructure Construction, Technical Building Services, and Building Products, as well as Lemminkäinen Corporation's Executive Vice President, Human Resources and ICT, Executive Vice President, Corporate Business Development, and the Chief Financial Officer.

The areas of responsibility of the Executive Board members were redefined at the beginning of 2010. The purpose of the changes is to streamline the management of key functions and achieve greater efficiency in the implementation of the new strategy.

In addition to his current duties as Executive Vice President, Technical Building Services, Marcus Karsten will assume responsibility for developing and managing customer relationships on a Group-wide basis.

Jukka Terhonen, Executive Vice President, Building Construction, will be responsible for residential construction in Russia as well as for developing a Group-wide concept for renovation construction.

Erkki Lönnrot, Executive Vice President, Building Products, will assume responsibility for intensifying regional co-operation.

The development of Nordic infrastructure construction will be the responsibility of Henrik Eklund, Executive Vice President, Infrastructure Construction.

Tiina Mellas, Executive Vice President, will be responsible for Human Resources and ICT and their development.

Tiina Mikander, Executive Vice President, Corporate Business Development will be responsible for the development of strategic business planning, the management system, and corporate responsibility issues. The Corporate Communications and Environment and Safety functions will report to her.

Robert Öhman's areas of responsibility are Finance, Treasury, Mergers and Acquisitions, Investor Relations and Legal Affairs. Additionally, he is responsible for developing the Group's procurement function.

Extended Executive Board

Lemminkäinen Group also has an Extended Executive Board, which, in addition to the members of the Executive Board, includes 20 executives representing the business sectors and support functions.

MANAGEMENT DEVELOPMENT

In connection with the renewal of Lemminkäinen's strategy, work began on streamlining the corporate structure and developing the management model. The management and planning practices in different parts of the Group are now being harmonised. As part of the management development process, the pay and remuneration policy for Lemminkäinen's management was renewed. Implementation of the new policy will begin in 2010.

MANAGEMENT REMUNERATION

The pay and remuneration policy approved by the Board of Directors is observed in Lemminkäinen Group. According to the policy, the pay of the President & CEO as well as the members of the Group's Executive Board and other management personnel consists of fixed basic pay, payments in kind and other benefits, and long- and short-term rewards.

Fixed basic pay means a person's monthly salary, which is determined according to the business value of the job as well as the performance and experience of the person doing the job. In addition to the use of a company car, mobile phone and meal benefits, management personnel have extended insurance cover for accidents and travel in their free time.

Short-term reward scheme

Short-term rewarding is based on the possibility of receiving an annual performance-related bonus. Performance-related bonus is earned by exceeding performance targets specified at the beginning of each year. Lemminkäinen's management is divided into five performance-related pay groups, which determine the maximum performance-related pay percentage applicable to each individual. Membership of a performance-related pay group is based on the individual's position in the organisational hierarchy as well as the business value and impact of the person's job.

Long-term reward scheme

Lemminkäinen's long-term reward system is a share-based incentive plan with three earning periods: calendar years 2010, 2011 and 2012. The Board of Directors decides on the earnings criteria for each earnings period and on the targets set for them at the beginning of each earnings period. The plan's target group consists of about 30 key management personnel.

Lemminkäinen's Board of Directors shall decide on the distribution of shares to key personnel on the basis of a proposal made by the President & CEO.

Supplementary pension plans

From the beginning of 2010 the supplementary pension plans for management are based on the defined contribution practice and the earning of a paid-up policy. An exception to this are members of the Group's Executive Board born before 1955, who fall within the scope of define benefit practice.

The members of the Group's Executive Board are entitled to retire upon reaching 60 years of age. The retirement age for others is 63 years.

INSIDER ADMINISTRATION

Lemminkäinen Corporation observes the current insider guidelines of NASDAQ OMX Helsinki Ltd, which is supplemented by the internal insider rules approved by the Company's Board of Directors. The Company maintains a register of public and company-specific insiders in the SIRE system of Euroclear Finland Oy.

The public insiders are Lemminkäinen Corporation's board members, the President & CEO and the assigned chief auditor. In addition, the members of the Lemminkäinen's Executive Board are defined by the Company as insiders subject to the disclosure obligation.

Lemminkäinen keeps a permanent company-specific register of persons who regularly received inside information because of their position and duties either as employees of the Company or as outsiders contracted to work for the Company on the basis of some other agreement. In total there are about 60 persons defined as permanent insiders of Lemminkäinen Group.

When necessary the Company also keeps a register of project-specific insiders. The persons recorded on such a register may not trade in the Company's securities during the period that the project remains current.

The period preceding the publication of results during which the Company's permanent insiders may not trade in the Company's issued securities, i.e. the so-called closed window, is 21 days, including the day of publication.

The secretary to the Board of Directors is responsible for Lemminkäinen's insider administration.

Information on Lemminkäinen Corporation's public insiders may be viewed on the Company's website at www.lemminkainen.com

AUDITING

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

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

Lemminkäinen Corporation's auditor for the 2009 accounting period was PricewatehouseCoopers Oy, a firm of authorised public accountants, with Jan Holmberg, A.P.A. acting as the chief auditor. PricewatehouseCoopers Oy has been acting as Lemminkäinen Corporation's auditor since 2004. The auditor's fee is paid on the basis of an approved invoice.

In 2009 Lemminkäinen Corporation's auditors were paid EUR 729,891 (657,745) for their auditing work and EUR 55,658 (97,604) in consulting fees.

INTERNAL CONTROL

The aims of internal controls and risk management are to ensure that the Company's business is efficient and profitable, that reporting is consistent and reliable, and that applicable laws, regulations and the Group's operating principles are observed.

The Board of Directors is responsible for ensuring that the

Group's internal controls and risk management as a whole are adequate given the scope of business operations, and that their supervision is appropriately organised. The Board of Directors supervises the work of the President & CEO to ensure that he or she handles the Company's operative business and governance in accordance with the guidelines and orders issued by the Board of Directors. The Board of Directors deals with the Group's business sector reviews, the Group's financial reports, and important changes that have occurred in the business in order to ensure adequate risk management. In addition, the Board of Directors' Audit Committee assesses the adequacy and appropriateness of internal controls and risk management.

The President & CEO is responsible for the practical organisation of internal controls. The President & CEO ensures that supervision of the Company's bookkeeping and asset management is appropriately organised.

Lemminkäinen Group's business is organised into business sectors, and the executive vice presidents responsible for their management report to the President & CEO. The Group's other directors and managers are responsible for internal controls in their own areas of responsibility.

The key means of controlling and monitoring the Company's functions so as to ensure their efficiency and appropriateness are the financial reporting and business reviews of management at business area, business sector and Group level. The aim of internal controls over financial reporting is to ensure that published interim financial reviews and year-end financial statements are prepared in accordance with the accounting and reporting principles adopted by Lemminkäinen, and that they are reliable and give an end-result in keeping with expectations. The internal control function also monitors financial reporting to ensure that it is handled in accordance with the timetables laid down for it. The Company's financial reporting processes and risk management are described in greater detail in a separate report on the Corporate Governance Statement.

The Group's legal affairs are co-ordinated by a Group-level unit in order to promote consistent practices and to ensure the management of juridical risks. The personnel are given regular training in legal and contractual matters. The Group also has detailed instructions concerning different areas, such as competition law and insider issues. Observance of the instructions is monitored as part of operative management. Training is also given on the instructions.

Lemminkäinen's shared values and principles of good business practice define how the personnel are expected to work and interact with partners and other stakeholders. The values, the principles of good business practice and the Group's new strategy are closely interconnected, and their practical implementation is a key part of leadership and everyday management.

RISK MANAGEMENT

The purpose of risk management is to support the achievement of the Group's strategic and operative goals and ensure the continuity of the business. The aim is to identify key risks, such as risks threatening the Company's business, property, operating environment, customers, agreements, expertise, financing or strategy.

Risks threatening the attainment of Lemminkäinen's goals are identified and assessed as a part of everyday business and the actions necessary to control the risks are implemented. Risks are also identified within the project management process and the Group's different quality and management systems, the observance of which is assessed in the manner required in the systems. Significant risks concerning individual sectors, business areas and projects are reported to the President & CEO, the Executive Board and the Board of Directors. Short-term risks and uncertainties are described in greater detail in the interim financial reviews and financial statements bulletins.

The aim of the risk analyses for individual business sectors is to identify essential risks threatening the organisation and to assess their significance as well as the adequacy of control measures and the need for development. The key results of risk analyses as well as management's action plans for the development of risk management are reported to the Board of Directors.

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

Market risks

The most significant of Lemminkäinen's market risks is the cyclical nature of new construction in Finland. This risk is managed structurally and operationally. The structure of the Lemminkäinen Group is such that business sectors sensitive to the cyclical nature of domestic building construction make up only about a half of its business. Operationally, the Group counters market risks by maintaining the flexibility and responsiveness necessary to adjust quickly to changing market conditions.

Project risks

Building contracting projects are exposed to the risk of estimated contract costs being exceeded. Lemminkäinen manages its project risks in many ways. Business is structured so that the average contract size is quite small. The net sales generated annually from even the biggest of Lemminkäinen's contracts will generally not exceed 5 per cent of the Group total in any given year. This means that the failure of an individual contract cannot have a major impact on the Group's result.

Lemminkäinen is also selective when deciding on the projects for which it will submit tenders. The Company does not tender for projects when it does not possess the necessary resources or previous experience. In addition, great attention is continuously paid to project management and its development.

The sales risk associated with own housing and commercial developments is controlled by not starting such developments without advance marketing and the receipt of sufficient reservations. Unplanned land or building rights are not acquired for future use without clear plans as to when construction could start and who could be the site's users and owners.

Financing risks

All significant corporate or business acquisitions are evaluated critically from the perspectives of the cash flow that they would generate and their potential impact on the balance sheet. The Group hedges interest rate and foreign exchange risks in the conventional ways. The maturities of seasonal credit stemming from the nature of Lemminkäinen's business are short, while those of other borrowings are mostly long.

Credit losses

Credit loss risks are avoided by actively monitoring trade receivables.

Environmental risks

The environmental risks associated with the Group's operations have been identified. Risk assessment and risk management are part of the Group's normal operations. Environmental risks are minimised by reducing emissions and by improving the safe storage and handling of oils, lubricants and other chemicals.

The management of environmental affairs and the effects of the Group's operations on the environment are continuously monitored by means of internal monitoring and control programmes.

Accidents and damage

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

The Group's fixed assets are insured against damage or loss in accordance with the insurance policy approved annually by the parent company's Board of Directors.

INTERNAL AUDITING

Operating principles and role of the internal audit unit

The internal audit unit assists the Board of Directors in its supervisory role by obtaining through its audit work information on the adequacy and functionality of risk management and internal controls in Lemminkäinen Group and its business units. The internal audit unit assesses in its work the economy and efficiency of resource usage, the reliability of reporting, the protection and security of assets, and the observance of regulations, operating principles and instructions. The operating principles of the internal audit unit are defined in the internal auditing directives approved by the Board of Directors.

Status and reporting relationships of the internal audit unit

The internal audit unit is subordinate to the Board of Directors and operates under the supervision of the President & CEO. The internal audit unit consists of an audit manager and as many internal auditors as required for the unit to carry out its work. Internal auditing resources are strengthened when needed by procuring internal auditing services from outside service providers. The internal audit unit reports functionally to the Audit Committee of the Board of Directors and administratively to the President & CEO.

Lemminkäinen Corporation Corporate Governance Statement

This Corporate Governance Statement of Lemminkäinen Corporation has been prepared in accordance with Recommendation 51 of the Finnish Corporate Governance Code. The statement has been prepared from the Board of Directors' Report as a separate statement and it is published on the Company's website at www.lemminkainen.com/Investors. Lemminkäinen's auditor, PricewaterhouseCoopers Oy, has verified that this statement has been issued and that the description of the main features of the internal control and risk management systems associated with its financial reporting process is consistent with the year-end financial statements.

Current legislation such as the Finnish Companies Act and the Securities Market Act as well as the Company's Articles of Association are observed in the corporate governance of Lemminkäinen Corporation.

The Company observes the rules and insider guidelines of NASDAQ OMX Helsinki Ltd and the Finnish Corporate Governance Code.

The Finnish Corporate Governance Code observed by Lemminkäinen Corporation can be found on the internet at the website: www.cgfinland.fi

BOARD OF DIRECTORS

Lemminkäinen Corporation's Annual General Meeting elects each year at least four and at most eight members to serve on the Company's Board of Directors. The term of office of the board members ends at the conclusion of the first Annual General Meeting held after their election. The Board of Directors elects the Chairman and Vice Chairman from among the members.

The Board of Directors handles matters in accordance with its order of business and decides on important matters of principle and issues with far-reaching consequences for the Group.

Order of business

In accordance with its order of business, the Board of Directors confirms Lemminkäinen Corporation's values, strategy and business policies, and monitors their implementation and topicality. The Board of Directors makes decisions in accordance with its mandate in the Articles of Association on expansion into new business areas and the discontinuation of old businesses.

The Board of Directors approves the budgets of Group companies as constituent parts of the Group's budget, and makes investment and financing decisions that are important for the Group. In addition, the Board of Directors ensures that the principles of the Group's risk management are defined and annually ensures that key business risks are identified and systematically monitored. The Board of Directors also ensures that the Company has a functional system of internal controls.

The Board of Directors appoints and dismisses the President & CEO as well as his/her immediate subordinates. It decides on the pay, rewards and other benefits received by the President & CEO and his/her immediate subordinates on the basis of a proposal made by the Remuneration Committee. The Board of Directors also decides on the principles of the Group's incentive pay schemes.

At meetings of the Board of Directors the President & CEO presents his review of the Group's different business sectors as well as financial reports on the Group.

The Board of Directors of Lemminkäinen Corporation generally convenes once a month. In the 2009 accounting period there were 11 board meetings and all the members of the Board of Directors were in attendance.

MEMBERS OF THE BOARD OF DIRECTORS

The following persons are members of Lemminkäinen's Board of Directors:

Berndt Brunow

- b. 1950
- M.Sc.(Econ.)
- Chairman of the Board of Directors
- Independent of the Company and its major shareholders

Juhani Mäkinen

- b. 1956
- Counsellor of Law, Attorney
- Hannes Snellman Attorneys Ltd, Chairman of the Board
- Vice Chairman of the Board of Directors
- Independent of the Company and its major shareholders

Mikael Mäkinen

- b. 1956
- M.Sc.(Eng.)
- Cargotec Corporation, President & CEO
- Independent of the Company and its major shareholders

Kristina Pentti-von Walzel

- b. 1978
- M.Sc.(Econ.), B.Sc.(Pol.Sc.)
- Hanken School of Economics, Fundraising Campaign Director
- Independent of the Company and non-independent of its major shareholders

Heikki Räty

- b. 1953
- M.Sc.(Econ.)
- Helectron Oy, Managing Director
- Independent of the Company and its major shareholders

Teppo Taberman

- b. 1944
- M.Sc.(Econ.)
- Professional board member and economic advisor
- Independent of the Company and its major shareholders

COMMITTEES

The Board of Directors has chosen from among its members a Nomination Committee, an Audit Committee, and a Remuneration Committee. The committees assist the Board of Directors by preparing pertinent matters for the Board's consideration. All members of the Board of Directors may take part in the meetings of the Remuneration Committee and the Audit Committee.

Lemminkäinen's Board of Directors has approved its committees' orders of business, in which the key tasks and working principles of the committees are defined. The committees prepare proposals and recommendations on the matters that they deal with for decision by the Board of Directors. The chairmen of the committees present these proposals and recommendations to the Board. Minutes of the meetings of the committees are kept and distributed to all the members of the Board of Directors.

The Board of Directors may deal with matters belonging to the order of business of the Audit Committee and the Remuneration Committee by decision of the Chairman of the Board.

Nomination Committee

The role of the Nomination Committee is to prepare for the Annual General Meeting a proposal on nominations for membership of the Board of Directors as well as the fees that should be paid to the members.

Berndt Brunow acts as the Chairman of the Nomination Committee, with Kristina Pentti-von Walzel and Teppo Taberman serving as committee members. All the members of the committee are independent of the Company and two of them are independent of its major shareholders.

The Nomination Committee convened once in 2009. All the members of the committee attended the meeting.

Audit Committee

The role of the Board of Directors' Audit Committee is to monitor the annual and interim financial reporting processes as well as the statutory auditing of the parent company and consolidated financial statements. The Audit Committee deals with the description, which is included in the Corporate Governance Statement, of the main features of the internal control and risk management systems associated with the financial reporting process. The Audit Committee monitors the adequacy and effectiveness of the Group's risk management, internal controls and internal auditing.

The Audit Committee deals with reports and plans prepared for the committee by the internal control and internal audit functions. Furthermore, the Audit Committee assesses the independence of the statutory auditor or firm of authorised public accountants and especially the provision of ancillary services to the audited firm. The Audit Committee carries out preparatory work on the election of the auditor for the Board of Directors' consideration.

The Company's auditor and internal auditor as well as management representatives attend the committee's meetings when summoned to do so.

Minutes of the meetings of the Audit Committee are kept and distributed to all the members of the Board of Directors. The Chairman of the Audit Committee presents the proposals and matters handled by the committee to the Board of Directors. Heikki Räty acts as the Chairman of the Audit Committee, with Juhani Mäkinen and Kristina Pentti-von Walzel serving as committee members. All the members of the committee are independent of the Company and two of them are independent of its major shareholders.

The Audit Committee convened five times in 2009. All the members of the committee attended the meetings.

Remuneration Committee

The Remuneration Committee deals with matters relating to pay, rewards and fringe benefits of senior management as well as and other key terms and conditions of their service agreements. In addition the Remuneration Committee deals with Group-level remuneration, incentive and retention bonus schemes.

The Remuneration Committee prepares proposals and recommendations on the matters it deals with for consideration and decision by the Board of Directors. Minutes of the meetings of the Remuneration Committee are kept and distributed to all the members of the Board of Directors.

Teppo Taberman acts as the Chairman of the Remuneration Committee, with Berndt Brunow and Mikael Mäkinen serving as committee members. All the members of the committee are independent of the Company and its major shareholders.

The Remuneration Committee convened three times in 2009. All the members of the committee attended the meetings.

PRESIDENT & CEO

Timo Kohtamäki, Lic. Tech., (b. 1963) has served as President & CEO of Lemminkäinen Corporation since 2009.

The President & CEO of Lemminkäinen Corporation is responsible for the day-to-day management and practical planning of the Company's businesses. The President & CEO also takes care of actions that are strategically important at Group level, such as preparations for acquisitions and the execution of measures decided by the Board of Directors. In addition, the President & CEO ensures that the Company's management resources are sufficient and that the Company's governance is appropriate and in accordance with the law.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS ASSOCIATED WITH THE FINANCIAL REPORTING PROCESS

Internal control of Lemminkäinen's financial reporting

The aims of internal controls and risk management are to ensure that the Company's business is efficient and profitable, that reporting is consistent and reliable, and that applicable laws, regulations and the Group's operating principles are observed. The aim of internal controls of financial reporting is to ensure that published interim financial reviews and year-end financial statements are prepared in accordance with the accounting and reporting principles adopted by Lemminkäinen, and that they are reliable and give an end-result in keeping with expectations. The internal control function also monitors financial reporting to ensure that it is handled in accordance with the timetables laid down for it.

Lemminkäinen's financial reporting process consists of internal and external accounting. Internal accounting focuses on the monitoring and forecasting of the Group's profitability, whereas external accounting and reporting are based on Lemminkäinen's application of the International Financial Reporting Standards endorsed by the European Union. The Board of Directors' Report and the financial statements of the Group's parent company are prepared in accordance with the Finnish Accounting Act and the instructions and statements issued by the Finnish Accounting Standards Board.

The group-level accounting function issues instructions on the external accounting group report prepared quarterly by the group companies. In addition to these instructions, the Group-level accounting function supports and co-ordinates the finance units of the business sectors in financial reporting. The finance units of the business sectors issue supplementary business sector-specific accounting and reporting instructions to group companies. A standard chart of accounts as well as a reporting and consolidation system are used in group reporting. The group-level accounting function also issues instructions on the reporting timetable for internal reporting. The finance units of the business sectors make sure that the internal accounting reporting of the business sector's profit centres is in accordance with given instructions and principles. Internal and external accounting are reconciled every quarter to verify the reliability of the financial information.

Different kinds of financial administration organisations exist in Lemminkäinen's subsidiaries in different parts of Finland and in other countries. Group companies use local basic bookkeeping systems.

The procedures used in the internal control of financial reporting are part of day-to-day operations and financial management

Project-like operations in which the percentage-of-completion method of income recognition is applicable are characteristic of Lemminkäinen's business. Approval authorisations determined by the magnitude and risks of the undertaking are defined for projects.

The day-to-day financial control of construction projects is supervised by the project organisation. The project forecast and changes in it, the project risks, the degree of project completion and income recognition are examined thoroughly in regular meetings at company level. The recognition of income from construction projects is based on the judgements and estimates of management.

The recording of business transactions in Lemminkäinen is based on approved transactions. Approval instructions for investments are specified at group level. Approval instructions for transactions such as purchasing and bookkeeping transactions are specified at group company level. In addition to these, the main control procedures in the group companies include the differentiation of tasks, reconciliations of sector accounting and accounts, system controls and analytic controls.

The control procedures of Lemminkäinen's group-level accounting function include the elimination of intra-group transactions, group eliminations, assurance of the continuity of consolidated equity, regular impairment testing of goodwill, and assessment of the logicality of reported numbers versus the comparative period.

The President & CEO and the Chief Financial Officer of the parent company take part in the work of the boards of directors of the group companies at business sector level. At monthly meetings the management of the business sectors present internal accounting reports as well as forecasts and deviations. These are dealt with and analysed at the meetings so that discrepancies can be identified and rectified. In addition, an external accounting group report is approved quarterly.

The Group's management, the Audit Committee and the Board of Directors receive a monthly package of internal accounting group reports, which include the income statement, profit forecast, key balance sheet items, investments, interest-bearing net debt, order book, operative key indicators and cash flow by business sector. In addition to this, the material to be included in the interim financial review or year-end financial statements is reported quarterly. This material includes the text and tabulated section of the interim financial review or year-end financial statements as well as a detailed consolidated income statement, balance sheet and cash flow statement together with comparative figures. The Board of Directors discusses, analyses and approves the interim financial reviews, financial statements bulletin and year-end financial statements.

Internal control responsibilities are defined

Lemminkäinen's Board of Directors has set up an Audit Committee, which, in accordance with its order of business, monitors and supervises the year-end and interim financial reporting processes, monitors the effectiveness of the Company's internal control, internal auditing and risk management systems, as well as the external reporting of the auditor. The Audit Committee approves the annual plan of the internal audit unit and prepares interim financial reviews and year-end financial statements for approval by the Board of Directors.

The organisation and day-to-day management of the internal control function is the responsibility of operative management.

Lemminkäinen's internal audit unit assists the Board of Directors in its supervisory role by examining and assessing the functionality and standard of the internal control and risk management systems in accordance with its annual plan. The actions taken in these audits of the units are in accordance with pre-arranged audit plans. The results of the audits are reported bi-annually to the Group's management and to the Audit Committee.

Lemminkäinen Corporation Board of Directors

Berndt Brunow b. 1950

Chairman of Lemminkäinen's Board of Directors since 2008 and a board member since 2002. Chairman of Lemminkäinen's Nomination Committee and a member of the Remuneration Committee. Independent of the Company and its major shareholders.

B.Sc.(Econ.)

10,000 Lemminkäinen shares *)

Primary work experience
- Oy Karl Fazer Ab, Managing Director, 2002–2007
- Sanitec Corporation, Managing Director, 2000–2002
- Over 20 years of experience in executive positions in the forest industry both in Finland and abroad

Key positions of trust
- Oy Karl Fazer Ab, Chairman of the Board
- UPM Kymmene Corporation, Vice Chairman of the Board of Directors
- Hanken School of Economics, Vice Chairman of the Board of Directors
- Oy Nautor Ab, Member of the Board of Directors

Juhani Mäkinen b. 1956

Member and Vice Chairman of Lemminkäinen's Board of Directors since 2008. Member of the Lemminkäinen's Audit Committee. Independent of the Company and its major shareholders.

Counsellor of Law, Attorney

1,600 Lemminkäinen shares *)

Primary work experience
- Hannes Snellman Attorneys Ltd, Partner 1985–
- Scandinavian Law Office, Rotterdam, Netherlands, Resident Lawyer, 1982–1984

Key positions of trust
- Oy Forcit Ab, Chairman of the Board of Directors
- Myllykoski Corporation, Vice Chairman of the Board of Directors
- Componenta Corporation, Vice Chairman of the Board of Directors
- Oy Karl Fazer Ab, Member of the Board of Directors
- Polttimo Oy, Member of the Board of Directors
- Virala Oy Ab, Member of the Board of Directors

Mikael Mäkinen b. 1956

Member of Lemminkäinen's Board of Directors since 2009. Member of Lemminkäinen's Remuneration Committee. Independent of the Company and its major shareholders.

M.Sc.(Eng.), Nav.Arch

No holdings of Lemminkäinen shares *)

Primary work experience
- Cargotec Corporation, President & CEO, 2006–
- Wärtsilä Corporation, Group Vice President, Ship Power, 1999–2006; Wärtsilä NSD Singapore, Managing Director, 1997–1998; Vice President, Marine, Wärtsilä SACM Diesel, 1992–1997

Key positions of trust
- Finpro, Chairman of the Board of Directors
- International Chamber of Commerce ICC Finland, Member of the Board of Directors
- Federation of Finnish Technology Industries, Member of the Board of Directors

Kristina Pentti-von Walzel b. 1978

Member of Lemminkäinen's Board of Directors since 2007. Member of Lemminkäinen's Nomination Committee and Audit Committee. Independent of the Company and non-independent of major shareholders.

M.Sc.(Econ.), B.Sc.(Pol.Sc.)

635,660 Lemminkäinen shares *)

Primary work experience
- Hanken School of Economics, Fundraising Campaign Director, 2008-
- Work experience placements in the Ministry for Foreign Affairs of Finland as well as various positions in personnel management and the financial services industry for companies such as Mandatum Stockbrokers Ltd and Fortum Corporation, 1999-2006

Key positions of trust
- Aspo Plc, Member of the Board of Directors
- Foundation for Economic Education, Member of the Board of Directors
- CMI Crisis Management Initiative, Member of the Board of Directors
- Finnish Family Firms Association, Member of the Board of Directors

Heikki Räty b. 1953

Member of Lemminkäinen's Board of Directors since 2009. Chairman of Lemminkäinen's Audit Committee. Independent of the Company and its major shareholders.

M.Sc.(Econ.)

No holdings of Lemminkäinen shares *)

Primary work experience
- Helectron Oy Ab, Managing Director, 2009-
- EHA-Invest GmbH, Strategic management and financial consultant, 2008-2009
- Myllykoski Corporation, CFO and Deputy CEO, 1998-2008; CFO, 1994–1997

Key positions of trust
- Mekalasi Oy, Chairman of the Board of Directors
- Saxo Oy, Member of the Board of Directors
- Pato Oy, Member of the Board of Directors
- Electrosonic Group Oy Ab, Member of the Board of Directors

Teppo Taberman b. 1944

Member of Lemminkäinen's Board of Directors since 1997 and Vice Chairman of the Board of Directors, 1998-2008. Chairman of Lemminkäinen's Remuneration Committee and a member of the Nomination Committee. Independent of the Company and its major shareholders.

M.Sc.(Econ.)

2,500 Lemminkäinen shares *)

Primary work experience
- Professional board member and economic advisor, 1995–
- Twenty years of experience in the banking industry, including deputy managing directorships in two different banks

Key positions of trust
- Oy Rettig Ab, Member of the Board of Directors
- Ålandsbanken Abp, Member of the Board of Directors
- Ingman Group Oy Ab, Member of the Board of Directors
- Larox Corporation, Member of the Board of Directors
- SKS Group Oy, Member of the Board of Directors

*) Shareholdings as of 31 December 2009

Lemminkäinen Group Executive Board

Timo Kohtamäki b. 1963

President & CEO, 2009–
Lic.Tech.
Group employee since 1996

97 Lemminkäinen shares *)

Primary work experience
- Lemminkäinen Infra Oy, Managing Director, 2008
- Lemcon Ltd, Head of Infra Unit, 2000–2007; Construction Manager, 1996–1999
- Viatek Yhtiöt Oy/ Geoinsinöörit Oy, Project Manager, 1989–1996

Positions of trust
- Confederation of Finnish Construction Industries (RT), Vice Chairman of the Board of Directors, 2009–
- Infra Association, Chairman of the Board of Directors, 2007–2009; Member of the Board of Directors, 2010–
- Ilmarinen Mutual Pension Insurance Company, Member of the Supervisory Board, 2009–
- Nordea Bank, Member of the Advisory Board, 2009–
- Chamber of Commerce, Helsinki Region, Member of the Board of Directors, 2010–

Henrik Eklund b. 1961

Executive Vice President, Infrastructure Construction, 2009–
M.Sc.(Eng.)
Group employee since 1989

525 Lemminkäinen shares *)

Primary work experience
- Lemminkäinen Infra Oy, Managing Director, 2009–
- Lemminkäinen Infra Oy, Head of Paving and International Operations, 2008
- Lemminkäinen Corporation, Head of the Paving and Mineral Aggregates Division, 2005–2007
- Lemcon Ltd, Export Director, 2001–2004
- Lemminkäinen Construction Ltd, Project Planning Manager, Project Manager, Regional Manager, 1995–2000

Positions of trust
- Etera Mutual Pension Insurance Company, Member of the Supervisory Board, 2007–
- RYM (Strategic Centre for Science, Technology and Innovation for Built Environment), Member of the Board of Directors, 2009–

Marcus Karsten b. 1966

Executive Vice President, Technical Building Services, 2010–
M.Sc.(Econ.)
Group employee since 2002

200 Lemminkäinen shares *)

Primary work experience
- Tekmanni Oy, Managing Director, 2010–
- Tekmanni Service Oy, Managing Director, 2004–2009; Marketing and Development Director, 2002–2004
- Siemens Group, different managerial positions, 1992–2002

Positions of trust
- Oy Victor Ek Ab, Chairman of the Board of Directors, 2009–, Member of Board of Directors, 2000–2009
- LVI-TU, Member of the Board of Directors, 2009–

Erkki Lönnrot b. 1954

Executive Vice President, Building Products, 2002–
Construction Engineer
Group employee since 1980

500 Lemminkäinen shares *)

Primary work experience
- Lemminkäinen Rakennustuotteet Oy, Managing Director, 2005–
- Head of Roofing Contracting, 1999–2002; Contracting Manager, 1993–1998

Tiina Mellas b. 1960

Executive Vice President, HR and ICT, 2010–
M.Sc.(Econ.)
Group employee since 2009

No holdings of Lemminkäinen shares *)

Primary work experience
- Lemminkäinen Corporation, Director, Human Resources, 2009–2010
- TietoEnator, HR Centre, Vice President, 2005–2008
- TietoEnator, Processing & Network, Director for Business Development, 2004–2005; Head of Profit Unit, 1999–2004; Head of Department, 1997–1998
- Avancer, Personnel Manager, 1995–1996
- VTT, Personnel Unit, IT Project Manager, HR Specialist and Group Manager, 1987–1995
- Tietotehdas, IT Planner, 1985–1986

Tiina Mikander b. 1967

Executive Vice President, Corporate Business Development, 2010–
Master of Laws
Group employee since 1998

No holdings of Lemminkäinen shares *)

Primary work experience
- Lemminkäinen Corporation, Director, Legal Affairs, 2005–2010; Legal Counsel, 1998–2005
- City of Kauniainen, city clerk and administration manager, 1997–1998
- Loviisa District Court, judicial trainee and locum district court judge, 1994–1996

Jukka Terhonen b. 1954

Executive Vice President, Lemminkäinen Building Construction, 2009–
M.Sc.(Eng.)
Group employee since 2001

No holdings of Lemminkäinen shares *)

Primary work experience
- Lemminkäinen Talo Oy, Managing Director, 2009–
- Rakennustoimisto Palmberg Oy, Managing Director, 2001–
- YIT Group, Head of Building Construction, Area Manager in Tampere-Vaasa, Head of housing production in Helsinki Metropolitan Area, Managing Director (Otto Wuorio Oy), Production Manager (Otto Wuorio Oy), Design-and-build Contract Manager (Otto Wuorio Oy), 1985–2001

Positions of trust
- Tampere Chamber of Commerce & Industry, Chairman 2010–; Member of the Board of Directors, 2007–2009
- Building Construction Association (TRT ry), Inner Finland District, Chairman of the Board of Directors, 2010–;
- Member of the Board of Directors, 2002–2009
- Building Construction Association (TRT ry), Vice Chairman of the Board of Directors, 2009–
- Confederation of Finnish Construction Industries (RT), Chairman of the Housing Group, 2004–
- SFHP (Suomi-Finland Housing and Planning Association), Member of the Board of Directors, 1994–

Robert Öhman b. 1959

Lemminkäinen Corporation, Chief Financial Officer, 2009–
M.Sc.(Econ.)
Group employee since 2009

No holdings of Lemminkäinen shares *)

Primary work experience
- Sponda Plc, Chief Financial Officer 2006–2009
- Vattenfall Oy, Finance Director, 1996–2006
- Waste Management Finland Oy, Finance Director, 1992–1996
- Reuters Ges.m.b.H, Finance and Administration Manager, 1990–1992
- Reuters Suomi Oy Ab, Finance Manager, 1986–1990

Positions of trust
- Etera Mutual Pension Insurance Company, Member of the Board of Directors, 2010–

*) Shareholdings as of 31 December 2009

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ERKKI RATILAINEN is very visible as he goes about his task of servicing the technical building systems on the customer's premises.

We at Lemmin-
käinen are united,
revitalised and
ready to build
for the next
hundred years.

09

Financial statements

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Board of Directors' Report 2009

OPERATING ENVIRONMENT

Finland

Demand for construction declined strongly in 2009, the contraction being most clearly evidenced in the number of new building starts, especially in the first half of the year.

In Finland the emphasis in residential construction shifted, especially during the first half of the year, towards rental housing production, and new starts were made on some 14,000 state-subsidised rental housing units. Sales of dwellings in own housing developments picked up markedly from the level at the end of previous year, and the volume of own housing production started to grow cautiously towards the end of the year. Approximately 24,000 new housing starts were made in Finland during 2009, and that number is expected to be slightly higher in 2010.

In non-residential building construction, demand for commercial and logistics buildings remained at a reasonable level, but there was a marked decline in the construction of office and industrial buildings during 2009. Finnish real estate investors continued to invest in properties around the country, and the real estate investment market show signs of recovery. Real estate developments by public-sector organisations also had a positive impact on the non-residential construction market.

The volume of infrastructure construction fell from the good level of 2008, but it did not decline in the same way as the volume of other construction. The main reason for the contraction in infrastructure construction in Finland was the completion of several major infra projects at the end of 2008 and the beginning of 2009. The volume of municipal infrastructure construction remained at a reasonable level. The contraction in building construction was reflected especially in reduced demand for geotechnical engineering work, mineral aggregates and ready-mix concrete.

With the slowing in new construction, the emphasis in the technical building services sector has switched to renovation construction, due in part to the grants and incentives offered by the government. The volume of renovation construction rose slightly during 2009 and is expected to continue growing in the coming years. Demand for servicing and maintenance of technical building systems remained stable.

Operations abroad

In Scandinavia, government stimulus measures aimed at major projects and basic road-keeping helped to support the infrastructure markets at good levels. In Norway and Denmark demand for paving works was especially brisk. In Sweden the development of the rail network continued, which offered some significant contracts to geotechnical and rock engineering contractors.

In the Baltic states the construction market remained extremely challenging. A few EU-funded road projects helped to support the Baltic infrastructure markets.

In Russia economic uncertainty continued and there was a marked decline in demand for construction from the level of the previous year. However, housing sales in Russia did pick up markedly towards the end of the year and they are expected to remain steady in 2010 as well..

NET SALES, PROFIT AND FINANCIAL POSITION IN 2009

Key figures

EUR million	2009	2008	2007
Net sales	**1,964.4**	2,481.8	2,174.1
of which operations abroad	**527.1**	676.7	581.6
Operating profit	**23.3**	123.2	127.2
Operating margin, %	**1.2**	5.0	5.8
Profit before taxes	**-10.0**	91.0	111.2
Profit for accounting period	**-23.7**	63.5	80.6
of which profit share of parent company's shareholders	**-26.1**	55.9	72.9
Earnings per share, EUR	**-1.53**	3.28	4.29
Dividend per share, EUR	**0.00**[1]	0.90	1.80
Return on investment, %	**5.4**	17.7	20.7
Return on equity, %	**-7.4**	19.2	27.5
Equity ratio, %	**31.4**	26.2	32.7
Gearing, %	**108.6**	98.4	87.2
Liquid funds	**74.4**	250.1	78.5
Interest-bearing liabilities	**399.1**	586.5	357.0

1) Board of Directors' proposal to the AGM

Lemminkäinen Group's full-year net sales were EUR 1,964.4 million (2,481.8). Of that total, 73% (73) was generated in Finland, 17% (13) in other Nordic countries, 3% (4) in Russia, 4% (5) in the Baltic states and 3% (5) in other countries. The operating profit for the accounting period was EUR 23.3 million (123.2) and the operating margin was 1.2% (5.0).

Net sales in all of Lemminkäinen's business sectors were down on the previous year due to poor general economic conditions. The impact was strongest in building construction, which had a slow first half of the year. However, the pick-up in housing production in Finland and Russia towards the end of the year improved the situation. Also brisk demand for paving work in Norway and Denmark as well as good success on the Finnish market had a positive effect on net sales. Lemminkäinen's order book at the end of the accounting period was 10% down on the previous year.

The result for the accounting period was EUR -23.7 million (63.5). The 2009 result was weakened by reduced volumes due to the general economic situation. Net sales from building construction in particular were well down on the previous year. The profitability of building construction was also affected by weaker housing sales in Finland and Russia especially during the first half of the year. The Group's result was also impacted by the EUR 68.0 million infringement fine imposed by the Supreme Administrative Court, of which EUR 54 million was recognised in the third quarter of the year. Excluding this charge, the Company's result before taxes would have been EUR 44 million (91.0). Financing expenses remained at almost the level of the previous year and were EUR 33.4 million (32.1).

The personnel adjustment measures initiated at the end of 2008 continued, and at the end of the accounting period there were about 1,200 fewer employees than twelve months earlier. The adjustment measures are still continuing, in addition to which greater business efficiency is being sought by simplifying the Group's structure and reorganising the support functions, among other means.

Lemminkäinen's equity ratio at the end of the accounting period was 31.4% (26.2), which was clearly higher than in the previous year. Cash flow from operating activities was up on the previous year at EUR 64.2 million (24.6).

The Company's liquid funds at the end of the accounting period were EUR 74.4 million (250.1). The EUR 150 million line of credit made available to Lemminkäinen remained unused at the end of the accounting period. In addition to this credit facility, the Company has an unused TyEL pension premium loan allocation of approximately EUR 23 million.

Net sales by business sector

EUR million	2009	2008[2]	2007
Building Construction	**867.7**	1,207.5	1,042.9[1]
Infrastructure Construction	**789.6**	920.3	820.3[1]
Technical Building Services	**233.8**	269.9	230.2
Building Products	**132.7**	156.0	133.8
Other operations and Group eliminations	**-42.2**	-52.2	-53.0
Business sectors, total	**1,981.5**	2,501.5	2,174.1
Unallocated Items	**-17.1**	-19.7	
Group total (IFRS)	**1,964.4**	2,481.8	2,174.1
of which Operations abroad	**527.1**	676.7	581.6

[1] Pro forma
[2] The standard governing operating segment reporting was adopted on 1.1.2009, and the comparative figures starting 1.1.2008 were also calculated in accordance with the provisions of the same standard

Operating profit by business sector

EUR million	2009	2008[2]	2007
Building Construction	**36.6**	69.7	71.7[1]
Infrastructure Construction	**25.9**	26.2	39.3[1]
Technical Building Services	**12.2**	16.3	11.9
Building Products	**6.5**	10.5	11.1
Other operations	**-61.7** [3]	-3.3	-6.7
Business sectors, total	**19.5**	119.4	127.2
Unallocated Items	**3.8**	3.8	
Group total (IFRS)	**23.3**	123.2	127.2

Operating margin by business sector, %

	2009	2008[2]	2007
Building Construction	**4.2**	5.8	6.9[1]
Infrastructure Construction	**3.3**	2.8	4.8[1]
Technical Building Services	**5.2**	6.1	5.2
Building Products	**4.9**	6.7	8.3
Group total (IFRS)	**1.2**	5.0	5.8

[1] Pro forma
[2] The standard governing operating segment reporting was adopted on 1.1.2009, and the comparative figures starting 1.1.2008 were also calculated in accordance with the provisions of the same standard
[3] Includes a charge of EUR 54 million of the fine imposed by the Supreme Administrative Court

ORDER BOOK

Order book by business sector

EUR million	2009	2008	2007
Building Construction	**495.6**	576.3	938.0
Infrastructure Construction	**322.7**	365.4	326.5
Technical Building Services	**106.8**	97.7	111.9
Building Products	**33.3**	25.2	37.7
Group, total	**958.4**	1,064.5	1,414.1
of which international orders	**206.8**	263.1	284.0

Lemminkäinen's order book at the end of the accounting period was down by tenth on the previous year. The market breakdown of the order book was Finland 78% (75), other Nordic countries 11% (16), Russia 2% (2), the Baltic states 5% (5) and other countries 4% (2).

Significant orders received in 2009

In January Lemminkäinen and the Moldovan Road Administration agreed a highway upgrade contract worth EUR 13.5 million.

In February an agreement was made with the Estonian Road

Administration concerning a highway upgrade contract in Ida-Viru County. Lemminkäinen is the leading partner in the consortium and its share of the contracted works is about a third. The whole contract is worth approx. EUR 31 million.

In March work began on the construction of Tammiston Tähti in Vantaa. The new commercial building has a total floor area of 4,900 m² and will be completed in March 2010. The property was sold to Suomi Mutual Life Insurance Company in December 2009.

In April an agreement was made with the Lithuanian Road Administration concerning basic improvement works to be carried out as a consortium project on the motorway between Vilnius and Klaipeda. The whole contract is worth approx. EUR 17 million. Lemminkäinen's share of the contracted works is over a third.

In the summer an agreement was made concerning the project management contract for Cargotec's new multi-assembly unit (MAU) in Poland. The total value of the project for Lemminkäinen is approx. EUR 22 million. The works will be completed in summer 2010.

In the summer, work began on the pedestrianisation of Keskuskatu street in downtown Helsinki. The total street area involved in the contract is about 10,000 m² and the work will be carried out in the years 2009-2013. The contract is worth approx. EUR 6.8 million.

In the summer Lemminkäinen and Paulig Oy made an agreement on the phased purchase of Paulig's old roastery site in the Vuosaari district of the Helsinki. The site has been zoned as a residential area for about 2,000 residents. Planning work for the site is under way and construction is expected to start during 2010.

In June Lemminkäinen made an agreement with IKEA concerning the construction of a new IKEA store in Tampere. The project is being carried out as a project management contract and will be completed in summer 2010. The contract is worth approx. EUR 18 million.

In the summer Lemminkäinen won contracts for the construction of numerous non-residential buildings of various types. The buildings are located in different parts of Finland and their combined value is approx. EUR 40 million. In addition to these, work began on the construction of shopping centre in Imatra in August. The total floor area of the building is approx. 6,000 m².

In July work began on the phase 1 construction of Åbo Akademi University's campus in Pietarsaari. The floor area to be built in phase 1 of the project is almost 10,000 m² and it is scheduled for completion by November 2010.

In the summer Lemminkäinen won the excavation and reinforcement contract for the P-Hämppi underground parking facility in Tampere. The contract is worth approx. EUR 27 million and will be completed in spring 2011.

In August Lemminkäinen won a significant geotechnical engineering contract in Sweden. The project involves improving the stability of two concrete dams for safety reasons. The dams were constructed at Storfinnefors and Ramsele in the 1950s. The contract is worth approx. EUR 10 million.

In the autumn the development of the Jätkäsaari residential area in Helsinki began with an architectural competition. Lemminkäinen will build some 400 housing units in the Saukonpaasi district. Construction work will begin in autumn 2010.

In September an agreement was made with Oy Teboil Ab to extend the contract to provide technical facility management and maintenance services to Teboil's 450 distribution points.

In September, work began on the construction of new premises for the Finnish Agency for Rural Affairs in Seinäjoki. The property, which has a floor area of 6,400 m² and will be completed in early 2011, was then sold to Etera Mutual Pension Insurance Company.

In October Lemminkäinen and Ilmarinen Mutual Pension Insurance Company extended their comprehensive, long-term partnership agreement concerning real estate services. The agreement covers the servicing and maintenance of technical systems in office and commercial properties as well as management services related to their day-to-day operation. The 21 properties in question have a combined floor area of approx. 350,000 m².

In October Lemminkäinen started work on the replumbing and bathroom refurbishment of 189 housing units in the Vuosaari district of Helsinki. The contract raised the total number of housing units in which Lemminkäinen was carrying out replumbing and bathroom refurbishments in the old Vuosaari district of Helsinki to 840.

In November work began on the construction of the Western Metro in Helsinki. Lemminkäinen won the first contract of the project, which involves the excavation of track and access tunnels in Ruoholahti. The contract is worth approximately EUR 10 million and will be completed in May 2011.

In December construction work began on a significant life-cycle project in Kuopio. The project entity encompasses the new construction and basic repair of four schools and one child day-care centre. Lemminkäinen will be responsible for the maintenance and upkeep of the buildings for a period of 25 years. The total value of the project is EUR 93.5 million.

In December Lemminkäinen won the contract for the construction works of the Töölönlahti underground parking facility and civil defence shelter in Helsinki. The contract will be completed in summer 2012 and is worth approx. EUR 35 million.

In December work began on the construction of the eastern mouth of the Ring Rail Line's tunnel section in Vantaa. The contract will be completed in spring 2012 and is worth approx. EUR 14 million.

Lemminkäinen won two road construction contracts in Lithuania. Construction work will begin in spring 2010. The contracts are partly funded by the EU and their combined value is EUR 12.3 million.

Significant orders received after the accounting period

Lemminkäinen is to renew the track and field at Helsinki's Olympic Stadium. The contract will be completed at the end of July 2010 and is worth approx. EUR 4 million.

BALANCE SHEET, CASH FLOW AND FINANCING

The consolidated balance sheet total at 31 December 2009 was EUR 1,033.7 million (1,413.3). The return on investment was 5.4% (17.7) and the equity ratio 31.4% (26.2). Gearing was 108.6% (98.4).

According to the cash flow statement, the cash flow from operating activities was EUR 64.2 million (24.6), the cash flow from investing activities EUR -18.5 million (-27.9) and the cash flow from financing activities EUR -220.2 million (177.3). The cash flow for the accounting period includes the payment of dividends totalling EUR 18.0 million (32.6) for the 2008 accounting period.

Working capital declined 24% to EUR 660.6 million (874.6) and net working capital fell 15% to EUR 348.9 million (411.9).

Liquid funds at the end of the accounting period were EUR 74.4 million (250.1).

The amount of interest-bearing debt at the end of the review period was EUR 399.1 million (586.5), of which EUR 108.4 million was short-term debt and EUR 290.7 million long-term debt. Interest-bearing net debt was EUR 324.7 million (336.4). Net financing expenses were EUR 33.4 million (32.1), representing 1.7% (1.3) of net sales.

Lemminkäinen's interest-bearing debt comprised loans from financial institutions 49%, commercial paper 1%, project loans related to own housing production and non-residential construction 11%, TyEL loans 22%, finance leasing liabilities 14% and other liabilities 3%.

EUR 54 million of the EUR 68 million fine imposed by the Supreme Administrative Court was recognised on the income statement under "Other operating expenses" in the third quarter of the year, which resulted in a covenant contained in the loan terms being breached. Lemminkäinen entered into negotiations with its banking consortium and made a new agreement that continued the financing arrangements in accordance with the original maturity and on almost the original terms.

The EUR 150 million line of credit made available to Lemminkäinen as part of the renegotiated financing arrangements remains unused at the end of the review period. In addition to this credit facility, the Company has an unused TyEL pension premium loan allocation of approximately EUR 23 million.

BUSINESS SECTORS

Building Construction

Key figures

EUR million	2009	2008[2]	2007[1]
Net sales	**867.7**	1,207.5	1,042.9
Operating profit	**36.6**	69.7	71.7
Operating margin, %	**4.2**	5.8	6.9
Profit before taxes	**24.7**	56.7	64.6
Order book at end of period	**495.6**	576.3	938.0
Personnel (average)	**2,356**	3,159	3,055

1) Pro forma
2) The standard governing operating segment reporting was adopted on 1.1.2009, and the comparative figures starting 1.1.2008 were also calculated in accordance with the provisions of the same standard

The net sales of the Building Construction business sector fell 28% to EUR 867.7 million (1,207.5). The business sector generated 82% of its net sales in Finland, 7% in other Nordic countries, 5% in Russia, and 6% in other countries.

Building Construction's operating profit was down 47% to EUR 36.6 million (69.7). The business sector's result was satisfactory given the market conditions. The pick-up in the housing market and the completion of several real estate deals in the fourth quarter improved the business sector's result at the end of the year.

The business sector's order book fell 14% to EUR 495.6 million (576.3). Orders from abroad contributed EUR 82.3 million (89.4) to the order book

Operations in Finland:

Sales of housing units were brisker than expected, and 771 (634) units in Lemminkäinen's own housing developments were sold during the accounting period. Lemminkäinen completed 533 (1,030) units in its own housing developments during the accounting period. As a consequence of the pick-up in the housing market, the Company resumed its own housing production during the third quarter, and new starts were made on a total of 351 (504) own housing units during the accounting period as a whole. At the end of the accounting period, 405 (587) housing units were under construction, of which 193 were unsold. The number of unsold completed housing units was 263 (496). There was a marked increase in the number of contracted housing starts, with new starts being made on 1,090 (507) rental housing units in 2009. The total number of residential housing starts made by Lemminkäinen in Finland during 2009 was 1,444 (901).

Lemminkäinen's private-sector housing production, Finland

	2009	2008	2007
Housing starts	**351**	504	852
Housing units sold	**771**	634	883
Unsold completed units	**263**	496	283
Completed	**533**	1,030	1,488
Under construction at end of period	**405**	587	1,123
of which unsold	**193**	380	733

At the end of the accounting period Lemminkäinen owned a total of 877,000 m² of unused building rights in Finland, of which approx. 388,000 m² were residential building rights. The Company also had binding or conditional co-operation and zoning agreements for about 818,000 m², of which about 332,000 m² are residential building rights. The value of the building plots was approx. EUR 94.7 million (74.8).

The volume of non-residential building construction was clearly down on the previous year and demand for office buildings in particular was limited during the accounting period. Demand for commercial and logistics buildings remained at a reasonable level. The real estate investment market showed signs of recovery towards the end of the year, but the threshold for builders to start new construction remained high.

The renovation construction market remained stable and the near-term outlook is also favourable. Government stimulus measures aimed at renovation construction have boosted demand for building repair works to some extent. Renovation construction accounted for about 17% of Lemminkäinen's building construction during the accounting period, and the share is expected to rise in the future.

Operations abroad:

Operations abroad accounted for about 18% of the business sector's net sales in 2009. Almost a third of this international business was in Russia. As a result of the international financial crisis, demand for construction fell sharply in Russia, but housing sales picked up towards the end of the year and the number of housing units sold in 2009 was significantly higher than in the previous year. Economic uncertainty persists in Russia, but housing sales are expected to remain steady in 2010.

The number of housing units sold in Lemminkäinen's own developments in Russia during the accounting period was 133 (61). Work halted on 264 housing units in St. Petersburg was resumed during the accounting period. At the end of the accounting period the Company had 479 (306) housing units under construction, of which 367 were unsold. The number of unsold completed units at the end of the accounting period was 22.

The value of the inventories that Lemminkäinen had tied up in Russia at the end of the accounting period was EUR 36.5 million.

In Sweden there were no housing units under construction in Lemminkäinen's own housing developments at the end of the accounting period. The number of unsold completed units was 11. The number of housing units sold during the accounting period was 27.

Future growth in building construction abroad will be sought from Russian residential construction, without forgetting traditional contracting. The main focus of other operations abroad is on industrial construction in countries such as China, India and Poland.

The volume of telecommunication network construction was well down on the previous year.

Infrastructure Construction

Key figures

EUR million	2009	2008[2]	2007[1]
Net sales	**789.6**	920.3	820.3
Operating profit	**25.9**	26.2	39.3
Operating margin, %	**3.3**	2.8	4.8
Profit before taxes	**16.0**	16.8	36.3
Order book at end of period	**322.7**	365.4	326.5
Personnel (average)	**3,453**	3,658	3,365

[1] Pro forma
[2] The standard governing operating segment reporting was adopted on 1.1.2009, and the comparative figures starting 1.1.2008 were also calculated in accordance with the provisions of the same standard

The net sales of the Infrastructure Construction business sector fell 14% to EUR 789.6 million (920.3). The business sector generated 54% of its net sales in Finland, 34% in the other Nordic countries, 10% in the Baltic states and 2% in Russia. In the Nordic countries the volumes of business remained at the level of 2008, but, the volumes in especially the Baltic states and of mineral aggregate and ready-mix concrete business were down on the previous year due to the generally reduced level of construction. Also contributing to the decline of net sales was the exceptionally early onset of winter, which shortened the infrastructure construction season.

The business sector's operating profit was at the level of the previous year, and was EUR 25.9 million (26.2). The operating margin rose slightly thanks to good paving seasons in both Norway and Denmark. The result was impaired by poor market conditions in the Baltic states especially.

The business sector's order book was about 12% down on the previous year.

Operations in Finland:

Lemminkäinen's paving operations were brisk all year and the effect of constrained municipal finances was less than expected. The Finnish paving market as whole contracted: a total of some 5.6 million tonnes of asphalt mix was produced in Finland, which was 10% less than in the previous year. Despite the intensification of competition, Lemminkäinen held on to its position as the most important actor in the industry.

Competition in transport infrastructure construction is fierce and very few bids will be prepared for new projects in 2010.

The rock and geotechnical engineering market improved. Lemminkäinen won the lead contract of the Western Metro construction project and, among others, the contracts for two underground parking caverns.

The slowdown in building construction reduced demand for mineral aggregates and ready-mix concrete. Demand for crushing contracting was reasonable given the state of the market.

Operations abroad:

In Norway and Denmark demand for paving works was brisk during the review year and government stimulus measures in both countries will keep demand at a good level in 2010 as well.

In Sweden, Lemminkäinen continued to work on several tunnel construction contracts, the last of which are due to be completed during 2010. The market for infrastructure in Sweden has remained good. Among other contracts won during the accounting period, Lemminkäinen won the contract to improve the stability of two concrete dams. The focus in tunnel construction is switching to the Stockholm area, where some significant infrastructure projects have been launched.

The market situation in the Baltic states continued to be weak and Lemminkäinen adjusted its operations accordingly. The order book in Estonia and Lithuania remained at a satisfactory level, but the situation in Latvia was challenging. The Baltic infrastructure construction markets were supported by a few EU-funded highway projects.

Technical Building Services

Key figures

EUR million	2009	2008[1)]	2007
Net sales	**233.8**	269.9	230.2
Operating profit	**12.2**	16.3	11.9
Operating margin, %	**5.2**	6.1	5.2
Profit before taxes	**12.8**	18.5	13.6
Order book at end of period	**106.8**	97.7	111.9
Personnel (average)	**1,941**	2,013	1,918

[1)] The standard governing operating segment reporting was adopted on 1.1.2009, and the comparative figures starting 1.1.2008 were also calculated in accordance with the provisions of the same standard

The net sales of the Technical Building Services business sector fell 13% to EUR 233.8 million (269.5). The operating profit was down by a quarter to EUR 12.2 million (16.3). The business sector's result was good considering the challenging market conditions.

In spite of stiffening competition, the business sector's order book remained at the level of the previous year and even began to grow towards the end of the year. The business sector's order book at the end of the accounting period was EUR 106.8 million (97.7).

Energy efficiency improvement and special expertise in areas such as refrigeration maintenance and installation have become significant competitive factors in the sector. The price level of materials rose moderately up until the autumn, at which point the prices of raw materials such as copper started to rise sharply.

With the slowdown in new building construction, the emphasis in technical building services switched to renovation construction, serving and maintenance. Supported by government stimulus measures, the modernisation of piped systems in residential buildings increased during the year and that trend is expected to continue in the future, too. Demand for the business sector's industrial services fell during the accounting period as industry cut back on its investments and maintenance functions. The servicing, maintenance and repair of technical building systems already accounts for about a half of the business sector's net sales, and demand for such services is expected to remain good in the years ahead.

In spite of the difficult market situation, the servicing business in Russia grew during the accounting period and Lemminkäinen carried out some significant technical building services contracts in the St. Petersburg area.

Building Products

Key figures

EUR million	2009	2008[1]	2007
Net sales	**132.7**	156.0	133.8
Operating profit	**6.5**	10.5	11.1
Operating margin, %	**4.9**	6.7	8.3
Profit before taxes	**5.8**	9.9	10.5
Order book at end of period	**33.3**	25.2	37.7
Personnel (average)	**762**	839	749

[1] The standard governing operating segment reporting was adopted on 1.1.2009, and the comparative figures starting 1.1.2008 were also calculated in accordance with the provisions of the same standard.

The net sales of the Building Products business sector fell 15% to EUR 132.7 million (156.0). The operating profit was down about 38% to EUR 6.5 million (10.5).

The order book rose by a third and at the end of the accounting period was EUR 33.3 million (25.2).

The year was a busy one as far as roofing and waterproofing contracting was concerned, and in spite of stiffening competition Lemminkäinen's market share rose. The change of emphasis in construction towards renovation construction increased the volume of yard and roofing repair works for housing companies. Sales and exports of roofing and waterproofing products fell during the accounting period. Increases in raw material costs were moderate and prices remained steady throughout the accounting period.

The slowdown in residential and non-residential building construction reduced demand for pre-cast concrete staircase and wall elements in the first half of 2009, but the pick-up in construction activity was strongly reflected in demand for pre-cast concrete elements towards the end of the year. The market for sports and urban environment construction was good.

SHARES AND SHARE CAPITAL

The listed price of Lemminkäinen Corporation's share was EUR 13.05 (31.50) at the beginning of the accounting period and EUR 24.20 (13.05) at the end of the accounting period. The market capitalisation at the end of the accounting period was EUR 411.9 million (222.1). Altogether 1,918,039 shares (3,185,174) were traded during the accounting period. The total value of the turnover was EUR 41.0 million (87.3). At the end of the accounting period the Company had 5,017 (4,511) shareholders.

Lemminkäinen's share capital is EUR 34,042,500. The Company has one share series and the total number of issued shares is 17,021,250.

The Extraordinary General Meeting of Lemminkäinen Corporation, held on 12 November 2009, decided in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to resolve on a share issue and/or an issue of special rights entitling their holders to shares, as referred to in Chapter 10, Section 1 of the Finnish Companies Act. In addition, the Extraordinary General Meeting decided to authorise the Board of Directors to decide on the acquisition of treasury shares.

INVESTMENTS

Investments made during the accounting period amounted to EUR 41.5 million (60.2). The most significant single investment made during the accounting period was a new asphalt plant at Sammonmäki. The other investments were mainly replacement purchases of equipment for paving and mineral aggregate operations.

PERSONNEL

The average number of employees in the Group during the accounting period was 8,626 (9,776), of whom 70% (71) worked in Finland, 12% (11) in other Nordic countries, 11% (11) in the Baltic states and 7% (7) in other countries.

In the second half of 2008 Lemminkäinen began adjusting its personnel strength to meet the requirements of the prevailing market situation. The personnel reduction measures have so far affected about 1,500 employees. The biggest personnel reductions have been made in the Building Construction and Building Products business sectors. The adjustment measures have been continued after the accounting period.

Personnel, average

	2009	2008	2007
Hourly paid employees	**5,559**	6,490	6,084
Salaried staff	**3,067**	3,286	3,117
Personnel, total	**8,626**	9,776	9,201
of whom working abroad	**2,607**	2,836	2,565
Personnel at the end of the accounting period	**7,759**	8,910	8,718
Total wages, salaries and other remuneration for the accounting period, EUR million	**329.3**	358.1	327.2

Personnel by business sector, average

	2009	2008	2007
Building Construction	**2,356**	3,159	3,055
Infrastructure Construction	**3,453**	3,658	3,365
Technical Building Services	**1,941**	2,013	1,918
Building Products	**762**	839	749
Parent company	**114**	107	114
Total	**8,626**	9,776	9,201

ANNUAL GENERAL MEETING 2009 AND CORPORATE GOVERNANCE

Lemminkäinen Corporation's Annual General Meeting held on 17 March 2009 adopted the Company's annual accounts and financial statements for 2008 and granted the CEO and the members of the Board of Directors discharge from liability. The Annual General Meeting decided, in accordance with the Board of Directors' proposal, to pay a dividend of EUR 0.90 per share, i.e. a total dividend of EUR 15,319,125. The dividend's record date was 20 March 2009 and the payment date was 27 March 2009.

Messrs. Berndt Brunow, Teppo Taberman, Juhani Mäkinen and Ms. Kristina Pentti-von Walzel were re-elected to serve as members of the Board of Directors. Messrs. Mikael Mäkinen, M.Sc.(Eng.) and Heikki Räty, M.Sc.(Econ.) were newly elected to serve as board members. PricewaterhouseCoopers Oy, a firm of authorised public accountants, were re-elected to serve as the Company's auditors, with Mr. Jan Holmberg, APA acting as the chief auditor.

Lemminkäinen Corporation's Board of Directors held an organising meeting on 17 March 2009. Berndt Brunow continues to serve as the Chairman of the Board, and Juhani Mäkinen as the Vice Chairman

EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting of Lemminkäinen Corporation, held on 12 November 2009, decided in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to resolve on a share issue and/or an issue of special rights entitling their holders to shares as referred to in Chapter 10, section 1 of the Finnish Companies Act. The number of shares to be issued, including the shares to be received on the basis of special rights, shall not exceed 4,200,000 shares. The proposed maximum amount of the authorisation corresponds to approximately 25% of all the current shares of the Company. The Board of Directors may decide to issue either new shares or own shares that may be held by the company (treasury shares).

In addition, the Extraordinary General Meeting decided to authorise the Board of Directors to decide on the acquisition of treasury shares, in one or more instalments, using the unrestricted shareholders' equity of the Company. The authorisation is proposed to cover a maximum of 1,700,000 treasury shares, subject to the regulations of the Finnish Companies Act concerning the maximum amount of own shares that may be held by a company. The proposed maximum amount of the authorisation corresponds to approximately 10% of all the current shares of the Company.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors chooses from among its members a Nomination Committee, an Audit Committee, and a Remuneration Committee. The committees assist the Board of Directors by preparing pertinent matters for the Board's consideration. All of the Board members can participate in meetings of the Audit Committee and the Remuneration Committee

Lemminkäinen Corporation's Board of Directors held an organising meeting on 17 March 2009. The compositions of the Audit Committee, Nomination Committee and Remuneration Committee were decided at the meeting. The Board of Directors elected Heikki Räty to serve as the Chairman of the Audit Committee, with Juhani Mäkinen and Kristina Pentti-von Walzel serving as members. Berndt Brunow was elected to serve as the Chairman of the Nomination Committee, with Kristina Pentti-von Walzel and Teppo Taberman serving as members. Teppo Taberman was elected to serve as the Chairman of the Remuneration Committee, with Berndt Brunow and Mikael Mäkinen serving as members.

CHANGES IN THE COMPANY'S MANAGEMENT

Tiina Mellas (nee Kihlakaski), M.Sc.(Econ) was appointed to serve as Lemminkäinen Corporation's Executive Vice President, Human Resources and as a member of Lemminkäinen Group's Executive Board with effect from 7 January 2009.

Robert Öhman, M.Sc.(Econ) was appointed to serve as Chief Financial Officer of Lemminkäinen Corporation and as a member of Lemminkäinen Group's Executive Board with effect from 9 May 2009.

Marcus Karsten, M.Sc.(Econ.) was appointed to serve as Lemminkäinen Corporation's Executive Vice President, Technical Building Services and as a member of Lemminkäinen Group's Executive Board with effect from 1 January 2010. He was formerly the Managing Director of Tekmanni Service Oy, a company belonging to the Technical Building Services business sector.

Jukka Terhonen, M.Sc.(Eng.) was appointed to serve as Lemminkäinen Corporation's Executive Vice President, Building Construction, and as a member of Lemminkäinen Group's Executive Board with effect from 10 December 2009.

LEGAL PROCEEDINGS

On 29 September 2009 the Supreme Administrative Court (SAC) ordered a number of Finnish asphalt industry companies to pay an infringement fine of EUR 82.55 million, of which Lemminkäinen's share was EUR 68 million. The decision concluded the Finnish Competition Authority's claim made in 2004 for the imposition of a fine concerning violations of the Act on Competition Restrictions on seven companies operating in the asphalt industry during the period 1994-2002. The Finnish Competition Authority initially sought that an aggregate competition infringement fine of EUR 97 million should be imposed on the asphalt companies and the Finnish Asphalt Association, of which Lemminkäinen was to pay EUR 68 million. The Market Court dismissed the Competition Authority's motion for the most part and in December 2007 ordered the asphalt companies to pay an infringement fine of EUR 19.4 million, of which Lemminkäinen was to pay EUR 14 million. The SAC approved the infringement fine proposed by the Finnish Competition Authority in its entirety.

The difference between the infringement fine of EUR 68 million ordered by the SAC and the infringement fine of EUR 14 million ordered by the Market Court, i.e. EUR 54 million, was expensed in the third quarter of 2009. The infringement fine of EUR 14 million ordered by the Market Court was expensed in the fourth quarter of 2007.

To date, 21 municipalities and the Finnish Road Administration have brought actions for the recovery of damages from Lemminkäinen and other asphalt companies in the District Court of Helsinki. The claimants contend that restrictions of competition have caused them damages. The Finnish Road Administration has claimed, in connection with work carried out for the Finnish State, at most EUR 10.5 million from Lemminkäinen and at most EUR 5.6 million jointly and severally with other asphalt companies. The claims presented in the statements of claim differ from each other as regards their amounts and grounds. The claimants have reserved the right to alter, modify or extend their claims, but most of the claimants have not yet filed their finalised statements of claim with the District Court.

The decision rendered by the SAC as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused the parties ordering asphalt works any damages. The SAC's decision does not concern the individual contracts that the claimants are citing in support of their claims. Neither does the decision concern the pricing of individual contracts.

Lemminkäinen will examine the claims for damages and consider each claim separately. The Company's initial position is that the claims are without foundation.

To the extent that the claimants eventually decide in their specified statements of claim to pursue their legal actions against Lemminkäinen, they will be considered separately before the District Court of Helsinki and heard in the order determined by the court.

No provision for future expense has been made in respect of the statements of claims submitted so far to the district court by the municipalities and the Finnish Road Administration. It is likely that district court proceedings will continue into 2011.

RISKS AND UNCERTAINTIES

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

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

Although housing sales have developed favourably, the general economic situation is still unstable. For this reason new housing starts are being made only if a sufficiently high percentage of the units are reserved by buyers in advance.

The aforementioned statements of claim submitted to the District Court of Helsinki by certain municipalities and the Finnish Road Administration pose a specific risk.

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

The Company's Annual Report, pages 40-43, and website provide more information on Lemminkäinen's risk management.

RESEARCH AND DEVELOPMENT

Lemminkäinen's research and development work focuses on the development of operational prerequisites as well as the development and quality assurance of products and services. Careful consideration of safety issues and environmental effects is an important principle in Lemminkäinen's development work. Products and services are developed in long-term collaboration with customers.

The Group's business units and subsidiaries are responsible for their own research and development activities. Lemminkäinen's Central Laboratory carries out R&D at Group level. In 2009 the Group's research and development expenditure accounted for 0.7% of net sales.

THE ENVIRONMENT

Lemminkäinen Group takes life-cycle and environmental perspectives into account when developing its operations, products and services. The management of environmental affairs and the effects of the Group's operations on the environment are continuously monitored by means of internal monitoring and control programmes.

The Company's Annual Report, pages 58-59, and website provide more information on Lemminkäinen's environmental issues.

OUTLOOK FOR 2010

According to economic forecasts, Finland's gross domestic product is expected to return to growth and construction activity is expected to increase slightly. Housing sales picked up towards the end of 2009, and they are expected to remain stable in 2010 as well. Non-residential building construction is likely to remain slower than in previous years. Renovation construction will probably continue to grow steadily and demand for technical building services is expected to increase slightly, too. In Russia, the pick-up in the housing market will continue and the volume of construction will probably grow in 2010.

Even though there are no new major transport infrastructure projects in the bid preparation pipeline for 2010, projects already in progress will keep infrastructure builders busy. The pick-up in building construction will also provide work for infra builders. In Finland the government will be making further cuts in its spending on basic highway maintenance, and the weakened finances of the municipalities may also reduce the volume of infrastructure construction in future years.

The additional spending budgeted for infrastructure development in the other Nordic countries will continue, which will keep the markets of those countries favourable in the years ahead. The situation in the Baltic states will continue to be uncertain.

Demand for construction products closely follows the building construction cycle, and demand is expected to rise following the pick-up in residential construction in 2010.

Lemminkäinen estimates that net sales and the result before taxes for the 2010 accounting period will be at the 2009 level, the infringement fine imposed by the SAC being excluded from the 2009 comparative figures.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable shareholders' equity shown on the consolidated balance sheet as of 31 December 2009 amounts to EUR 217,772,976.72. The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, amounts to EUR 75,123,976.38 consisting of EUR 72,636,193.59 in retained earnings from previous years and EUR 2,487,782.79 in profit for the accounting period.

The Board of Directors of Lemminkäinen Corporation proposes to the Annual General Meeting that the Company would not pay any dividend for the accounting period ending 31 December 2009, in which case retained earnings would amount to EUR 75,123,976.38.

EVENTS AFTER THE ACCOUNTING PERIOD

The areas of responsibility of Lemminkäinen's Executive Board members were redefined on 14 January 2010. The purpose of the changes is to streamline the management of central functions and achieve greater efficiency in the implementation of the new strategy.

Significant orders received after the accounting period:
Lemminkäinen is to renew the track and field at Helsinki's Olympic Stadium. The contract will be completed at the end of July 2010 and is worth approx. EUR 4 million.

Helsinki, 12 February 2010

LEMMINKÄINEN CORPORATION
Board of Directors

Consolidated income statement (IFRS)

EUR 1,000	Note	1.1. - 31.12.2009	1.1. - 31.12.2008
NET SALES	1, 2	**1,964,442**	2,481,758
Other operating income	5	**7,091**	12,403
Increase or decrease in stocks of finished goods and work in progress		**-49,605**	34,721
Production for own use		**213**	101
Use of materials and equipment		**1,156,607**	1,633,709
Employee benefit costs	8	**406,850**	448,489
Depreciation	7	**34,258**	34,891
Other operating expenses	6	**302,601**	289,978
Share of the result of affiliated undertakings	9	**1,499**	1,244
OPERATING PROFIT		**23,323**	123,161
Financial expenses	10	**54,095**	50,675
Financial incomes	10	**20,744**	18,545
RESULT BEFORE TAXES		**-10,028**	91,031
Income taxes	11	**-13,664**	-27,549
RESULT OF CONTINUING OPERATIONS		**-23,692**	63,482
RESULT FOR THE ACCOUNTING PERIOD		**-23,692**	63,482
Distribution of the result for the accounting period			
To shareholders of the parent company		**-26,087**	55,871
To minority interests		**2,396**	7,611
EPS calculated from result belonging to parent company shareholders, EUR			
Earnings per share, diluted and undiluted		**-1.53**	3.28

Consolidated statement of comprehensive income (IFRS)

EUR 1,000	Note	1.1. - 31.12.2009	1.1. - 31.12.2008
RESULT FOR THE ACCOUNTING PERIOD		**-23,692**	63,482
Translation difference	20	**3,341**	-6,374
Hedging of net investment in foreign subsidiary	11, 20	**-368**	1,604
Cash flow hedge	11, 20	**-240**	-1,942
OTHER COMPREHENSIVE INCOME, TOTAL		**2,733**	-6,712
COMPREHENSIVE INCOME FOR THE ACCOUNTING PERIOD		**-20,959**	56,770
Distribution of comprehensive income for the accounting period			
To shareholders of the parent company		**-23,355**	49,159
To minority interests		**2,396**	7,611

Consolidated balance sheet (IFRS)

EUR 1,000	Note	1.1. - 31.12.2009	1.1. - 31.12.2008
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	13	**184,613**	186,954
Goodwill on consolidation	14	**78,265**	74,945
Other intangible assets	14	**2,698**	2,545
Participations in affiliated undertakings	9	**6,251**	4,626
Available-for-sale investments	16	**6,582**	6,038
Deferred tax asset	11	**12,850**	7,237
Other non-current receivables	18	**7,481**	6,345
		298,740	288,690
CURRENT ASSETS			
Inventories	17	**355,430**	398,232
Trade and other receivables	18	**305,139**	476,333
Funds	19	**74,400**	250,090
		734,969	1,124,656
ASSETS, TOTAL		**1,033,708**	1,413,346
SHAREHOLDERS' EQUITY AND LIABILITIES			
PARENT COMPANY SHAREHOLDERS' EQUITY			
Share capital	20	**34,043**	34,043
Share premium account	20	**5,750**	5,750
Translation difference	20	**-1,739**	-4,711
Hedging reserve	20	**-1,970**	-1,730
Retained earnings	20	**265,375**	224,824
Result for the period	20	**-26,087**	55,871
		275,372	314,046
MINORITY INTEREST		**23,673**	27,751
SHAREHOLDERS' EQUITY, TOTAL		**299,045**	341,796
NON-CURRENT LIABILITIES			
Loans	23	**290,749**	118,810
Deferred tax liability	11	**18,975**	18,693
Pension liabilities	21	**749**	192
Provisions	22	**1,762**	2,181
Other non-current liabilities	24	**2,390**	1,293
		314,626	141,169
CURRENT LIABILITIES			
Loans	23	**108,397**	467,728
Provisions	22	**8,271**	7,092
Accounts payable and other liabilities	24	**303,369**	455,561
		420,037	930,380
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**1,033,708**	1,413,346

Consolidated cash flow statement (IFRS)

EUR 1,000	Note	1.1. - 31.12.2009	1.1. - 31.12.2008
Cash flow from business operations			
Result before extraordinary items		**-10,028**	91,031
Adjustments	27		
Depreciation according to plan		**34,258**	34,891
Share of the result of affiliated undertakings		**-1,499**	-1,244
Other unpaid income and expenses		**5,246**	1,576
Financial income and expenses		**33,351**	32,130
Other adjustments		**-3,203**	-5,750
Cash flow before change in working capital		**58,125**	152,635
Change in working capital			
Increase(-)/decrease(+) in current business receivables		**166,512**	-82,938
Increase(-)/decrease(+) in inventories		**43,169**	-68,389
Increase(+)/decrease(-) in current liabilities		**-157,392**	105,992
Cash flow from operations before financial items and taxes		**110,413**	107,300
Interest expenses paid		**-29,418**	-35,429
Other financial expenses paid		**-21,992**	-9,778
Dividends received		**197**	3,771
Interest and other financial income received		**4,223**	8,253
Other financial income received		**16,788**	1,739
Direct taxes paid		**-16,049**	-51,209
CASH FLOW FROM BUSINESS OPERATIONS		**64,162**	24,647
Cash flow from investments			
Investments in tangible and intangible assets		**-21,720**	-38,080
Proceeds from the sale of tangible and intangible assets		**11,744**	13,351
Investments in other assets		**-288**	-1,835
Proceeds from the sale of other investments		**45**	461
Purchases of subsidiary shares			
less cash funds at time of purchase	3	**-8,464**	-3,149
Sales of subsidiary shares			
less cash funds at time of sale	3	**45**	1,432
Purchases of shares in affiliated undertakings			-115
Sales of shares in affiliated undertakings		**100**	
CASH FLOW FROM INVESTMENTS		**-18,538**	-27,935
Cash flow from financing			
Increase(-)/decrease(+) in non-current receivables		**35**	-1,604
Drawings of short-term loans		**341,776**	1.740,434
Repayments of short-term loans		**-716,954**	-1,473,200
Drawings of long-term loans		**220,568**	
Repayments of long-term loans		**-34,226**	-40,108
Repayments of finance leasing debts		**-13,447**	-15,599
Dividends paid and other profit distribution		**-17,991**	-32,643
CASH FLOW FROM FINANCING		**-220,238**	177,280
INCREASE(+)/DECREASE(-) IN CASH FUNDS		**-174,614**	173,991
Cash funds at beginning of accounting period	19	**250,090**	78,534
Translation difference of cash funds		**-1,076**	-2,435
CASH FUNDS AT END OF ACCOUNTING PERIOD		**74,400**	250,090

Consolidated statement of changes in equity (IFRS)

EUR 1,000	Note	Share capital	Share premium account	Translation difference	Hedging reserve	Retained earnings	Parent company shareholders' equity	Minority interest	Shareholders' equity, total
Shareholders' equity 1.1.2008		34,043	5,750	59	211	255,449	295,513	23,701	319,214
Reversal of dividend liability	20					12	12		12
Dividends paid	20					-30,638	-30,638	-2,940	-33,578
Result for the period				-4,770	-1,942	55,871	49,159	7,611	56,770
Change in minority interest								-622	-622
Equity 31.12.2008		34,043	5,750	-4,711	-1,730	280,695	314,046	27,751	341,796

EUR 1,000	Note	Share capital	Share premium account	Translation difference	Hedging reserve	Retained earnings	Parent company shareholders' equity	Minority interest	Shareholders' equity, total
Shareholders' equity 1.1.2009		**34,043**	**5,750**	**-4,711**	**-1,730**	**280,695**	**314,046**	**27,751**	**341,796**
Dividends paid	20					**-15,319**	**-15,319**	**-1,999**	**-17,318**
Result for the period				**2,972**	**-240**	**-26,087**	**-23,355**	**2,396**	**-20,959**
Change in minority interest								**-4,474**	**-4,474**
Equity 31.12.2009		**34,043**	**5,750**	**-1,739**	**-1,970**	**239,288**	**275,372**	**23,673**	**299,045**

Accounting principles of the IFRS consolidated financial statements, 31.12.2009

BASIC INFORMATION ON THE COMPANY

Lemminkäinen Corporation is a legally established Finnish public limited company domiciled in Helsinki. The Company's registered address is Salmisaarenaukio 2, 00180, Helsinki, Finland. Lemminkäinen Corporation is the parent company of Lemminkäinen Group. The Group operates in all areas of the construction sector.

The Group comprises the following business segments: Building Construction, Infrastructure Construction, Technical Building Services and Building Products. Of these segments, Infrastructure Construction operates in the Nordic countries and Eastern Europe, and Building Construction globally. The other business segments operate mainly in Finland and the surrounding region.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and the IAS and IFRS standards and SIC and IFRIC interpretations that were in force on 31 December 2009 have been observed in their preparation. The term "International Financial Reporting Standards" means standards and interpretations of them authorised for use in the European Union in accordance with the procedure prescribed in EU statute (EY) No. 1606/2002 as well as in Finnish accounting legislation and regulations based upon them. The notes to the consolidated financial statements are also in accordance with Finnish accounting and community legislation supplemental to the IFRS regulations. The consolidated financial statements are available on the Company's website at www.lemminkainen.com from week 12/2010 onwards. Printed copies of the consolidated financial statements can be ordered from the Company's Corporate Communications, tel. +358 2071 53511, or by email julkaisut@lemminkainen.fi from week 16/2010 onwards.

The figures in the financial statements are denominated in EUR 1,000. Transactions are treated on the basis of original acquisition costs with the exception of available-for-sale investments and derivative contracts, which are fair-valued. The Board of Directors approved publication of the consolidated financial statements on 12 February 2010.

PRINCIPLES OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include Lemminkäinen Corporation and those subsidiaries in which the parent company directly or indirectly controls over 50 per cent of the conferred voting rights or otherwise has the right to define the company's economic or business principles. Intra-group shareholdings are eliminated using the acquisition method, and the assets and liabilities of an acquired entity are fair-valued at the time of acquisition, and the remaining difference between the acquisition price and the equity acquired is goodwill. The goodwill included in the consolidated financial statements is recognised on the balance sheet in the currency of the acquiring company, and the goodwill arising from acquisitions is recognised in the functional currency of the foreign unit. Subsidiaries acquired during the accounting period are included in the consolidated financial statements from the time that the Group has a controlling interest, and divested subsidiaries up until the time that the controlling interest is relinquished.

Intra-group transactions, unrealised internal margins, as well as internal receivables, liabilities and dividend payments are eliminated on consolidation. The distribution of dividend to the shareholders of the parent company and to the non-controlling interest is presented in connection with the consolidated income statement. On the consolidated balance sheet the non-controlling interest is included in the total equity of the Group.

Affiliated companies and joint ventures

Investments in affiliated companies (generally 20-50 per cent of the conferred voting rights or otherwise considerable influence over the company's affairs) and joint ventures in which the Group exercises authority jointly with other parties are included in the consolidated financial statements using the equity method. In that case, the Group's share of the result of an affiliated company corresponding to its ownership stake is included in the consolidated income statements. Correspondingly, the Group's share of the equity in the affiliated company, including the goodwill arising from its acquisition, is recorded as the value of its interest in the company on the consolidated balance sheet. If Lemminkäinen's share of the losses of an affiliated company exceeds the investment's carrying amount, the investment is assigned a value of zero on the balance sheet and the excess is disregarded, unless the Group has obligations concerning an affiliated company or joint venture.

Unrealised capital gains arising in connection with business and fixed asset transactions between the Group and affiliated companies or joint ventures are eliminated in proportion to the ownership share. The amounts are deducted from the Group's retained earnings and non-current assets. The eliminated capital gain is recognised through profit or loss as it is realised.

Shares of the results of affiliated companies are included in operating profit since they belong to the operations of reporting business segments.

OPERATING SEGMENTS

IFRS 8 Operating Segment Reporting requires that reported segment information be based on internal segment reporting to management, which in Lemminkäinen Group means the President of Lemminkäinen Corporation, who is the chief operative decision-maker. Internal segment reporting to management covers net sales, depreciation, operating profit, financial items, profit before taxes, non-current assets, inventories and trade receivables. The figures reported to management are accurate to the nearest EUR 1,000.

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

PRESENTATION OF THE FINANCIAL STATEMENTS

The Group presents two separate income statements: the consolidated income statement and the consolidated statement of comprehensive income. The former includes the components of profit and loss, and the latter starts with the profit or loss and presents the equity changes that are unrelated to the shareholders. The consolidated statement of changes in equity itemises the transactions with shareholders.

FOREIGN CURRENCY ITEMS

The consolidated financial statements are presented in euros, which is also the functional and presentation currency of the Group's parent company. In the Group companies' own bookkeeping, transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Receivables and liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. Exchange rate differences resulting from transactions related to sales and purchases are recorded as adjustments to the corresponding items above the operating profit. Exchange rate gains and losses related to financing are recognised as financial income and expenses, with the exception of loan-related exchange rate differences that are designated as hedges of a foreign net investment and the hedging relationship remains effective.

Income statements are translated into euros using the average exchange rates over the accounting period. All balance sheet items, with the exception of the profit or loss for the accounting period, are translated into the Group's functional currency using the exchange rates prevailing on the balance sheet date. The translation differences resulting from the translation of the income statement and balance sheet at different exchange rates and from the elimination of shareholders' equity in foreign subsidiaries are recognised in equity.

Goodwill arising from the acquisition of foreign subsidiaries as well as fair-value adjustments to the carrying amounts of the assets and liabilities of the foreign subsidiaries in connection with acquisition are treated as assets and liabilities of the foreign subsidiaries in question and are translated into euros at the exchange rates prevailing on the balance sheet date.

When preparing the consolidated financial statements, the translation difference resulting from exchange rate changes with regard to subsidiaries and affiliated companies is recognised as a separate item under the translation difference of the Group's equity. When foreign subsidiaries or affiliated companies are sold, the translation difference is recognised as a part of the capital gain or loss on the income statement.

FINANCIAL ASSETS

The Group recognises financial assets on the settlement date with the exception of derivatives, which are recognised on the transaction date. Financial assets are de-recognised and removed from the balance sheet when the Group has lost the contractual right to their cash flows or when it has substantially transferred their risks and returns to a party outside the Group. In connection with initial recognition, the Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, available-for-sale investments, and other loans and receivables.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group has derivative contracts that do not meet the conditions set for hedge accounting. Changes in the fair values of derivatives are recognised through profit or loss. Receivable and payable items are included in current assets and liabilities on the balance sheet.

The fair values of derivatives are based on market prices. The fair values of interest rate swap agreements are based on discounted cash flows, and the fair values of currency and interest rate options are based on generally accepted valuation models. The fair values of forward foreign exchange contracts are based on forward rates at the balance sheet date.

AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale assets are financial assets, other that derivative contracts, that can be sold as required. Available-for-sale investments are fair-valued. If a fair value cannot be measured, the investment is recognised at cost. Available-for-sale investments include housing company shares, and other investments such as telephone shares. The fair value of unlisted shares cannot be reliably measured because they do not have a quoted price in an active market. Changes in the fair value of available-for-sale investments are recognised on the balance sheet in the fair-value revaluation reserve until such time as the investment is sold, whereupon the cumulative change in fair value recognised in equity is written off through profit or loss. The cumulative change in fair value recorded on the balance sheet is also recognised through profit or loss when the value of an available-for-sale investment has declined.

LOANS AND OTHER RECEIVABLES

Loans and other receivables are valued after initial recognition at amortised cost measured by the effective interest rate method. Loans and other receivables are items with fixed and determinable payments. They are included in current and non-current assets on the balance sheet.

CASH FUNDS

Cash funds comprise bank account balances and liquid, risk-free investments with maturities of less than three months. Cash funds are recognised at cost. Because the maturities of investments included in cash funds are short, their fair value is considered the same as their acquisition cost.

FINANCIAL LIABILITIES

Financial liabilities are initially recognised on the basis of the consideration received. Transaction costs are included in the original carrying amount of financial liabilities. Subsequently, all financial assets are valued at amortised cost measured by the effective interest rate method. Financial liabilities are included in non-current and current liabilities and they may be interest-bearing or non-interest-bearing.

CAPITALISATION OF BORROWING COSTS

With effect from 1 January 2009, the Group capitalises the borrowing costs of obtaining an asset as part of its acquisition cost in qualifying projects and percentage-of-completion construction projects.

Qualifying assets

A qualifying asset is one that takes longer than one year to get ready for its intended purpose. A qualifying asset may be a fixed or movable asset, inventories or an intangible asset.

Costs of borrowing for the purpose of acquiring an asset

When borrowings are made expressly for the purpose of financing an asset, the capitalised borrowing costs are the allocated financing expenses arising from the actual borrowings less the financial income received from the temporary investment of such borrowings. After an asset has been made ready, the unpaid part of the borrowings for the project is transferred to general borrowings.

General borrowings

The Company's borrowings are always considered to be the primary form of financing regardless of the fact that the Company's cash flow would be sufficient to cover the cost of a qualifying asset. When general borrowings are used to finance a qualifying asset, the amount of the capitalised costs is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of those borrowing costs applicable to the Company's borrowings outstanding during the period, other than borrowings made specifically for the purpose of obtaining the qualifying asset

Prepayments

When calculating the amount of a project's borrowing costs, project-related prepayments received from the customer are included in the net position arising from the contract. If inclusion of the borrowing costs leads to a situation in which the net position of the project is positive for the entire construction period, the borrowing costs are not capitalised at all. If the net financing position of the project changes from positive to negative during the construction period, the borrowing costs are capitalised in respect of the periods during which the net position was negative.

Commencement and cessation of capitalisation

Capitalisation commences when the Company first incurs expenditures for a qualifying asset giving rise to borrowing costs, and when it undertakes activities that are necessary to prepare the asset for its intended use. Capitalisation is suspended when effective production is halted. Capitalisation ceases when all activities necessary to make the asset ready for its intended use have been carried out.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

The Group applies hedge accounting for certain derivative instruments and foreign currency loans which are used to hedge net currency investments in foreign units and meet the conditions set for hedge accounting in the International Accounting Standards. When initiating hedge accounting the Group documents the relationship between the hedged asset and the hedging instrument as well as the aims of the Group's risk management and the hedge accounting strategy. At the commencement of hedging and at least in connection with the preparation of each set of annual financial statements, the Group documents and assesses the effectiveness of hedging relationships by examining the ability of the hedging instrument to nullify any changes in the fair value of the hedged asset. When forward foreign exchange contracts are used as hedging instruments, the change in fair value due to change in the spot rate of the forward contract is recognised directly in the translation difference in equity to the extent that the hedging relationship is effective. The ineffective part is recognised through profit or loss in financial income and expenses on the income statement for the accounting period. The cumulative change in fair value of a hedging instrument recognised in equity is written off the balance sheet through profit or loss in the accounting period during which the investment is partially or totally relinquished. Hedge accounting for forward foreign exchange contracts used to hedge net foreign investments was discontinued with regard to contracts denominated in Norwegian crowns on 12 October 2009, and with regard to contracts denominated in Latvian lats on 1 July 2009.

Certain currency and interest rate derivatives do not meet the criteria set for hedge accounting and they are classified as financial assets recognised at fair value through profit or loss. Changes in the fair value of derivatives hedging operating activities are recognised in other operating income and expenses, and changes in the fair value of derivatives hedging financial transactions are recognised in financial income and expenses. In the case of these derivatives the currency and interest rate risk management principles approved by the Board of Directors are observed. The external derivatives used in hedge accounting are described in greater detail in the section dealing with the management of financial risks in the notes to the financial statements.

In 2009 the Group applied hedge accounting to interest rate swap agreements used to hedge two variable-rate loans. The agreements are defined as cash flow hedges, and they provide protection against fluctuations in loan interest payments caused by changes in market interest rates. The change in fair value of interest rate swap agreements used as hedges is recognised directly in the revaluation reserve in equity to the extent that the hedging relationship is effective. The ineffective part of the change is recognised through profit or loss in financial expenses on the income statement. Changes in fair value accumulated in equity are recognised through profit or loss in interest expenses in the accounting period during which the hedged instrument produces a profit or loss.

If the criteria set for hedge accounting in the International Accounting Standards are not met, the hedging relationship is terminated. In that case the recognised profit or loss on the derivative instrument remains in equity until such time as the anticipated transaction occurs and is recognised through profit or loss. If the anticipated transaction is no longer expected to take place, the profit or loss recognised in equity is immediately transferred to financial items on the income statement.

INCOME RECOGNITION PRINCIPLES

Recognition of income from the sale of manufactured goods

The Group recognises income from the sale of its manufactured products at the time when the essential risks and benefits associated with product ownership are transferred to the buyer and the Group no longer has any authority or control over the product. As a rule this means the point in time when the product is handed over to the customer in accordance with the agreed terms and conditions of delivery. The fair-value income received, adjusted for direct taxes, discounts given and exchange rate differences on foreign currency sales, is presented on the income statement as net sales.

Recognition of income from construction projects

The financial statements for the accounting period are prepared in accordance with the percentage-of-completion method, whereby income from construction projects is recognised according to the degree of project completion. The degree of project completion is calculated as the ratio of actually incurred costs to estimated total costs. If it is likely that the total costs needed to complete a project on the order book will exceed the total income receivable from the project, the anticipated loss is immediately recognised in total as an expense.

When the incurred costs and recognised profits are greater than billing based on the project's progress, the difference is presented in the balance sheet item Trade and other receivables. If the incurred costs and recognised profits are less than the billing based on the project's progress, the difference is presented in the balance sheet item Accounts payable and other current liabilities.

Income from own building developments is recognised according to the overall degree of project completion. This is calculated by multiplying the percentage of construction completed by the percentage of housing units sold. The latter is calculated by dividing the debt-free selling price of the housing units sold by the total debt-free selling price of the whole project. Recognised expenses attributable to construction still unsold are presented on the balance sheet in inventories as work in progress.

The completed-contract method of recognising income from construction projects, which is based on Finnish accounting practice, is used by some subsidiaries in their official financial statements. These companies prepare additional financial statements based on the percentage-of-completion method for the purposes of consolidation by the Group.

VALUATION AND DEPRECIATION OF NON-CURRENT ASSETS

Tangible assets

The Group companies' tangible assets are shown on the balance sheet at cost less depreciation and impairment. Land is not subject to depreciation. Tangible assets are depreciated over their estimated economic lifetimes, which are as follows:

- Buildings and structures 10–40 years
- Machinery and equipment 4–10 years
- Mineral aggregate deposits depreciation based on material depletion
- Other tangible assets 10 years

A tangible asset is subject to depreciation from the time that is ready for service. Depreciation is charged over the period of time from the asset's introduction into use until the end of its useful economic life. The residual values and economic lifetimes of assets are reviewed in connection with the preparation of each set of annual financial statements, and if necessary they are adjusted to reflect any changes that may have occurred in the economic benefit expected of them. When depreciation charges are made according to plan, the residual value of the asset is zero.

The depreciation of a tangible fixed asset is discontinued when it is classified as available-for sale as defined in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Normal maintenance and repair costs are expensed as incurred. Significant improvements or additional investments are capitalised and depreciated over the remaining useful economic lifetime of the asset to which they pertain, provided that it is likely that the Company will derive future economic benefit from the asset. Capital gains on the sale of a tangible asset are presented in Other operating income, and losses in Other operating expenses. The Group expenses the interest costs of tangible asset acquisitions, unless the project meets the requirements for capitalisation of borrowing costs, in which case they are capitalised as part of the cost of acquisition.

Intangible assets

Goodwill

Goodwill is the amount by which the cost of acquiring a company after 1 January 2004 exceeds the Group's interest in the net fair value of its identifiable assets, liabilities and contingent liabilities at the time of acquisition. The cost of acquiring an entity includes all the costs arising directly from its acquisition, e.g. the costs of legal and auditing services. Goodwill on consolidation of acquisitions made prior to 1 January 2004 is the carrying amount determined in accordance with earlier accounting standards, which is used as the I FRS deemed cost of acquisition. Goodwill is not amortised. Goodwill is regularly tested for impairment. The impairment tests are based on discounted cash flows of cash-generating units. Goodwill is recognised on the balance sheet at cost less impairment, which is expensed on the income statement.

Research and development expenditure

Research and development expenditure is expensed as incurred, with the exception of development expenditure satisfying the capitalisation criteria of IAS 38, which is recognised on the balance sheet and amortised through profit or loss over its useful economic lifetime.

Other amortised costs

Amortised costs that do not relate to tangible assets and have economic effects lasting longer than one year are also classified as intangible assets. Such amortised costs include, for example, the costs of making basic repairs to leased premises. These costs would be amortised over the term of the lease.

Other intangible rights

Assets such as patents and software licence payments, as well as prepayments relating to them, are classified as intangible assets. Other intangible assets are recognised at cost on the balance sheet and amortised over their useful economic lifetimes. The amortisation times of intangible assets are as follows:

- Software licence payments 5 years
- Other intangible rights 5–10 years

The asset is subject to depreciation from the time that is ready for service. Depreciation is charged over the period of time from the asset's introduction into use until the end of its useful economic life. When depreciation charges are made according to plan, the residual value of the asset is zero.

Financial assistance received

Financial assistance received from the Finnish State or some other public-sector source is recognised as income on the income statement at the same time as corresponding costs are expensed. Investment grants are deducted from the value of the asset in question.

Impairment

The carrying amount of an asset is assessed on each reporting date to determine whether there are indications of impairment. If indications of impairment are found, the "recoverable amount" for the asset in question is assessed. Annual impairment tests are always made for goodwill. The recoverable amount for an asset is either its fair value less costs to sell or, if higher, its value in use. In measuring value in use, expected future cash flows are discounted to their net present value using discount rates that reflect the country's average capital costs before taxes. Market risk and liquidity premiums are taken into consideration when setting the discount rates. If it is not possible to calculate the recoverable cash flows for an individual asset, then the recoverable amount for the cash-generating unit to which the asset belongs is determined. An impairment loss is recognised on the income statement if the carrying amount exceeds the recoverable amount.

The carrying amount of an asset is adjusted on the basis of impairment tests made annually or at least when it may be concluded that there is need to do so. Goodwill is allocated to cash-generating units in a rational and consistent manner. In the impairments tests the recoverable amount from the business of a cash-generating unit is derived from value-in-use calculations using forecast cash flows based on comprehensive business plans confirmed by management for a specific period as well as other justifiable estimates of the future outlook for the cash-generating unit and its business sector.

Impairment losses relating to tangible assets and intangible assets other than goodwill are reversed if circumstances have changed and the asset's recoverable amount has increased since the impairment loss was recognised. The biggest reversal allowed is such that the increased carrying amount due to reversal does not exceed what the depreciated historical cost would have been if the impairment had not been recognised.

Investment properties

The Group has no assets classified as investment property.

LEASING AGREEMENTS WHERE THE GROUP IS THE LESSEE

Leasing agreements that concern tangible assets where substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leasing agreements. Finance leasing agreements are recognised as assets on the balance sheet at a value equal to the fair value of the leased item on the date that the lease commences or, if lower, the present value of the minimum lease payments. A corresponding liability is recognised in current and non-current loans.

Assets leased under finance leasing agreements are depreciated over the useful economic lifetime of the asset class or a shorter period as the lifetime of the lease elapses, and impairment losses are recognised as required. Annual leasing payments are divided into financial expenses and debt amortisation instalments over the lifetime of the lease so that the same interest rate is applied to the outstanding debt in every accounting period.

Leasing agreements in which the rights and risks of ownership are retained by the lessor are treated as other leasing agreements. The payments of other leasing agreements are treated as leasing expenses and they are recognised on the income statement in equal instalments over the lifetime of the lease.

VALUATION OF INVENTORIES

Properties and apartments included in inventories are recognised on the balance sheet at cost or, if lower, net realisable value. The net realisable value is the estimated selling price that may be obtained in an active market in the normal course of business, less the costs of selling and the costs necessary to complete the product in question. Materials and supplies are valued according to the FIFO principle. The value of inventories includes the variable costs arising from their acquisition and production as well as the proportion of fixed and general costs of manufacture that is attributable to them in conditions of normal production. The costs of selling are not included in the valuation of inventories at cost. Neither are financing costs included in the valuation of inventories at cost, unless it is a question of a project that meets the requirements set for capitalisation of borrowing costs.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade and other receivables are recognised at cost. They are subject to impairment testing in connection with the preparation of the annual financial statements. Recognised uncertain receivables are assessed on a case-by-case basis. If there is objective evidence that the value of trade or other receivables is impaired, the amount impaired is expensed as a bad debt on the income statement.

CURRENT INVESTMENTS IN ESTABLISHED HOUSING COMPANIES

Expenditure tied up in the unsold part of own building developments is capitalised on the balance sheet in current assets and receivables. Amounts owing to the owners of buildings under construction are included in current liabilities.

The portion of loans made through established housing companies that applies to completed but unsold apartments as well as the portion of loans raised that exceeds the percentage of completion of both sold and unsold apartments still under construction are included in current interest-bearing liabilities.

EMPLOYEE BENEFITS

Pension provisions

The pension schemes of Group companies operating in different countries are generally defined contribution plans. Payments in respect of defined contribution plans are expensed on the income statement for the accounting period to which they apply. In the case of a defined benefit plan, a pension provision is made to the extent that the plan gives rise to a pension liability. If a defined benefit plan gives rise to a pension surplus, it is recognised in equity as an accrued receivable.

The pension costs of a defined benefit plan are measured using the Projected Unit Credit Method. The amount of pension liability is calculated by deducting the fair value of the assets belonging to the pension scheme on the balance sheet date from the present value of the future pension obligations on the balance sheet date. The pension provisions are expensed on the basis of actuarial calculations for the duration of employee service. The actuarial gains and losses arising from these pension provisions are recognised on the income statement over the expected average remaining working lives of the participating employees to the extent that they exceeds 10% of the defined benefit obligation or, if greater, 10% of the fair value of the plan's assets. The discount rate applied is the interest rate payable on low-risk financial securities with maturities corresponding to the duration of the pension liability.

Management remuneration programmes

The expenses of management remuneration programmes are recognised as personnel expenses on the income statement as they arise.

PROVISIONS

A provision is made when the Group has a legal or de facto obligation based on some past event and it is likely that freedom from liability will either require a financial payment or will result in financial loss, and that the amount of liability can be reliably measured. Provisions relate to warranties, onerous work or contracts, landscaping and other environmental liabilities. They are generally realised in the beginning or following accounting period and their discounting to present value has no essential bearing on the correctness of the financial statement.

Provisions for construction warranties are calculated on the basis of the level of warranty expenses actually incurred in earlier accounting periods, and are recognised when income from a completed project is recognised on the income statement. If the Group will receive reimbursement from a subcontractor or material supplier on the basis of an agreement in respect of anticipated expenses, the future compensation is recognised when its receipt is in practice beyond doubt.

Provision is made for onerous work or contracts when the expenditure required by the agreement to fulfil the obligations exceed the benefits that may be derived from it.

A landscaping provision is made in respect of those sites where landscaping is a contractual obligation. The amount of the provision is based on the use of ground materials.

Ten-year liabilities relating to own building developments are included as a provision in the financial statements to the extent that their realisation is considered likely.

INCOME TAXES

Taxes calculated on the basis of the taxable profit or loss of Group companies for the accounting period, adjustments to the taxes of earlier accounting periods, and the change in the deferred tax liability and asset are recognised as taxes on the consolidated income statement. The tax effect associated with items recognised directly in equity is correspondingly recognised in equity.

The change in deferred tax is calculated from the temporary differences between taxation and accounting using either the tax rate in force on the balance sheet date or the tax rate that will come into force at a later date but is already known. However, a deferred tax liability is not recognised in respect of a temporary difference that arises from the initial recognition of an asset or liability (other than from a business combination) and affects neither accounting income nor taxable profit. A deferred tax asset is recognised only to the extent that it is likely that there will be future taxable profit against which the temporary difference may be utilised. The most significant temporary differences arise from appropriations, the income recognition practice for construction projects, internal capital gains from sales of fixed assets, finance leasing arrangements, provisions, unused tax losses, measurements of fair value made in connection with acquisitions, and pension provisions.

Confirmed tax-deductible losses are treated as a tax asset to the extent that it is likely that the Company will able to utilise them in the near future. Deferred tax is not recognised in respect of non-tax-deductible goodwill when it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax liability is recognised in respect of the undistributed profits of subsidiaries only if payment of the tax is expected to be realised in the foreseeable future.

DIVIDEND DISTRIBUTION

A dividend payment proposed by the Board of Directors to a general meeting of shareholders is not recognised as a deduction from distributable equity until after it has been approved by the general meeting.

EARNINGS PER SHARE

The undiluted earnings per share are calculated by dividing the accounting period's profit belonging to the shareholders of the parent company by the weighted average number of issued shares during that period. When calculating the diluted earnings per share, the diluting effect stemming from the conversion of all dilutive potential ordinary shares into shares must be taken into account in the weighted average number of issued shares.

TREASURY SHARES

If the Company or its subsidiaries acquire the Company's own treasury shares, the Company's equity is reduced by the amount of consideration received for the shares plus transaction costs after taxes until such time as the treasury shares are cancelled. If treasury shares are sold or re-issued, the consideration is recognised in equity. No gains or losses are recognised in respect of purchases, sales, issuance or cancellation of the Company's own equity instruments.

MANAGEMENT JUDGEMENT AND ESTIMATES

The use of judgement and estimates

In preparing the financial statements the Company's management has had to make accounting estimates and assumptions about the future, as well as judgement-based decisions on the application of the accounting principles. These estimates and decisions affect the reported amounts of assets, liabilities, income and expenses for the accounting period as well as the recognition of contingent assets and liabilities on the balance sheet date. The estimates and judgements are based on past experience and other justifiable assumptions that are believed to be reasonable under the prevailing circumstances. Information on key areas of the financial statements where management judgement and estimates have been necessary is presented in the following.

The Company's management has had to make judgements when determining the economic lifetimes of tangible and intangible assets, and when classifying leases as finance leasing agreements other leasing agreements. Estimates and forward-looking assumptions made on the accounting date mainly concern income recognition according to the percentage of contract completion, the recognition of provisions, the valuation of assets belonging to acquired companies and their realisability, the formulae used to calculate employee benefits, the forecasts and assumptions used in impairment tests, and the utilisation of deferred tax assets against future taxable profit.

Economic lifetimes of tangible and intangible assets

Management uses estimates and judgements when considering the economic lifetimes and depreciation methods for tangible and intangible assets. The factors considered when estimating economic lifetimes include the purpose of a productive asset, the effects of wear, maintenance and repair stemming from use of the asset, the duration of the asset's technical usability, limitations or obligations arising from leasing or other agreements, and the magnitude of any residual value.

Leasing agreements where the Group is the lessee

Management has had to make judgements when classifying leasing agreements as either finance leasing agreements or other leasing agreements. The classification of leasing agreements is made in accordance with generally accepted standards and the provisions of finance leasing agreements, and it is based of the actual content of the agreement. According to the definition of a finance leasing agreement, substantially all the economic risks and rewards of ownership are transferred to the lessee. The classification is always made at the inception of the lease. The provisions of a leasing contract can be amended by agreement with the lessor, in which case the classification can be revised. A change taking place in an estimation criterion, e.g. a change in the relationship between the present value of minimum lease payments and the fair value of the leased asset, does not provide grounds for reclassification.

Recognition of income from construction projects

When recognising income from long-term construction projects the Group observes the percentage-of-completion method, whereby income from such projects is recognised according to the degree of project completion. The degree of project completion is calculated as the ratio of actually incurred cost to estimated total costs. Actually incurred costs include only those costs that correspond to work already carried out. Management estimates are necessary when making a reliable determination of the total costs that will be incurred in order to complete a project. All project costs are itemised and measured as accurately as possible to facilitate their comparison with early values. If management is unable to make a reliable determination of the total income from a construction project, the income for the accounting period is recognised without any margin. In that case, income is recognised only to the extent that the corresponding amount of actually incurred expenses is considered recoverable. If management estimates that a project is onerous, i.e. total costs exceed total income, the loss is immediately expensed.

Recognition of provisions

Management estimates on the basis of available historical evidence whether it likely that the settlement of a present obligation will result in an outflow of resources embodying economic benefits from the Group. If such a condition exists and a reliable estimate as to the amount and timing of the obligation can be made, then it is recognised as a provision in the financial statements.

Valuation at cost

The valuation of an acquired subsidiary's shares at cost is based on the fair value of its identifiable assets and liabilities. When measuring fair value, management uses estimates based on its own experience and, if necessary, the assistance of experts specialised in the balance sheet items in question. The estimates and assumptions made in accordance with management's view are sufficiently accurate to ensure the correctness of cash flows associated with balance sheet items.

Employee benefits

When calculating obligations related to employee benefits, the factors requiring management estimates include the expected returns on the assets of defined benefit pension plans, the discount rate used to calculate pension liabilities and pension expenses for the accounting period, the future development of pay levels, the rising level of pensions, the durations of employee service, and the development of inflation.

Impairment testing

The carrying amounts of assets are examined by means of impairment tests, which are performed at least once a year and whenever they may be deemed necessary. Good will is allocated to cash-generating units in a rational and consistent manner. In impairment tests the recoverable amount from a cash-generating unit's business is based on value-in-use calculations. The forecast cash flows used in these calculations are based on profitability plans approved by business management for a certain period of time, and on other justifiable estimates of the future outlook for the business sector and the cash-generating units. In connection with impairment tests, management has to estimate whether the fair value of an asset has decreased during the accounting period, whether significant adverse changes have occurred in the operating environment, whether it is necessary to change the discount rate applied in value-in-use calculations, and whether the carrying amount of a company's net assets are lower than their fair value. On the basis of these and other possible indicators both inside and outside the Company, management must continuously assess whether there is any need to perform additional impairment tests on assets items in between the annual rests. A more detailed description of the estimates and assumptions concerning goodwill impairment testing is given in the Notes to the Financial Statements.

Taxes

Most particularly, management has to use estimation in connection with the recognition principles for deferred tax assets. The reversal of a tax-deductible temporary difference reduces the taxable profit in future accounting periods. The most common tax-deductible temporary difference between accounting and taxation is a confirmed tax loss. Management has to estimate whether there will be sufficient taxable profit in the future for the purpose of utilising unused tax losses. A deferred tax asset arising from unused tax losses is recognised only to the extent that it is likely that there will be future taxable profit against which the unused losses may be utilised.

Estimates are based on management's best judgement, but actual outcomes may differ from the estimates used in the financial statements.

NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations the came into effect in 2009

- IAS 1 (revised) Presentation of Financial Statements. The revision is aimed at improving users' ability to analyse and compare the information given in financial statements, for example, by showing changes in a company's equity resulting from transactions with owners separately from other changes in equity. Changes not connected with the owners will be presented in a comprehensive statement of income. The change affects only the presentation format of the financial statements.

- IFRS 8 Operating Segments. The standard requires that reportable segment information is based on internal segment reporting to management. Lemminkäinen adopted segment reporting in accordance with IFRS on 1 January 2009. Adoption of the standard does not affect the number or structure of the operating segments, but it changes the segment information. The standard does not affect geographical segment information.

Reportable segment information is generally prepared according to the same principles as those applied in the consolidated financial statements. Imputed items are not considered in segment reporting. Such items include, among others, depreciation of assets acquired by finance leasing, interest separated from payments, warranty provisions, and unrealised gains or losses on derivatives. In segment reporting to management, finance leasing arrangements are treated as ordinary rental agreements, which deviate from the accounting principles of IFRS financial statements. Affiliated companies are combined in segment reporting in proportion to ownership share using the line-by-line method. In IFRS financial statements affiliated companies are combined by the equity method. In segment reporting, inter-segment sales are not allocated to segments, owing to their minimal magnitude, and are not reported to management. Comparative information for segment reporting for the 2008 accounting period was published in a separate bulletin dated 5 May 2009.

- IAS 23 (revised) Borrowing costs. The revision requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised as part of the cost of that asset. The direct recognition of these costs as expenses is not permitted. From 1 January 2009 the Group began capitalising the costs of borrowing in qualifying projects and in percentage-of-completion projects. In accordance with the transitional rules, the comparative information has not been adjusted.

Reviews indicate that the interpretations and standards listed below will not have any essential bearing on Lemminkäinen's consolidated financial statements: IAS 32 (amendment), IFRS 2, IFRS 7 (amendment), IFRIC 11, IFRIC 13, IFRIC 14 and IFRIC 16.

Standards and interpretations coming into effect in 2010

The IASB has published the following standards and interpretations, which will come into effect in 2010 or thereafter. The Group has decided against their early adoption and will apply them in future accounting periods.

IFRIC 15, Agreements for the Construction of Real Estate. With effect from 1 January 2010, Lemminkäinen adopted IFRIC 15, Agreements for the Construction of Real Estate, which was endorsed by the EU Commission in July 2009. The interpretation provides guidance on when income arising from the construction of real estate is recognised on completion and when the percentage-of-completion method can be used as the income recognition principle. In Lemminkäinen Group the interpretation affects especially the recognition of income from for own building production, which from the beginning of 2010 changes from the percentage-of-completion method to recognition on completion. Comparative figures for the 2009 accounting period will be adjusted to conform to the new accounting principles and will be published before the release of the first interim financial review of 2010. Adoption of this interpretation reduces the shareholders' equity on the opening balance sheet dated 1 January 2010 by approx. EUR 5 million.

- IFRIC 12 Service Concession Arrangements. The interpretation applies to contractual arrangements in which a private-sector entity participates in the development, financing and provision of public services or the maintenance of infrastructure. The EU endorsed the interpretation in March 2009 and it must be applied in accounting periods beginning on or after 29 March 2009.

- IFRS 3 (revised), Business Combinations. The revised standard still requires the use of the cost value method in the treatment of business combinations, but with certain significant changes. For example, all payments associated with the acquisition of companies are measured at the acquisition-date fair value and certain contingent considerations are measured at post-acquisition fair value through profit or loss. Goodwill can be recorded in the parent company's share of the net assets or it can be included in the goodwill allocated to the non-controlling interest. All transaction costs are expensed. The EU endorsed the standard in June 2009 and it must be applied in accounting periods beginning on or after 30 June 2009.

- IAS 27 (revised), Consolidated and Separate Financial Statements. According to the revised standard, the effects of all transactions with non-controlling interests must be recognised in equity if there is no change in control, and these transaction no longer give rise to goodwill or gains or losses. The standard also provides guidance on the accounting treatment in circumstances where control is lost. Any residual ownership share is fair valued, and gains or losses are recognised on the income statement. The EU endorsed the standard in June 2009 and it must be applied in accounting periods beginning on or after 30 June 2009.

- IFRIC 16 Hedges of a Net Investment in a Foreign Subsidiary. The present IAS 39 standard contains only limited guidance on the application of hedge accounting to net investment in a foreign unit. This interpretation provides guidance on issues such as what kind of foreign exchange rate risk can hedge accounting be applied to, in which Group company the hedging instrument can be, and how foreign exchange rate gains or losses are recorded when the foreign net investment is relinquished. The EU endorsed the interpretation in June 2009, and it must be applied in accounting periods beginning on or after 30 June 2009. The standard will not have any significant effect on Lemminkäinen Group's financial statements.

- IFRS 2 (amendment) Share-based Payment – Group Cash-settled Share-based Payment Transactions. The amendment to the standard changes the scope of the standard's application as well as the definition of share-based payments. It also provides additional guidance on the treatment of share-based payments in the separate financial statements of Group companies. The amendment transfers the scope of application of IFRIC 8 IFRS 2 and the content of IFRIC 11 IFRS 2 Group and Treasury Share Transactions to the standard, as a consequence of which both interpretations are withdrawn. The amendment comes into effect in accounting periods beginning on or after 1 January 2010. The EU has not yet endorsed the amendment. The standard will not have any significant effect on Lemminkäinen Group's financial statements.

- IAS 39 (amendment) Financial Instruments: Recognition and Measurement - Eligible hedged items. The amendment clarifies accounting questions concerning matters such as partial hedging and the hedging of inflation risk. The EU endorsed the amendment on 15 September, and it must be applied in accounting periods beginning on or after 30 June 2009. The standard will not have any significant effect on Lemminkäinen Group's financial statements.

- IFRS 5 (amendment) Non-current Assets Held for Sale and Discontinued Operations. When a subsidiary is classified as being for sale, all of its assets and liabilities are treated in accordance with IFRS 5 as being available for sale, even if the parent company would retain a non-controlling interest in the subsidiary after its sale. The standard must be applied in accounting periods beginning on or after 1 July 2009. The standard will not have any significant effect on Lemminkäinen Group's financial statements.

- IFRIC 17 Distributions on Non-cash Assets to Owners. The interpretation requires non-cash dividends (or capital repayments) to be fair valued. Dividend payable is measured at fair value as a liability when its distribution is appropriately authorised and no longer at the discretion of the company. The difference between the carrying amount of the assets to be distributed and the fair value of the liability is recognised through profit or loss on the dividend payment date. The EU endorsed the interpretation on 26

November 2009, and it must be applied in accounting periods beginning on or after 31 October 2009. The standard will not have any significant effect on Lemminkäinen Group's financial statements.

– IFRIC 18 Transfers of Assets from Customers. The interpretation clarifies the asset recognition requirements in circumstances where the company receives from a customer an item of property that is to be used to deliver a product or service for the customer. According to the interpretation, the item of property must be recognised on the balance sheet if the Company exercises control over it. The corresponding liability is recognised as income in accordance with the delivery of the product or service. The EU endorsed the interpretation on 27 November 2009, and it must be applied in accounting periods beginning on or after 31 October 2009. The standard will not have any significant effect on Lemminkäinen Group's financial statements.

– IFRS 5 (amendment) Non-current Assets Held for Sale and Discontinued Operations. When a subsidiary is classified as being for sale, all of its assets and liabilities are treated in accordance with IFRS 5 as being available for sale, even if the parent company would retain a non-controlling interest in the subsidiary after its sale. The EU endorsed the amendment in January 2009. It must be applied in accounting periods beginning on or after 1 July 2009. The standard will not have any significant effect on Lemminkäinen Group's financial statements.

– IFRS 2 (amendment) Share-based Payments. The contribution of a business on the formation of a joint venture and common control transactions do not fall within the scope of IFRS 2. The amendment came into effect on 1 July 2009, but the EU has not yet endorsed it.

– IFRS 5 (amendment) Non-current Assets Held for Sale and Discontinued Operations. With regard to non-current assets held for sale, disposal groups and discontinued operation, only the information required in the IFRS 5 standard is reported (effective 1 January 2010). The EU has not yet endorsed the changes.

– IFRS 8 (amendment) Operating Segments. The assets and liabilities of a segment are reported only if they are included in figures used by the Company's chief operative decision-maker. The amendment comes into effect on 1 January 2010, but the EU has not yet endorsed it.

– IAS 1 (amendment) Presentation of Financial Statements. Current/non-current classification of convertible instruments. The terms of a liability that could at the option of the counterparty result in its settlement by the issue of equity instruments do not affect its classification as a current or non-current item. The amendment comes into effect on 1 January 2010, but the EU has not yet endorsed it.

– IAS 7 (amendment) Cash Flow Statements. Only an expenditure that results in a recognised asset on the balance sheet can be classified as a cash flow from investing activity. The amendment comes into effect on 1 January 2010, but the EU has not yet endorsed it.

– IAS 17 (amendment) Leasing Agreements. Separate guidance with regard to the leasing of land has been withdrawn. In future the standard's general lease classification guidance will apply to the leasing of land. The amendment comes into effect on 1 January 2010, but the EU has not yet endorsed it.

– IAS 18 (amendment) Revenues. An example has been added to the non-mandatory guidance in the Appendix, which sets out features that indicate whether an entity is acting as a principal or agent. An agent can only recognise commission revenue. The amendment came into effect immediately upon its publication in 2009, but the EU has not yet endorsed it.

– IAS 36 (amendment) Impairment of Assets. The largest unit to which goodwill can be allocated is the operating segment level defined in IFRS 8 before the aggregation permitted in that standard. The amendment comes into effect on 1 January 2010, but the EU has not yet endorsed it.

– IAS 38 (amendment) Intangible Assets. If an intangible asset acquired in a business combination cannot be separated from some other intangible asset, this kind of intangible asset group can be recognised on the balance sheet as a single item provided that their useful economic lifetimes are similar. The amendment came into effect on 1 July 2009, but the EU has not yet endorsed it.

– IAS 39 (amendment) Financial Instruments: Recognition and Measurement. A loan prepayment option is considered to be closely related to the host contract if the exercise price reimburses the lender for an amount up to the approximate present value of the lost interest for the remaining term of the host contract. The amendment comes into effect on 1 January 2010, but the EU has not yet endorsed it.

– IAS 39 (amendment) Financial Instruments: Recognition and Measurement. Scope exemption for business combination contracts. Contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date are excluded from the scope of the standard only when they are future contracts and not, for example, options.

– IAS 39 (amendment) Financial Instruments: Recognition and Measurement. Cash flow hedge accounting – timing of reclassification from equity to profit and loss. Gains or losses on the hedging instrument should be reclassified from equity to profit or loss during the period that the hedged forecast cash flows affect profit or loss. The amendment comes into effect on 1 January 2010, but the EU has not yet endorsed it.

– IFRIC 9 (amendment) Reassessment of embedded derivatives. The interpretation does not apply to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. The amendment comes into effect on 1 January 2010, but the EU has not yet endorsed it.

- IFRIC 16 (amendment) Hedges of a net investment in a foreign unit. Removal of the restriction on the entity that can hold hedging instruments. Any company in the Group can hold a hedging instrument related to a net investment. The amendment came into effect on 1 July 2009, but the EU has not yet endorsed it.

The effects of new IFRS interpretations in the future

- IAS 24 (revised) Related Party Disclosures. The purpose of the revision is to clarify and simplify the definition of a related party. The revision will also relax the disclosure requirements for certain state-controlled entities. The revised standard will come into effect in accounting periods beginning on or after 1 January 2011. The EU has not yet endorsed the revised standard.

- IAS 32 (amendment) Financial Instruments: Presentation – Classification of Rights Issues. The amendment applies to the issuance of shares, options and subscription rights denominated in foreign currency. In the future such issues may, in certain circumstances, be classified as equity and not derivative instruments, as they are at present. The amendment will come into effect in accounting periods beginning on or after 1 February 2011. The EU has not yet endorsed the amendment.

- IFRIC 14 and IAS 19 (amendment). The amendment to the interpretation applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The amendment will come into effect in accounting periods beginning on or after 1 January 2011. The EU has not yet endorsed the amendment to the interpretation.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. The interpretation applies to the conversion of financial liabilities into equity instruments, generally in connection with the repayment of debt. The difference between the carrying amount of the financial liability extinguished and the fair value of the equity instrument is recognised through profit or loss. The interpretation will come into effect in accounting periods beginning on or after 1 July 2010. The EU has not yet endorsed the interpretation.

- IFRS 9 Financial Instruments, Phase 1. IAS 39 Financial Instruments, Recognition and Measurement will be phased out completely and replace by the IFRS 9 standard. The first published phase of the new standard will deal with the classification and measurement of financial assets. In the new standard, financial assets which are debt instruments will be measured after initial recognition at either amortised cost or fair value, depending on the entity's business model for financial asset management and the contract-based cash flows of the financial assets. All equity investment will be measured after initial recognition at fair value. The already published phase will come into effect on 1 January 2013 at the latest. The EU has not yet endorsed the standard.

1 INFORMATION BY BUSINESS SECTOR

Lemminkäinen Group's main business sectors are Building Construction, Infrastructure Construction, Technical Building Services and Building Products. Functions outside the business sectors are reported under unallocated items.

Building Construction (Lemminkäinen Talo Oy)

The business sector engages in residential construction, commercial and office construction, industrial and logistics construction, telecommunications network construction, and sports and recreational construction.

Infrastructure Construction (Lemminkäinen Infra Oy)

The business sector engages in the construction and maintenance of road, street and railway networks as well as rock, concrete and geotechnical engineering. The company has its own asphalt, concrete and mineral aggregate production.

Technical Building Services (Tekmanni Oy)

The company's business areas are technical building services, technical facility services and industrial services. The company provides installation, contracting, servicing and maintenance services.

Building Products

Lemminkäinen Building Products sells and provides contracting services related to roofing and waterproofing products, concrete and natural stone products, and sports and urban environment products.

Unallocated items

Unallocated items on the consolidated income statement include expenses that are not allocated to the operating segments. Unallocated assets include mainly financial receivables.

Operating segments

IFRS 8 Operating Segment Reporting requires that reported segment information be based on internal segment reporting to management, which in Lemminkäinen Group means the President of Lemminkäinen Corporation, who is the chief operative decision-maker. Internal segment reporting to management covers net sales, depreciation, operating profit, financial items, profit before taxes, non-current assets, inventories and trade receivables. The figures reported to management are accurate to the nearest EUR 1,000.

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

Intersegment transactions are priced at market prices. The cost plus method, where the price of a product of service is determined by adding an appropriate profit margin to the costs incurred, is mainly used as the transfer pricing method.

EUR 1,000	Building Construction	Infrastructure Construction	Technical Building Services	Building Products	Other operations	Eliminations	Segments total	Reconciling items	Group total, IFRS
1.1. - 31.12.2009									
Net sales	867,661	789,550	233,805	132,651	10,341	-52,500	1,981,508	-17,066	1,964,442
Depreciation	2,552	31,523	773	2,448	818		38,114	-3,856	34,258
Operating profit	36,575	25,885	12,226	6,521	-61,662		19,545	3,778	23,323
Financial income and expenses	-11,925	-9,904	587	-672	-9,305		-31,219	-2,132	-33,351
Result before taxes	24,650	15,981	12,813	5,849	-70,967		-11,674	1,646	-10,028

The reconciling items for net sales comprise EUR -18.0 million from the equity share treatment of affiliated companies and the treatment difference between entries made to net sales and other income.

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

The reconciling items for financial items are EUR -1.7 million in finance leasing interest, as well as exchange rate differences, interest timing differences, and unrealised gains and losses on derivatives.

EUR 1,000	Building Construc-tion	Infrastruc-ture Con-struction	Technical Building Services	Building Products	Other operations	Elimina-tions	Segments total	Reconciling items	Group total, IFRS
1.1. - 31.12.2008									
Net sales	1,207,480	920,322	269,899	155,965	13,464	-65,670	2,501,460	-19,702	2,481,758
Depreciation	2,900	30,733	814	2,561	869		37,877	-2,986	34,891
Operating profit	69,661	26,229	16,337	10,460	-3,318		119,369	3,792	123,161
Financial incomes and expenses	-12,979	-9 417	2,169	-519	-7,012		-27,758	-4,371	-32,129
Result before taxes	56,682	16,812	18,506	9,941	-10,330		91,611	-580	91,031

The reconciling items for net sales comprise EUR -17.5 million from the equity share treatment of affiliated companies and other operating income recognised as net sales in segment reporting.

The reconciling items for operating profit comprise EUR 1.1 million in personnel expenses, EUR 0.8 million in gains from the sale of derivatives, EUR 3.3 million from the IFRS treatment of finance leasing, EUR -0.2 million from the equity share treatment of affiliated companies and EUR -1.2 million in other closing entries.

The reconciling items for financial items are finance leasing interest of EUR -1.5 million as well as exchange rate differences, interest timing differences, and unrealised gains and losses on derivatives.

EUR 1,000	31.12.2009	31.12.2008
Assets by operating segment		
Building Construction	**338,515**	467,454
Infrastructure Construction	**263,061**	294,513
Technical Building Services	**30,495**	32,979
Building Products	**46,082**	46,275
Other operations	**43,570**	41,019
Segments, total	**721,723**	882,240
Assets not allocated to segments and group eliminations, total	**311,985**	531,106
Group total, IFRS	**1,033,708**	1,413,346

2 INFORMATION BY MARKET AREA

Geographical segments

EUR 1,000	Finland	Other Nordic countries	Eastern Europe and the Baltic states	Western Europe	Others	Total
1.1. - 31.12.2009						
Net sales	**1,437,390**	**327,411**	**163,317**	**239**	**36,084**	**1,964,442**
Assets	**756,298**	**142,746**	**103,199**	**1,341**	**30,124**	**1,033,708**
Investments	**25,917**	**11,275**	**4,285**			**41,477**
1.1. - 31.12.2008						
Net sales	1,805,095	323,767	270,650	5,676	76,571	2,481,758
Assets	1,111,493	121,359	140,338	6,181	33,975	1,413,346
Investments	45,768	7,568	6,785		118	60,239

Revenues are allocated to segments according to the location of customers and assets according to their geographic location.

3 ACQUIRED AND DIVESTED BUSINESSES

Acquired businesses

The business operations of EH-Tekno Oy, a company specialised in urban environment construction, were acquired on 1.1.2009. The company's business is metal and steel construction works as well as the design, construction and contracting of sports and outdoor areas.

On 1.9.2009 full ownership of Lødingen Stenindustri AS was acquired. The company's business is stone quarrying and crushing.

On 16.10.2009 full ownership of OÜ Magistraal was acquired. The company's business is asphalt production, road construction, repair and maintenance, and road markings.

On 1.3.2008 construction business operations were acquired from Kokkolan NSA-Rakennus Oy.

On 5.6.2008 full ownership of Tolarock Oy was acquired. The company's business is rock engineering.

On 1.10.2008 full ownership of Paavon Betoni Oy was acquired. The company's business is the production of ready-mix concrete.

Aggregated information on these acquisitions is presented in following table.

EUR 1,000	Carrying amounts before consolidation 31.12.2009	Fair values recognised after consolidation 31.12.2009	Carrying amounts before consolidation 31.12.2008	Fair values recognised after consolidation 31.12.2008
Assets				
Tangible assets	1,367	2,739	1,175	2,323
Intangible assets			400	400
Inventories	531	531	1,296	1,596
Trade and other receivables	334	334	805	805
Cash and cash equivalents	272	272	1,153	1,153
Assets, total	2,504	3,876	4,829	6,277
Liabilities				
Deferred tax liabilities		384		376
Interest-bearing liabilities	479	479	647	647
Other liabilities	694	694	119	119
Liabilities, total	1,174	1,558	766	1,142
Net assets	1,330	2,318	4,064	5,135
Acquisition cost, total	3,191	3,191	6,000	6,000
Goodwill, total		873		866
Cash flow effect				
Transaction price paid in cash		3,191		4,030
Cash funds of acquired subsidiary		-272		-1,153
Cash flow effect		2,919		2,877

The full-year net sales of the acquired businesses in 2009 was approximately EUR 1.3 million. The effect of the acquired businesses on the Group's operating profit for the accounting period was approximately EUR -0,3 million. The business acquisitions will enable Lemminkäinen to achieve cost savings through synergies as well as an increase in market share and new customer contacts, the effect of which is allocated to goodwill.

Divested businesses

At the end of the accounting period the Group did not have any businesses classified as being held-for-sale under IFRS 5. There were no discontinued operations in the Group during the accounting period.

4 NOTES CONCERNING LONG-TERM PROJECTS

EUR 1,000	31.12.2009	31.12.2008
Recognition of project income by the percentage-of-completion method	**1,178,742**	1,627,183
Incurred costs and recognised net profits of work in progress (less booked losses)	**1,067,646**	1,253,920
Payments received in advance (for work not yet done)	**17,934**	11,649
Gross project-related receivables from clients	**35,034**	55,835
Gross project-related debts to clients	**49,065**	66,949
Inventories for own building developments	**32,112**	68,636
Investments in housing under construction	**10,508**	19,734
Amounts owing to owners of housing under construction	**-9,289**	-30,276
Net eliminations made in the Group companies	**8,289**	18,158
Value added tax booked on the basis of building developments for own use is deducted from net sales.		
Value added tax on building developments for own use in the accounting period	**24,594**	48,599

5 OTHER OPERATING INCOME

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Capital gains on sale of tangible assets	**2,849**	3,541
Capital gains on sale of investments	**20**	1,076
Rental income	**721**	1,605
Net income from hedging purchases and sales	**664**	766
Others	**2,836**	5,415
	7,091	12,403

6 OTHER OPERATING EXPENSES

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Capital losses on sale of tangible and intangible assets	**623**	213
Capital losses on sale of investments	**13**	395
Voluntary personnel-related expenses	**18,979**	29,101
Rental expenses	**30,605**	25,772
Infringement fine	**54,000**	
Others	**198,381**	234,496
	302,601	289,978

7 DEPRECIATION AND IMPAIRMENT

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Depreciation of tangible assets		
Buildings and structures	**2,408**	2,479
Machinery and equipment	**18,884**	19,094
Leased assets	**9,943**	10,240
Other tangible assets	**2,231**	2,139
	33,466	33,952
Depreciation of intangible assets		
Software licences	**652**	777
Other intangible rights	**115**	122
Other intangible assets	**25**	40
	791	939
Depreciation, total	**34,258**	34,891

No impairment losses were recognised in the 2009 and 2008 accounting periods.

8 PERSONNEL AND EMPLOYEE BENEFIT EXPENSES

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Personnel expenses		
Wages and salaries	**329,296**	358,052
Pension expenses	**51,524**	54,746
Other personnel-related expenses	**26,031**	35,691
	406,850	448,489
Management salaries and emoluments		
Salaries and fees paid to board members and the managing directors	**6,143**	6,223

Pension expenses are dealt with in greater detail in section 21 of the notes and related-party transactions in section 31.

	1.1. - 31.12.2009	1.1. - 31.12.2008
Average number of employees		
Salaried staff	**3,067**	3,286
Hourly paid workers	**5,559**	6,490
	8,626	9,776
Personnel by business segment		
Building Construction	**2,356**	3,159
Infrastructure Construction	**3,453**	3,658
Technical Building Services	**1,941**	2,013
Building Products	**762**	839
Parent Company	**114**	107
	8,626	9,776

Pension commitments

The members of Lemminkäinen Group's Executive Board can retire at 60 years of age. The members of the Executive Board are Lemminkäinen Corporation's President and CEO, Chief Financial Officer, Executive Vice President, Human Resources and Information Technology, and Executive Vice President, Corporate Business Development, as well as the heads of the business sectors.

9 AFFILIATES

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Share of the results of affiliates		
Share of the profits of affiliates	**1,541**	1,246
Share of the losses of affiliates	**-42**	-2
	1,499	1,244

EUR 1,000	31.12.2009	31.12.2008
Shares in affliated undertakings		
Acquisition cost, 1.1.	**4,626**	4,742
Translation difference	**619**	-770
Increases	**1,399**	654
Decreases	**-100**	
Transfers between items	**-293**	
Acquisition cost, 31.12.	**6,251**	4,626

Most important affiliates:

EUR 1,000	Group's ownership, %	Assets	Liabilities	Net sales	Result for period
2009					
Finavo Oy, Finland	**47.5**	**1,483**	**1,459**	**4,050**	**21**
Genvej A/S, Denmark	**50.0**	**237**	**11**	**118**	**-81**
Martin Haraldstad AS, Norway	**50.0**	**4,883**	**1,637**	**4,887**	**784**
Nordasfalt AS, Norway	**50.0**	**11,723**	**6,305**	**23,271**	**2,406**
Ullensaker Asfalt ANS, Norway	**50.0**	**2,946**	**63**	**7,469**	**457**
2008					
Finavo Oy, Finland	47.5	1,002			
Scandinavian Cement Oy, Finland	33.3	300			
Genvej A/S, Denmark	50.0	503	72	153	-4
Martin Haraldstad AS, Norway	50.0	3,101	808	4,782	975
Nordasfalt AS, Norway	50.0	7,719	4,956	21,606	1,076
Ullensaker Asfalt ANS, Norway	50.0	2,322	277	8,531	360

10 FINANCIAL INCOME AND EXPENSES

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Financial expenses		
Interest expenses	**28,171**	33,231
Losses on the change in fair value of derivatives	**5,090**	1,517
Foreign exchange rate losses	**16,149**	11,310
Other financial expenses	**4,686**	4,617
	54,095	50,675
Financial income		
Interest income	**3,950**	7,616
Gains on the change in fair value of derivatives	**70**	
Dividend income	**16**	2,616
Foreign exchange rate gains	**16,618**	8,109
Other financial income	**90**	205
	20,744	18,545
Financial expenses, net	**33,351**	32,130
Net financial expenses, % of net sales	**1.70**	1.29
Net interest expenses, % of net sales	**1.23**	1.03

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Exchange rate differences on sales	**-122**	2,447
Exchange rate differences on purchases	**991**	-3,201
Exchange rate gains and losses are included in items above operating profit	**870**	-754
Exchange rate differences on financial items	**470**	-3,201
	1,339	-3,956

Financial income and expenses by class

EUR 1,000	Interest income	Interest expenses	Exchange gains and losses	Dividend income	Other financial expenses and income	Exchange gains and losses on the fair value of derivatives
1.1. - 31.12.2009						
Financial assets/liabilities recognised at fair value			**207**			**-5,020**
Loans and other receivables	**3,950**		**3,132**		**35**	
Available-for-sale financial assets				**16**		
Financial liabilities recognised at amortised cost		**-28,171**	**-2,869**		**-4,630**	

EUR 1,000	Interest income	Interest expenses	Exchange gains and losses	Dividend income	Other financial expenses and income	Exchange gains and losses on the fair value of derivatives
1.1. - 31.12.2008						
Financial assets/liabilities recognised at fair value			4,378			2,888
Loans and other receivables	7,616		-3,693		161	
Available-for-sale financial assets				2,616	3	
Financial liabilities recognised at amortised cost		-33,231	-3,886		-597	

In 2009 there were no projects eligible for the capitalisation of borrowing costs.

11 TAXES

Income taxes

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Income taxes on normal business operations	-19,116	-23,964
Income taxes in respect of previous years	-231	-256
Deferred taxes	5,683	-3,330
	-13,664	-27,549
Domestic and foreign income taxes		
Finland	-8,259	-19,390
Other countries	-5,405	-8,160
	-13,664	-27,549
Reconciliation of taxes on the income statement and taxes calculated at the Finnish tax rate		
Result before taxes	-10,028	91,031
Taxes calculated on the above at the Finnish tax rate	2,607	-23,668
Differing tax rates of foreign subsidiaries	-460	106
Tax-exempt income	455	1,835
Non-deductible expenses	-17,032	-5,417
Use of unrecognised earlier tax losses	1,292	141
Loss-making results for the accounting period	-209	-325
Effect of change in the corporate tax rate	-143	
Other items	59	33
Taxes for the previous accounting period	-231	-256
Taxes on the income statement, total	-13,664	-27,549

Deferred taxes

EUR 1,000	31.12.2009	31.12.2008
Deferred tax assets		
Internal margin on fixed assets	1,260	1,796
Finance leasing	329	740
Landscaping provision	326	141
Confirmed losses	5,815	1,729
Personnel-related obligations	193	488
Recognition of long-term projects		142
Fair valuation	1,159	557
Other temporary differences	3,768	1,644
	12,850	7,237
Deferred tax liabilities		
Accumulated depreciation differences	9,061	7,011
Revaluations	823	843
Recognition of income from long-term projects	7,317	6,940
Fair valuation	1,141	1,776
Other temporary differences	634	2,123
	18,975	18,693
Deferred tax liabilities	6,126	11,456

No deferred tax liability is recognised in respect of the undistributed profits of foreign subsidiaries because the funds are permanently invested in operations abroad.

Other comprehensive income items

EUR 1,000	Before taxes	Taxes	After taxes
2009			
Hedging of net investments	-368		-368
Cash flow hedges	-324	84	-240
2008			
Hedging of net investments	1,604		1,604
Cash flow hedges	-2,624	682	-1,942

12 DIVIDENDS PAID AND PROPOSED

	1.1. - 31.12.2009	1.1. - 31.12.2008
Dividend paid during the accounting period		
Per share for the previous year, EUR	0.90	1.80
In total for the previous year, EUR 1,000	15,319	30,638
Proposed for approval by the AGM		
Per share for the accounting period, EUR	0.00	0.90
In total for the accounting period, EUR 1,000	0	15,319

13 TANGIBLE ASSETS

EUR 1,000	Land	Buildings and structures	Machinery and equip-ment	Other tangible assets	Advance payments and work in progress	Total
Acquisition cost, 1.1.2009	13,174	52,464	342,757	31,059	5,349	444,802
Translation difference	143	436	4,041	446	6	5,072
Increases	45	2,054	27,166	2,277	3,951	35,493
Increases from acquired businesses	51	845	1,534	1,441		3,870
Decreases	-44	-456	-29,761	-375	-193	-30,829
Transfers between items		119	5,539	-349	-5,442	-133
Acquisition cost, 31.12.2009	13,369	55,461	351,275	34,499	3,671	458,275
Accumulated depreciation, 1.1.2009		-32,110	-208,775	-16,964		-257,849
Translation difference		-152	-2,218	-300		-2,670
Accumulated depreciation on increases		-210	-911	-10		-1,131
Accumulated depreciation on decreases		90	21,287	283		21,660
Transfers between items			157	-157		
Depreciation for period		-2,416	-29,014	-2,242		-33,671
Accumulated depreciation, 31.12.2009		-34,798	-219,474	-19,390		-273,661
Carrying amount, 31.12.2009	13,369	20,664	131,801	15,109	3,671	184,613
Carrying amount, 1.1.2009	13,174	20,354	133,981	14,095	5,349	186,954

EUR 1,000	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Acquisition cost, 1.1.2008	13,519	51,826	311,720	28,784	5,699	411,548
Translation difference	-181	-577	-4,910	-533	-353	-6,554
Increases	108	1,452	43,974	1,698	9,388	56,621
Increases from acquired businesses		75	2,248			2,323
Decreases	-518	-1,380	-13,127	-471	-3,344	-18,840
Transfers between items	246	1,068	2,851	1,581	-6,042	-296
Acquisition cost, 31.12.2008	13,174	52,464	342,757	31,059	5,349	444,802
Accumulated depreciation, 1.1.2008		-29,930	-191,037	-14,522		-235,488
Translation difference		175	2,632	317		3,124
Accumulated depreciation on increases			-177			-177
Accumulated depreciation on decreases		103	7,584	372		8,059
Transfers between items			1,058	-1,058		
Depreciation for period		-2,459	-28,834	-2,074		-33,366
Accumulated depreciation, 31.12.2008		-32,110	-208,775	-16,964		-257,849
Carrying amount, 31.12.2008	13,174	20,354	133,981	14,095	5,349	186,954
Carrying amount, 1.1.2008	13,519	21,896	120,683	14,262	5,699	176,060

The Group has no capitalised interest expenses.

Assets acquired under finance lease agreement are included in machinery and equipment as follows:

EUR 1,000	31.12.2009	31.12.2008
Acquisition cost, 1.1.	**116,935**	102,069
Translation difference	**1,506**	-1,610
Increases	**13,809**	19,487
Decreases	**-18,229**	-3,011
Acquisition cost, 31.12.	**114,022**	116,935
Accumulated depreciation, 31.12.	**-56,199**	-62,636
Carrying amount, 31.12.	**57,823**	54,299

14 INTANGIBLE ASSETS

EUR 1,000	Goodwill	Intangible rights	Other capitalised expenditure	Advance payments	Total
Acquisition cost, 1.1.2009	**74,945**	**7,253**	**1,999**	**147**	**84,345**
Translation difference	**1,278**		**72**		**1,350**
Increases	**1,457**	**711**	**69**	**46**	**2,283**
Increases from business combinations	**873**				**873**
Decreases	**-288**	**-62**	**-15**		**-365**
Transfers between items		**133**			**133**
Acquisition cost, 31.12.2009	**78,265**	**8,035**	**2,125**	**193**	**88,618**
Accumulated depreciation, 1.1.2009		**-5,606**	**-1,249**		**-6,855**
Translation difference			**-72**		**-72**
Accumulated depreciation on increases		**-1**			**-1**
Accumulated depreciation on decreases		**60**	**14**		**74**
Transfers between items					
Depreciation for period		**-687**	**-115**		**-802**
Accumulated depreciation, 31.12.2009		**-6,233**	**-1,422**		**-7,656**
Carrying amount, 31.12.2009	**78,265**	**1,802**	**703**	**193**	**80,963**
Carrying amount, 1.1.2009	**74,945**	**1,648**	**750**	**147**	**77,490**

EUR 1,000	Goodwill	Intangible rights	Other capitalised expenditure	Advance payments	Total
Acquisition cost, 1.1.2008	75,093	6,561	2,097	308	84,060
Translation difference	-1,583	-4	-92	7	-1,673
Increases	930	121	92		1,143
Increases from acquired businesses	866	400			1,266
Decreases	-361	-243	-142		-746
Transfers between items		419	45	-167	296
Acquisition cost, 31.12.2008	74,945	7,253	1,999	147	84,345
Accumulated depreciation, 1.1.2008		-5,023	-1,311		-6,334
Translation difference		4	92		96
Accumulated depreciation on decreases		230	92		322
Depreciation for accounting period		-817	-122		-939
Accumulated depreciation, 31.12.2008		-5,606	-1,249		-6,855
Carrying amount, 31.12.2008	74,945	1,648	750	147	77,490
Carrying amount, 1.1.2008	75,093	1,539	786	308	77,725

Goodwill impairment tests are made at least once a year and whenever there are indications of possible impairment. The tests are carried out as value-in-use calculations of individual businesses in accordance with the smallest cash-generating unit principle. The calculations are prepared in accordance with the management's estimates of business development and the future outlook. The management's estimates are based on its knowledge and long experience of the Company's business sectors as well as on development forecasts generally available for them.

Goodwill is allocated to the following operating segments:

EUR 1,000	Finland	Other Nordic countries	Eastern Europe and the Baltic states	Market areas, total	Common to segment [1]	Total
31.12.2009						
Building Construction	**6,687**		**73**	**6,760**		**6,760**
Infrastructure Construction	**3,105**	**10,714**	**949**	**14,768**	**23,554**	**38,322**
Technical Building Services	**25,502**			**25,502**		**25,502**
Building Products	**7,680**			**7,680**		**7,680**
	42,974	**10,714**	**1,022**	**54,711**	**23,554**	**78,265**

EUR 1,000	Finland	Other Nordic countries	Eastern Europe and the Baltic states	Market areas, total	Common to segment [1]	Total
31.12.2008						
Building Construction	5,550		73	5,624		5,624
Infrastructure Construction	3,105	9,946	715	13,766	22,660	36,426
Technical Building Services	25,475			25,475		25,475
Building Products	7,421			7,421		7,421
	41,552	9,946	788	52,286	22,660	74,945

[1] The goodwill reported in the "Common to segment" column has arisen from the acquisition of Danish and Norwegian asphalt businesses. It is allocated to the whole infrastructure construction business sector because it is Infrastructure Construction's strategy to operate broadly in countries of the Baltic Rim region. This goodwill has been tested at the level of the whole business sector, in addition to which the goodwill allocated to each business area of infrastructure construction has been tested country-specifically.

In impairment testing the discounted present value of the recoverable cash flows of each cash-generating unit is compared with the carrying amount of the unit in question. If the present value is lower than the carrying amount, the difference is recognised through profit or loss as an expense in the current year.

Cash flow statements of the business units are prepared for a planning period covering the next 5-7 years, depending on the predictability of the unit's business and operating environment. The seven-year planning period is used when testing the paving operations in Denmark and Norway, and also the state of the infrastructure construction business sector. Infrastructure construction in the industrialised countries has good long-term predictability because governments and municipalities have to invest in the maintenance of infrastructure regardless of the business cycle. Cash flow forecasting beyond that planning period is cautious and based on the assumption that there will be no real growth of the business.

The Weighted Average Cost of Capital (WACC), calculated for each individual unit, is used as the discount factor. WACC takes into account the risk-free interest rate, the liquidity premium, the expected market rate of return, the industry's beta value, and the debt interest rate, including the interest rate margin. These components are weighted according to the fixed, average target capital structure of the sector. Pre-tax WACC is determined unit-specifically in testing. In 2009 the risk-free interest rate was significantly lower than in the previous year, but because of the increased risk caused by the global financial crisis, debt interest rate margins are considerably higher.

The sector-specific weighted averages of the key assumptions used in the value-in-use calculations: [1)]

	Building Construction	Infrastructure Construction	Technical Building Services	Building Products
2009				
Discount rate, % (before taxes)	**9.2**	**10.2**	**9.1**	**9.5**
Average growth rate of net sales, %	**-0.5**	**2.6**	**6.3**	**4.2**
Long-term average growth rate, %	**1.0**	**1.0**	**1.0**	**1.0**
2008 [2)]				
Discount rate, % (before taxes)	9.3	9.5	9.8	9.7
Average growth rate of net sales, %	-3.1	2.3	4.5	0.8
Long-term average growth rate, %	1.0	1.0	1.0	1.0

1) The figures should not be regarded as forecasts for the entire business sector since the averages are calculated for only the cash-generating unit to which the goodwill has been allocated. The differences in the size of the cash-generating units are taken into account by weighting the figures according to the net sales of units when calculating the average. The forecasts are based on cautious outlooks so as to ensure the reliability of the test results.

2) The comparative figures for the previous year are calculated from the original Q3/2008 test results. The sector-specific figures are not directly comparable because cash-generating units carrying goodwill in the business sectors can increase or decrease in number, for example, as a result of acquisitions.

Goodwill impairment tests made during the third quarter of 2009 indicated that the present value of cash flows exceeded the carrying amount in all of the business units. Therefore there was no need to recognise any impairment of goodwill.

In connection with the impairment tests, sensitivity analyses are made to determine how possible changes in key assumptions of the unit-specific impairment tests would affect the results of those tests. The key assumptions affecting the present value of cash flows are the development of market and competitive conditions, the scope and profitability of the tested business, and the discount factor. In the sensitivity analyses the calculation variables affecting these assumptions are varied and the effects of the changes on the margin between the carrying value and present value of the cash flows are examined.

The sensitivity analyses indicated that variations in key assumptions considered generally relevant, reasonable and customary for Lemminkäinen's business sectors would not give rise to the need for impairment. Most of the Group's goodwill is allocated to the Infrastructure Construction business sector's foreign paving operations and to the Technical Building Services business sector. The margins between the present value and carrying amount of the cash flows of paving operations and the units of the Technical Building Services business sector are very large, and not even major changes in the outlook would be enough to necessitate impairment charges. In the Building Construction business sector the margins of some units are fairly small. If necessary, additional tests will be carried out on these units if the results of sensitivity analyses and changes in the outlook give cause. The long-term predictability of Lemminkäinen's business sectors is reasonably good and the goodwill risk small even in economic downswings.

Figures describing the goodwill risk of units subject to impairment testing by business sector

EUR 1,000	Building Construction	Infrastructure Construction	Technical Building Services	Building Products
2009				
Goodwill allocated to the business sector, total	6,760	38,322	25,502	7,680
Ratio of present value to carrying amount [1]	1.76	2.61	6.18	2.55
Goodwill impairment if annual growth over the				
long term were 1 percentage point lower	684	0	0	0
long term were 2 percentage points lower	684	0	0	0
Goodwill impairment if the borrowing cost				
were 1 percentage point higher	0	0	0	0
were 2 percentage points higher	684	0	0	0

EUR 1,000	Building Construction	Infrastructure Construction	Technical Building Services	Building Products
2008 [2]				
Goodwill allocated to the business sector, total	5,624	36,426	25,475	7,421
Ratio of present value to carrying amount [1]	2.81	3.40	9.05	2.56
Goodwill impairment if annual growth over the				
long term were 1 percentage point lower	0	0	0	0
long term were 2 percentage points lower	173	0	0	0
Goodwill impairment if the borrowing cost				
were 1 percentage point higher	0	0	0	0
were 2 percentage points higher	74	0	0	0

[1] Net-sales-weighted average of the business sector's cash-generating units subject to impairment testing. Ratio less than 1 would lead to impairment.
[2] The comparative year's sensitivity figures are calculated from the original Q3/2008 test results. The goodwill of the business sectors is calculated according to the situation at the end of 2008.

15 FINANCIAL INSTRUMENTS BY CLASS

EUR 1,000	Balance sheet value	Financial assets/ liabilities recognised at fair value through profit and loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities recognised at amortised cost	Fair value
31.12.2009						
Non-current financial assets						
Shares and holdings	6,582			6,582		
Other non-current receivables	7,481		7,481			7,481
Current financial assets						
Trade and other receivables	176,731		176,731			176,731
Derivative contracts	66	66				66
Cash and cash equivalents	74,400		74,400			74,400
Non-current financial liabilities						
Loans	290,749				290,749	289,401
Other non-current liabilities	2,390				2,390	2,390
Current financial liabilities						
Loans	108,397				108,397	108,397
Accounts payable	66,589				66,589	66,589
Derivative contracts [1]	2,188	2,188				2,188

[1] The figure does not include derivatives subject to hedge accounting (EUR 2.8 million).

EUR 1,000	Balance sheet value	Financial assets/ liabilities recognised at fair value through profit and loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities recognised at amortised cost	Fair value
31.12.2008						
Non-current financial assets						
Shares and holdings	6,038			6,038		
Other non-current receivables	6,345		6,345			6,345
Current financial assets						
Trade and other receivables	250,346		250,346			250,346
Derivative contracts	6,832	6,832				6,832
Cash and cash equivalents	250,090		250,090			250,090
Non-current financial liabilities						
Loans	118,810				118,810	119,827
Other non-current liabilities	1,293				1,293	1,293
Current financial liabilities						
Loans	467,728				467,728	467,852
Accounts payable and other current liabilities	117,257				117,257	117,257
Derivative contracts [1)]	2,091	2,091				2,091

[1)] The figure does not include derivatives subject to hedge accounting (EUR 2.7 million).

Measurement of fair values

There were no listed shares on the balance sheets dated 31 December 2009 and 31 December 2008. The unlisted shares include housing company shares and other equity-based investments such as telephone shares. The unlisted shares have no active markets. As the fair value of unlisted shares could not be measured reliably, they are recognised at cost. As the investments may be divested in the future, they are classified as available-for-sale financial assets.

Other non-current receivables include interest-bearing loan receivables, and their balance sheet values correspond to their fair values.

The carrying amount of trade and other receivables is assumed to be close to their fair value.

Derivative receivables and liabilities are fair valued. The fair value of derivative contracts is the profit or loss resulting from contract closure based on the market price prevailing on the balance sheet date. The fair values of interest rate swap agreements are based on discounted cash flows, and the fair values of currency and interest rate options are based on generally accepted valuation models. The fair values of forward foreign exchange contracts are calculated using market rates quoted on the balance sheet date.

Cash and cash equivalents comprise bank account balances and liquid investments with maturities of less than three months made in solvent partner banks. Cash and cash equivalents are recognised at cost. Because the maturities of cash-equivalent investments are short, their fair value is considered the same as their acquisition cost.

The fair values of non-current and current loans are calculated by discounting the loans' future cash flows using the interestrate that the Group would receive for a comparable loan on the balance sheet date. The weighted average of the interest rates used for discounting in 2009 was 3.35 per cent (4.65 per cent in 2008).

The balance sheet value of accounts payable and other current liabilities is assumed to be close to their fair value.

Financial assets recognised at fair value through profit or loss

EUR 1,000	Level 1	Level 2	Level 3	Total
31.12.2009				
Financial assets recognised at fair value through profit or loss				
Assets				
Forward foreign exchange contracts		66		66
Liabilities				
Forward foreign exchange contracts		1,768		1,768
Interest rate swaps			3,236	3,236
of which subject to cash flow hedge accounting			2,815	2,815
		1,768	3,236	5,004
Net liabilities, total		1,702	3,236	4,938

Level 3 reconciliation statement EUR 1,000	Financial assets recognised at fair value through profit or loss	Financial assets recognised at fair value through other comprehensive income items
	Trading derivatives	Derivatives subject to hedge accounting
Fair values 1.1.2009	-425	-2,258
Gains and losses, total		
on the income statement	4	-233
on the statement of comprehensive income		-324
Fair values 31.12.2009	-421	-2,815
Total gains and losses in financial income and expenses [1]	4	-233

[1] Total gains and losses recorded through profit or loss in the reporting period in respect of assets held at the end of the period.

The Group has classified assets held at fair value using a three-level hierarchy of fair values. Each fair-valued financial instrument belongs to one of the three levels, depending on the relative reliability of its fair value. Financial instruments belonging to Level 1 are representative of the most reliable and best information on fair value which is available from active and efficient markets. The fair values of forward foreign exchange rate contracts, net total EUR -1.7 million are recorded in Level 2. These values are based on verifiable market data and generally accepted valuation methods. Other financial instruments, with the exception of forward foreign exchange contracts, are recorded at fair value, net total EUR -3.2 million in Level 3. Level 3 fair values are based on market valuation reports and quotations provided by brokers. There is a statement reconciling the difference between the opening and closing balances for the fair-valued financial instruments recorded in Level 3. The changes that occurred during the period are presented separately on the reconciliation statement.

16 AVAILABLE-FOR-SALE INVESTMENTS

EUR 1,000	31.12.2009	31.12.2008
Balance sheet value, 1.1.	6,038	4,990
Increases	289	1,835
Decreases	-38	-784
Transfers between items	293	-3
Balance sheet value, 31.12.	6,582	6,038

There were no listed shares on the balance sheets dated 31 December 2009 and 31 December 2008. As the fair value of the Group's unlisted shares could not be measured reliably, they are recognised at cost less any impairment.

17 INVENTORIES

EUR 1,000	31.12.2009	31.12.2008
Materials and supplies	37,589	37,200
Building plots and real estate	104,050	106,659
Housing under construction	13,990	45,222
Commercial property under construction	20,282	7,929
Work in progress	55,062	75,210
Prepayments	8,636	1,146
Completed housing companies	67,025	86,556
Completed commercial property	10,187	3,254
Products/goods	38,608	35,057
	355,430	398,232

18 NON-CURRENT AND CURRENT RECEIVABLES

EUR 1,000	31.12.2009	31.12.2008
Non-current receivables		
Interest-bearing		
Loan receivables	6,155	4,788
Other receivables	131	131
	6,286	4,919
Non-interest-bearing		
Trade receivables	195	426
Other receivables	1,000	1,000
	1,195	1,426
Non-current trade and other receivables, total	7,481	6,345
Current receivables		
Interest-bearing		
Loan receivables	1,047	10,960
Non-interest-bearing		
Trade receivables	175,791	239,383
Project income receivables	64,284	123,331
Receivables from affiliates	28	2
Tax assets	13,988	18,425
Interest receivables	332	605
Personnel expenses	3,723	2,194
Capitalised financial expenses	3,100	
Other prepayments and accrued income	17,502	35,442
Fair value of derivatives	66	6,832
Receivables from real estate companies under construction	9,747	16,206
Other receivables	15,530	22,953
	304,091	465,373
Current trade and other receivables, total	305,139	476,333

Non-current loan receivables include mainly receivables from Tieyhtiö Ykköstie Oy. The balance sheet values of current and non-current interest-bearing loan receivables correspond to their fair values. Trade receivables amounting to EUR 3.3 million (EUR 0.6 million in year 2008) were recognised as credit losses during the accounting period.

19 CASH AND CASH EQUIVALENTS

EUR 1,000	31.12.2009	31.12.2008
Investments and deposits	**815**	82,278
Cash in hand at and banks	**73,585**	167,812
	74,400	250,090

In year 2008 investments mainly consist of short-term certificates of deposit issued by solvent partner banks.

20 NOTES CONCERNING SHAREHOLDERS' EQUITY

EUR 1,000	Number of shares (1,000)	Share capital	Share premium account	Total
1.1.2008	17,021	34,043	5,750	39,793
31.12.2008	17,021	34,043	5,750	39,793
31.12.2009	**17,021**	**34,043**	**5,750**	**39,793**

Share premiums are recognised in the share premium account.

Lemminkäinen Corporation has one share class. The number of shares in the Company is 17,021,250. All issued shares are fully paid up. The Company is not in possession of any treasury shares.

Authorisation for share/rights issue

The Extraordinary General Meeting of Lemminkäinen Corporation, held on 12 November 2009, decided in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to resolve on a share issue and/or an issue of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act in one or several installments, 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 4,200,000 shares. The proposed maximum number corresponds to approximately 25 per cent of all the current shares of the Company. The Board of Directors may resolve to issue either new shares or treasury shares possibly held by the company.

Authorisation to buy back own shares from the market

The Extraordinary General Meeting of Lemminkäinen Corporation, held on 12 November 2009, decided to authorise the Board of Directors to resolve on the acquisition of own shares. In accordance with the authorisation, the Board of Directors may resolve to acquire a maximum of 1,700,000 own shares in one or several installments, using the unrestricted shareholders´ equity of the Company, subject to the provisions of the Finnish Companies Act on the maximum amount of own shares. The maximum number corresponds to approximately 10 per cent of all the current shares of the Company.

	Translation difference	Hedging reserve	Total
1.1.2008	59	211	270
Translation difference	-6,374		-6,374
Hedging of net investment in foreign subsidiary	1,604		1,604
Cash flow hedge		-1,942	-1,942
31.12.2008	-4,711	-1,730	-6,442
1.1.2009	**-4,711**	**-1,730**	**-6,441**
Translation difference	**3,341**		**3,341**
Hedging of net investment in foreign subsidiary	**-368**		**-368**
Cash flow hedge		**-240**	**-240**
31.12.2009	**-1,739**	**-1,970**	**-3,709**

The translation differences include the differences arising from the translation of the financial statements of foreign units. Gains and losses on hedges of net investments in foreign units are also included in the translation differences when the requirements set for hedge accounting are met. A more detailed itemisation of the cash flow hedge is presented in section 15 of these Notes.

Changes in the effective part of derivatives falling within the scope of hedge accounting are recognised in the hedging reserve.

EUR 1,000	31.12.2009	31.12.2008
Retained earnings, 1.1.	**280,695**	255,449
Reversal of dividend liability		12
Dividends paid	**-15,319**	-30,638
Retained earnings, 31.12.	**265,375**	224,824
Result for the accounting period	**-26,087**	55,871
Shareholders' equity on the balance sheet, 31.12.	**239,288**	280,695
Share of appropriations in retained earnings	**-21,515**	-19,368
Distributable shareholders' equity 31.12	**217,773**	261,326

21 PENSION OBLIGATIONS

EUR 1,000	31.12.2009	31.12.2008
Pension liability on the balance sheet	**749**	192
The movement in the defined benefit obligation over the year		
Beginning of year	**12,419**	11,255
Exchange differences	**1,520**	-1,667
Current service cost	**1,675**	740
Costs based on retroactive service		1,052
Interest cost	**978**	486
Actuarial losses and gains	**-1,921**	673
Gains/losses from curtailments of benefit arrangement	**1,637**	
Benefits paid	**-365**	-119
End of year	**15,941**	12,419
The movement in the fair value of plan assets of the year		
Beginning of year	**10,164**	9,911
Exchange differences	**1,097**	-1,334
Expected return on plan assets	**657**	462
Actuarial losses and gains	**-143**	-1,002
Employer contribution	**931**	2,247
Benefits paid	**-153**	-119
End of year	**12,553**	10,164
Present value of unfunded obligations		922
Present value of funded obligations	**15,941**	12,419
Fair value of funds	**-12,553**	-10,164
	3,388	3,176
Unrecognised actuarial gains and losses	**-2,526**	-3,238
Unrecognised costs of past service	**-658**	-780
Defined benefit pension plan obligation(+)/asset(-)	**205**	-843
Recognised expenses relating to defined benefit pension plans		
Pension costs based on service in the accounting period	**1,675**	472
Interest cost of obligation stemming from benefits	**701**	355
Expected yield on funds belonging to the plan	**-645**	-294
Actuarial gains and losses	**278**	-329
Costs based on past service		1,052
	2,009	1,254
Change in pension obligation on the balance sheet		
Obligation at start of period	**-843**	640
Translation differences	**33**	-142
Employer payments	**-995**	-2,594
Net items recorded on the income statement	**2,009**	1,254
Obligation(+)/asset(-) at end of period	**205**	-843
Pension plan obligations on the balance sheet	**749**	192
Pension plan assets on the balance sheet	**-545**	-1,034

The pension plan assets are recognised as a deferred income on the balance sheet.

The pension schemes of group companies operating in different countries are generally defined contribution plans. Payments in respect of defined contribution plans are expensed on the income statement in the accounting period during which they are made. Group pensions for which the present value of the associated obligations is determined by a method based on future benefits and for which the funds belonging to the plan are fair valued on the accounting date are classified as defined benefit pension plans. The actuarial gains and losses arising from these pension provisions are recognised on the income statement over the expected average remaining working lives of the participating employees to the extent that it exceeds 10 per cent of the present value of the defined benefit obligation or, if greater, 10 per cent of the fair value of plan's assets.

Payments to be made to defined benefit pension plans in Lemminkäinen Group during 2010 are estimated at EUR 2.1 million.

	Finland 31.12.2009	Abroad 31.12.2009	Finland 31.12.2008	Abroad 31.12.2008
The most important actuarial assumptions				
Discount rate, %	**5.0**	**4.4**	5.0	4.3
Expected yield on funds, %	**6.5**	**5.6**	6.5	6.3
Future pay rise assumption, %	**3.0**	**4.0**	3.0	4.5
Future pension rise assumption, %	**2.1**	**1.3**	2.1	2.0
Inflation rate, %	**2.0**	**4.0**	2.0	2.5

22 PROVISIONS

EUR 1,000	Credit loss provisions	Warranty provisions	Landscaping provisions	Other provisions	Total 31.12.2009	Total 31.12.2008
Provisions, 1.1.	**89**	**7,104**	**846**	**1,234**	**9,273**	8,152
Translation differences		**1**	**28**	**-1**	**29**	-61
Increases in provisions	**24**	**1,419**	**36**	**1,740**	**3,219**	3,026
Expensed provisions	**-90**	**-1,319**	**-44**	**-791**	**-2,243**	-574
Reversals of unused provisions		**-73**		**-171**	**-244**	-1,271
Provisions 31.12.2009	**24**	**7,133**	**866**	**2,010**	**10,033**	
Provisions 31.12.2008	89	7,104	846	1,234		9,273

EUR 1,000	31.12.2009	31.12.2008
Provisions categorised as		
Long-term	**1,762**	2,181
Short-term	**8,271**	7,092
	10,033	9,273

A provision is made when the Group has a legal or de facto obligation based on some past event and it is likely that freedom from liability will either require a financial payment or result in financial loss, and that the amount of liability can be reliably measured.

Provisions for construction warranties are calculated on the basis of the level of warranty expenses actually incurred in earlier accounting periods. If the Group will receive reimbursement from a subcontractor or material supplier on the basis of an agreement in respect of anticipated expenses, the future compensation is recognised when its receipt is in practice beyond doubt. Provisions in respect of landscaping obligations are made according to the use of ground materials.

23 LOANS

EUR 1,000	Balance sheet values 31.12.2009	Fair values 31.12.2009	Balance sheet values 31.12.2008	Fair values 31.12.2008
Non-current				
Loans from credit institutions	176,334	176,334	74,320	74,140
Pension loans	70,400	69,609		
Finance leasing liabilities	43,422	43,422	43,366	43,366
Other non-current loans	594	589	1,124	1,029
	290,749	289,953	118,810	118,535
Current				
Amortisation of loans from credit institutions in the next year	20,073	20,073	24,472	24,596
Amortisation of pension loans in the next year	18,400	20,382		
Amortisation of finance leasing liabilities in the next year	13,703	13,703	13,717	13,717
Loans from financial institutions			258,000	258,000
Chequing account limits	9,266	9,266	14,061	14,061
Commercial papers	5,000	5,000	55,000	55,000
Debts to owners of housing under construction	41,873	41,873	100,066	100,066
Other current loans	82	82	2,411	2,411
	108,397	110,379	467,728	467,852

The fair values of loans are calculated by discounting the future cash flows arising from loans by the interest that the Group would receive on corresponding loans at the accounting date. The weighted average interest rate used for discounting is 3.35 per cent (4.65 per cent in year 2008).

EUR 1,000	31.12.2009	31.12.2008
Maturities of non-current loans		
Due for repayment in 2010 (2009)	52,176	38,189
Due for repayment in 2011 (2010)	163,298	30,885
Due for repayment in 2012 (2011)	41,342	23,108
Due for repayment in 2013 (2012)	40,428	22,132
Due for repayment in 2014 (2013)	27,276	20,988
Due for repayment in 2015 (2014) and thereafter	18,406	21,698
	342,925	157,000

EUR 1,000	Non-current loans by currency 31.12.2009	Current loans by currency 31.12.2009	Non-current loans by currency 31.12.2008	Current loans by currency 31.12.2008
EUR	272,273	95,124	103,891	444,969
DKK	10,727	6,631	7,244	11,120
EEK	728	303	147	46
LTL	6	4,188	9	5,645
NOK	7,015	1,395	7,519	2,938
SEK		754		3,010
	290,749	108,397	118,810	467,728

The following table describes the exposure of the Group's loans to interest rate movements and rate fixing intervals. In the table, interest-bearing liabilities are classified according to the amortisation date or the next interest rate adjustment date.

EUR 1,000	Less than 1 year	1-5 years	Over 5 years	Total
31.12.2009				
Loans, total	**328,645**	**70,501**		**399,146**
Effect of interest rate swap agreements	**-51,443**	**45,691**	**5,751**	
	277,202	**116,193**	**5,751**	**399,146**
31.12.2008				
Loans, total	580,285	6,253		586,538
Effect of interest rate swap agreements	-62,866	45,691	17,174	
	517,419	51,945	17,174	586,538

	31.12.2009	31.12.2008
Weighted averages of effective interest rates on interest-bearing debt, %		
Loans from credit institutions	**3.02**	4.49
Finance leasing debts	**3.75**	3.85
Other current loans	**1.44**	4.85

Finance leasing debts

EUR 1,000	31.12.2009	31.12.2008
Finance leasing debts and interest on them is due as follows		
In one year or earlier	**15,410**	15,830
Over one year, but less than five years	**33,748**	36,018
Over five years	**16,814**	12,534
	65,972	64,383
Present value of minimum leases		
In one year or earlier	**13,678**	13,800
Over one year, but less than five years	**29,999**	31,526
Over five years	**15,771**	11,795
	59,449	57,120
Accumulated future financial expenses from finance leasing debts	**6,523**	7,262
Finance leasing debts		
Non-current finance leasing debts	**43,422**	43,366
Current finance leasing debts	**13,703**	13,717
	57,125	57,083

24 ACCOUNTS PAYABLE AND OTHER LIABILITIES

EUR 1,000	31.12.2009	31.12.2008
Non-current		
Other non-current liabilities	**2,390**	1,293
Accounts payable and other current liabilities		
Prepayments received	**77,451**	70,979
Debts to owners of housing under construction	**2,467**	39,126
Accounts payable to affiliates	**106**	450
Accounts payable to others	**66,589**	117,257
Project expenses	**26,253**	38,218
Income tax owed	**7,008**	7,370
VAT	**20,416**	27,425
Interest debts	**2,412**	3,660
Amortisations of personnel expenses	**69,713**	71,584
Other accrued liabilities and deferred income	**12,206**	26,568
Fair value of derivatives	**5,004**	4,793
Other current debts	**13,745**	48,130
	303,369	455,561

25 FINANCIAL RISK MANAGEMENT

Financial risks

Lemminkäinen Group is subject in its business operations to financial risks, which are mainly interest rate risk, exchange rate risk, funding and liquidity risk, and credit risk. The aim of financial risk management is to reduce uncertainty concerning the possible impacts that changes on the financial markets or in Group itself could have on the Group's income statement, cash flow and balance sheet. The management of Lemminkäinen Group's financial risks is based on principles approved by the Company's Board of Directors. In December 2009 the Board of Directors endorsed a new treasury policy for the Group. The new treasury policy, which will be reviewed and if necessary updated annually, defines the principles and segregation of responsibilities with regard to financial activities and the management of financial risk.

Execution of the treasury policy is the responsibility of the group treasury, which is responsible for the management of financial risks and acts as the centre for the Group's treasury activities. The Group's treasury policy defines the segregation of responsibility between the group treasury and the business units. The group companies are responsible for providing the group treasury with up-to-date and accurate information on treasury-related matters relating to their business operations. The group treasury acts as an internal bank and co-ordinates, directs and supports the group companies in treasury matters so that the Group's financial needs are met and its financial risks are controlled in an efficient manner.

Interest rate risk

The aim of interest rate risk management is to minimise changes affecting the value and results of the Group due to interest rate fluctuations. The group treasury manages and monitors the interest rate position. The Group's interest rate risk comprises loan and financial leasing agreements, interest-bearing financial receivables and interest rate derivatives. Interest rate changes affect income statement and balance sheet items through financial income and expenses.

The interest rate sensitivity of the Group's business is minimised by setting the Group's average period of interest rate fixation to the same as the interest rate sensitivity of its business. The interest rate sensitivity position of the Group's business is estimated to about 15 months. The treasury policy thus defines the Group's average period of interest rate fixation as 12-18 months. The Group aims to keep 40-65 per cent of its liabilities in individual currencies hedged. At the end of the year Lemminkäinen's average period of interest rate fixation was 18 months and the interest rate hedge ratio was 36 per cent.

The Group can take out both variable- and fixed-rate long-term loans. The ratio of fixed- to variable-rate loans can be changed for instance by means of interest rate derivatives. In 2009 the Group made use of interest rate caps, interest rate floors and interest rate swap agreements, and applied hedge accounting to two interest rate swap agreements.

Interest rate fluctuations in 2009 did not have any unusual effect on the Group's business, but a significant rise in the level of interest rates may have a detrimental effect on the demand for housing.

Interest risk sensitivity

The following assumptions are made when calculating the sensitivity caused by a change in the level of interest rates:

- the interest rate change is assumed to be 1 percentage point
- the position includes variable-rate financial liabilities totalling EUR -306.5 million (EUR -572.2 million in 2008), variable-rate financial receivables totalling EUR 0.8 million (EUR 82.3 million in 2008) and interest rate derivatives totalling EUR -3.2 million (EUR -2.7 million in 2008)
- variable-rate financial instruments affect the income statement, with the exception of derivative contracts subject to hedge accounting and affecting equity
- all factors other than the change in interest rates remain constant

Sensitivity caused by the interest rate change

1 percentage point change in market rates

EUR 1,000	Income statement + 1%	Income statement -1 %	Equity + 1%	Equity -1 %
31.12.2009				
Variable-rate loans	3,065	-3,065		
Interest-bearing receivables	8	-8		
Interest rate derivatives	317	526	1,407	757
	3,390	-2,547	1,407	757

EUR 1,000	Income statement + 1%	Income statement -1 %	Equity + 1%	Equity -1 %
31.12.2008				
Variable-rate loans	-5,722	5,722		
Interest-bearing receivables	823	-823		
Interest rate derivatives	-240	-611	874	-2,269
	-5,140	4,289	874	-2,269

Exchange rate risk

The aim of exchange rate risk management is to reduce uncertainty concerning the possible impacts that changes in exchange rates could have on cash flows, business receivables and liabilities, and the future values of different balance sheet items. Exchange rate risk mainly consists of transaction risk and translation risk.

Translation risk consists of exchange rate differences arising from the translation of the income statements and balance sheets of foreign group companies into the Group's home currency. Lemminkäinen Group's reportable translation risk is caused by equity investments in and the retained earnings of foreign subsidiaries, the effects are recorded under translation differences in shareholders' equity. Lemminkäinen Group has foreign net investments in several currencies. In accordance with the treasury policy endorsed by the Board of Directors in December 2009, the Group protects itself from translation risks primarily by keeping equity investments in foreign companies at an appropriately low level, and thus not use financial instruments to hedge the translation risks. At the end of 2009 an LTL-denominated net investment was still hedged. In 2009 the Group applied hedge accounting to hedges of LVL- and NOK-denominated net investments.

Transaction risk consists of cash flows in foreign currencies from operational and financing activities. The Group seeks to hedge business currency risks primarily by operative means. The remaining transaction risk is hedged by using instruments such as foreign currency loans and currency derivatives. The group companies are responsible for identifying, reporting, forecasting and hedging their transaction risk positions internally, with the general rule that the monthly net positions forecasted for the 12 months following the review date is hedged. The group treasury is responsible for hedging significant risk positions as external transactions in accordance with the treasury policy. The key currencies in which the Group was exposed to transaction risk in 2009 were USD and RUB. In 2009 the Group did not apply hedge accounting to the transaction risk hedging.

Currency risk sensitivity

The following assumptions are made when calculating the sensitivity caused by changes in the euro/dollar and euro/rouble exchange rates:

- the euro/dollar exchange rate change is assumed to be +/- 10%
- the euro/rouble exchange rate change is assumed to be +/- 10%
- the position includes financial assets and liabilities denominated in roubles and dollars
- the position does not include future cash flows

Sensitivity caused by a change in exchange rates

EUR 1,000	Income statement 31.12.2009	Equity 31.12.2009	Income statement 31.12.2008	Equity 31.12.2008
+/- 10 % change in the euro/dollar exchange rate	**+3,335 /-2,586**		-691 /+566	
+/- 10 % change in the euro/rouble exchange rate	**-3,964 /+345**		+4,428 /+2,577	
+/- 10 % change in the dollar/rouble exchange rate				

Liquidity risk

The Group seeks to optimise the use of liquid assets in funding the business operations and to minimise interest expenses and banking costs. The group treasury is responsible for managing the Group's overall liquidity, and for ensuring that adequate credit lines and a sufficient number of funding sources are available. It also ensures that the maturity profile of the Group's loans is spread sufficiently evenly over coming years. The Group's liquidity management is based on monthly forecasts of funding requirements and daily cash flow forecasting. As an indirect consequence of the financial crisis, the maturity profile of the Group's debts at the end of 2009 was not in accordance with the set goals. The Group will strive to change the debt maturity profile during 2010.

In 2009 the financial crisis continued to have an effect on the availability of funding from financial markets, which also raised funding costs. During the year the Group re-arranged its short-term debt totalling EUR 270.0 million and negotiated a bank guarantee for a pension loan facility of EUR 115.0 million. These arrangements safeguard the Group's liquidity and give the Company more financial flexibility. The Group also aims to free up capital and thus reduce debts. The maturities and repayment periods of the loan and credit facitilities were one to five years on the accounting date. According to the treasury policy endorsed by the Board of Directors in December 2009, the Group's liquidity reserve shall at all times match the Group's total liquidity requirement, and it must be accessible within five banking days without any additional charges to be incurred. The Group's total liquidity requirement consists of a liquidity requirement for day-to-day operations, a risk premium requirement and a strategic liquidity requirement.

Due to the nature of the Group's business operations, the importance of seasonal borrowing is great. The effect of seasonal variation on short-term liquidity is controlled by using a commercial paper programme, a committed credit limit and bank overdraft facilities. The total amount of the Group's commercial paper programme is EUR 300.0 million of which EUR 5.0 million was in use at 31 December 2009 (EUR 55.0 million in 2008). At that time the Group had an unused committed revolver credit facility of EUR 150.0 million as well as EUR 22.8 million undrawn portion of its TyEL pension premium loan facility of EUR 115.0 million.

The main principle is to use excess liquidity to amortise debt. The Group's excess liquidity is managed by means of internal deposits and cash pools. The amount of cash funds at 31 December 2009 was EUR 74.4 million (EUR 250.1 million in 2008).

Analysis of the maturities of financial liabilities

EUR 1,000	2010	2011	2012	2013	2014	2015-	Total
31.12.2009							
Loans							
Amortisations	95,246	153,859	34,226	33,705	23,048	1,938	342,021
Interest	8,880	2,552	1,702	1,033	397	302	14,866
Total	104,126	156,411	35,927	34,738	23,444	2,240	356,887
Leasing liabilities							
Amortisations	13,703	8,689	7,489	6,577	4,895	15,771	57,125
Interest	1,706	2,385	2,032	992	687	1,043	8,846
Total	15,410	11,075	9,521	7,569	5,582	16,814	65,972
Interest rate derivatives							
Cash flow subject to hedge accounting	1,733	1,321	904	481	83		4,521
Financial expenses	336	167					503
Forward foreign exchange contracts							
Payments	36,595						36,595
Income	-34,893						-34,893
Other non-current liabilities		1,721	220	229	220		2,390
Accounts payable	66,589						66,589

EUR 1,000	2009	2010	2011	2012	2013	2014-	Total
31.12.2008							
Loans							
Amortisations	454,011	20,455	14,896	15,321	14,906	9,866	529,455
Interest	10,886	2,936	2,148	1,503	857	380	18,711
Total	464,897	23,391	17,044	16,824	15,763	10,246	548,166
Leasing liabilities							
Amortisations	13,717	10,242	8,212	6,809	6,082	12,021	57,083
Interest	2,118	1,632	1,247	911	644	652	7,204
Total	15,835	11,874	9,459	7,720	6,726	12,673	64,287
Interest rate derivatives							
Financial expenses	761	834	593	352	188		2,727
Forward foreign exchange contracts							
Payments	76,701						76,701
Income	-81,844						-81,844
Other non-current liabilities		293		1,000			1,293
Accounts payable	117,257						117,257

Credit risk

Credit risks arise when a counterparty is unable to meet its obligations, causing the other party to suffer an economic loss. Lemminkäinen has defined a credit policy for customer receivables, which aims to boost profitable sales by identifying credit risks in advance and controlling them. Most of the Group's business is based on established and trustworthy customer relationships and on contractual terms generally observed in the industry. The credit policy sets the minimum requirements concerning trade credit and collections for Lemminkäinen Group. The Group's credit control function defines credit risks and the business units are responsible for managing them. In the prevailing economic situation the importance of credit control is underlined, and the Company's credit control processes have been improved.

The Group is exposed to credit risk through all of the Group's trade receivables and receivables associated with deposits and derivatives. The maximum amount of credit risk is the combined total of the balance sheet values of the above-mentioned items. The amounts and due dates of the Group's trade and loan receivables are presented in the table below. The Group does not have any significant credit risk concentrations as trade receivables are distributed among many different customers in a number of market areas. The business unit that has made the contract actively monitors the receivables situation. If the business units renegotiate the terms of receivables, it must be done in accordance with the requirements of the Group's credit policy. The risk of credit losses can be reduced by means of guarantees, mainly bank guarantees and bank deposits. Lemminkäinen's credit losses have always been minimal in relation to the scale of the Group's operations. The main risks in this respect are associated with business in Russia. As a general rule, construction projects in Russia are only undertaken against receipt of advance payments. If a credit risk is accepted exceptionally, the amount permitted is always proportional to the expected margin on the project in question. Written-down financial assets represent credit losses. Receivables transferred for legally enforceable collection are recognised as credit losses.

The Group is exposed to counterparty risk when depositing its cash funds and using derivative instruments. The group treasury is responsible for the management of the Group's counterparty and credit risks related to cash, financial investments and financial transactions. Liquid assets are deposited in short-term bank deposits, certificates of deposit issued by solvent partner banks, and commercial papers issued by corporations with a good credit rating. The treasury policy endorsed in December 2009 specifies the approved counterparties and their criteria. At the end of 2009 counterparty risk was considered to be low.

Maturities of trade and loan receivables

EUR 1,000	Not due	Maturity 1-30 days	Maturity 31-60 days	Maturity 61-90 days	Maturity over 90 days	Total
31.12.2009						
Non-current receivables						
Trade receivables	145				50	195
Loan receivables	1,173					1,173
Current receivables						
Trade receivables	130,188	26,289	4,161	1,359	13,794	175,791
Loan receivables	940					940
	132,445	26,289	4,161	1,359	13,844	178,099

EUR 1,000	Not due	Maturity 1-30 days	Maturity 31-60 days	Maturity 61-90 days	Maturity over 90 days	Total
31.12.2008						
Non-current receivables						
Trade receivables	426					426
Loan receivables	4,788					4,788
Current receivables						
Trade receivables	173,946	35,770	9,200	5,416	15,053	239,386
Loan receivables	10,322	638				10,960
	189,482	36,408	9,200	5,416	15,053	255,560

Product risk

The Group's asphalt paving operations are exposed to bitumen price risk. The price of bitumen is determined by the world market price of oil. The Group monitors bitumen price risk, which was not significant on the accounting date.

Capital management

Capital means the equity and interest-bearing liabilities shown on Lemminkäinen's consolidated balance sheet.

Lemminkäinen Group's capital management ensures cost-effectively that the prerequisites for the Group's business sectors are maintained at a competitive level in all cyclical conditions, that risk-carrying capacity is adequate, for example, in construction contracts, and that the Company is able to pay a good dividend and service its loans.

The amount of the Group's interest-bearing liabilities is affected by factors such as business expansion and investments in production equipment and buildings, land and acquisitions. The Company continuously monitors the amount of debt, the ratio of net debt to EBITDA, and the equity ratio. Interest-bearing net debt comprises interest-bearing liabilities less liquid funds. The amount of net debt can vary during the accounting period due primarily to seasonal variations in production and the purchase of land. The amount of interest-bearing net debt on 31 December 2009 was EUR 324.7 million (EUR 336.4 million in 2008).

The borrowing facility arrangements include two quarterly measured financial ratio covenants: the net debt to EBITDA ratio, and the Company's equity ratio. The net debt to EBITDA ratio was breached in September 2009 as a consequence of the infringement fine imposed on the Company by the SAC. The Company renegotiated the terms of its borrowing agreement in November 2009 so that the facilities are in accordance with the original maturity and on almost the original terms. According to the new terms, Lemminkäinen's net debt to EBITDA ratio shall be less than 3.5–4.5, depending on the quarter. The Company's equity ratio shall exceed 23 per cent until the second quarter of 2010, and thereafter it shall exceed 30 per cent.

The Company also follows the development of equity by means of the return on investment. A long-term average in excess of 18 per cent is regarded as a good return. The return on investment in 2009 was 5.4 per cent (17.7 per cent in 2008). The return on investment includes the Group's shareholders' equity and interest-bearing liabilities averaged over the accounting period.

EUR 1,000	31.12.2009	31.12.2008
Interest-bearing liabilities	**399,146**	586,538
Cash and cash equivalents	**74,400**	250,090
Interest-bearing net debt	**324,745**	336,448
Equity attributable to the Company's shareholders	**275,372**	314,046
Equity, total	**299,045**	341,796
Equity ratio, %	**31.4**	26.2
Gearing, %	**108.6**	98.4
Return on investment, %	**5.4**	17.7

26 DERIVATIVES

EUR 1,000	Nominal value	Fair value positive	Fair value negative	Fair value net
31.12.2009				
Forward foreign exchange agreements	**36,634**	**66**	**-1,768**	**-1,702**
Interest rate swaps,	**59,585**		**-3,236**	**-3,236**
of which cash flow subject to hedge accounting	**51,443**		**-2,815**	**-2,815**

EUR 1,000	Nominal value	Fair value positive	Fair value negative	Fair value net
31.12.2008				
Forward foreign exchange agreements,	81,246	6,832	-1,688	5,143
of which equity subject to hedge accounting	20,779		-455	-455
Interest rate option, calls purchased	1,420			
Interest rate options, puts written	1,420		-27	-27
Interest rate swaps,	71,893		-2,690	-2,690
of which cash flow subject to hedge accounting	62,866		-2,258	-2,258
Commodity derivatives	1,112		-398	-398

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

The Group has subsidiaries outside the euro zone so it is exposed to exchange rate risk with regard to equity. For this reason the Group has applied hedge accounting to forward foreign exchange contracts hedging net foreign investments with regard to the Norwegian crown (NOK) and the Latvian lat (LVL). Realised exchange rate differences are recognised through profit or loss against the translation difference arising from consolidation to the extent that the hedges have been effective. The interest factor of derivatives is recognised on the income statement in financial income and expenses. NOK-denominated hedge accounting was discontinued on 1 October 2009 and LVL-denominated hedge accounting on 1 July 2009. During the period the net amount recognised from derivatives in exchange rate differences for equity was EUR 0.4 million (EUR -1.6 million in 2008). The equity component is not recognised through profit or loss until the net investment made in the foreign unit is relinquished.

Not all derivative instruments are included in hedge accounting. Some forward foreign exchange contracts, currency options, some interest rate swaps, interest rate options and commodity derivatives are entered into in order to reduce business risks and to hedge balance sheet items denominated in foreign currencies.

Open forward foreign exchange contracts to which hedge accounting was not applied had a nominal value of EUR 36.6 million (EUR 60.5 million in 2008) and a net fair value was EUR -1.7 million (EUR 5.6 million in 2008). Because the part of open forward foreign exchange contracts caused by the exchange rate change is not subject to hedge accounting, fair value changes are not recognised in equity but through profit or loss and are reported on the income statement in financial items.

On 31 December 2009 the nominal value of interest rate swap agreements subject to hedge accounting was EUR 51.4 million (EUR 62.9 million in 2008) and the fair value was EUR -2.8 million (EUR -2.3 million in 2008). The nominal value of interest rate swap agreements to which hedge accounting was not applied was EUR 8.1 million (EUR 9.0 million in 2008) and the fair value was EUR -0.4 million (EUR -0.4 million in 2008). The interest component is recognised through profit or loss and is reported on the income statement in financial items. Cash flows associated with interest rate derivatives are expected to be realised annually until 2015, as scheduled in Note 25 herein.

27 ADJUSTMENTS TO CASH FLOWS FROM BUSINESS OPERATIONS

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Depreciation	**34,258**	34,891
Change in obligatory provisions	**726**	1,177
Change in pension obligations	**1,014**	-306
Credit losses on trade receivables	**3,256**	644
Financial income and expenses recognised on an accruals basis	**33,351**	32,130
Gains/losses on asset valuations, recognised at fair value through profit or loss		48
Capital gains and losses on the sale of fixed assets as well as other non-payment income and expenses	**-1,852**	-3,815
Share of the results of affiliates	**-1,499**	-1,244
Translation differences	**-1,100**	-1,922
	68,152	61,604

28 OTHER RENTAL COMMITMENTS

EUR 1,000	31.12.2009	31.12.2008
Minimum leases of irrevocable rental agreements		
One year or less	**11,093**	9,907
Over one year, but less than five years	**24,913**	26,563
Over five years	**20,670**	18,939
	56,675	55,409
Other rental commitments include the following rental liabilities		
One year or less	**3,306**	2,795
Over one year, but less than five years	**4,909**	3,748
Over five years	**1**	
	8,216	6,543

Irrevocable rental commitments are mainly rental agreements concerning real estate and leased machines.

29 GUARANTEES AND CONTINGENT LIABILITIES

EUR 1,000	31.12.2009	31.12.2008
Liabilities as well as mortgages and bonds pledged as security for them		
Pension loans	**88,800**	
Loans from credit institutions	**189,500**	22,737
	278,300	22,737
Property mortgages	**80,000**	1,463
Business mortgages	**1,218,844**	34,565
	1,298,844	36,027
Other mortgages and securities for own commitments		
Property mortgages		69
Business mortgages	**2,460**	6,080
Bonds pledged as security	**578**	333
Deposits	**72**	169
	3,110	6,651
Mortgages and pledged securities, total		
Property mortgages	**80,000**	1,532
Business mortgages	**1,221,304**	40,645
Bonds pledged as security	**578**	333
Deposits	**72**	169
	1,301,954	42,678
Guarantees		
On behalf of affiliates		49,068
On behalf of others	**34,697**	19,878
	34,697	68,946
Investment purchase commitments	**11,076**	13,174

The EUR 49.1 million guarantee given on behalf of affiliates in 2008 relates to the loans of Finavo Oy's real estate companies. These loans were rearranged during the 2009 accounting period.

30 LITIGATION

On 29 September 2009 the Supreme Administrative Court (SAC) ordered a number of Finnish asphalt industry companies to pay an infringement fine of EUR 82.55 million, of which Lemminkäinen's share was EUR 68 million. The decision concluded the Finnish Competition Authority's claim made in 2004 for the imposition of a fine oncerning violations of the Act on Competition Restrictions on seven companies operating in the asphalt industry during the period 1994-2002. The Finnish Competition Authority initially sought that an aggregate competition infringement fine of EUR 97 million should be imposed on the asphalt companies and the Finnish Asphalt Association, of which Lemminkäinen was to pay EUR 68 million. The Market Court dismissed the Competition Authority's motion for the most part and in December 2007 ordered the asphalt companies to pay an infringement fine of EUR 19.4 million, of which Lemminkäinen was to pay EUR 14 million. The SAC approved the infringement fine proposed by the Finnish Competition Authority in its entirety.

The difference between the infringement fine of EUR 68 million ordered by the SAC and the infringement fine of EUR 14 million ordered by the Market Court, i.e. EUR 54 million, was expensed in the third quarter of 2009. The infringement fine of EUR 14 million ordered by the Market Court was expensed in the fourth quarter of 2007. To date, 21 municipalities and the Finnish Road Administration have brought actions for the recovery of damages from Lemminkäinen and other asphalt companies in the District Court of Helsinki. The claimants contend that restrictions of competition have caused them damages. The Finnish Road Administration has claimed, in connection with work carried out for the Finnish State, at most EUR 10.5 million from Lemminkäinen and at most EUR 5.6 million jointly and severally with other asphalt companies. The claims presented in the statements of claim differ from each other as regards their amounts and grounds. The claimants have reserved the right to alter, modify or extend their claims, but most of the claimants have not yet filed their finalised statements of claim with the District Court.

The decision rendered by the SAC as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused the parties ordering asphalt works any damages. The SAC's decision does not concern the individual contracts that the claimants are citing in support of their claims. Neither does the decision concern the pricing of individual contracts.

Lemminkäinen will examine the claims for damages and consider each claim separately. The Company's initial position is that the claims are without foundation.

To the extent that the claimants eventually decide in their specified statements of claim to pursue their legal actions against Lemminkäinen, they will be considered separately before the District Court of Helsinki and heard in the order determined by the court.

No provision for future expense has been made in respect of the statements of claims submitted so far to the district court by the municipalities and the Finnish Road Administration. It is likely that district court proceedings will continue into 2011.

31 RELATED-PARTY TRANSACTIONS

Lemminkäinen Group's related parties include affiliates and senior management. Senior management comprises the Board of Directors and the President & CEO. Business with affiliates is conducted at market prices.

Business with related parties

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Sales of goods and services		
To affiliates	**539**	22
Purchases of goods and services		
From affiliates	**6,378**	4,069

EUR 1,000	31.12.2009	31.12.2008
Balance of purchases/sales of goods and services		
Trade receivables		
From affiliates	**28**	2
Accounts payable		
To affiliates	**8**	9

The Group did not have any loan receivables from related parties on either 31 December 2009 or 31 December 2008. Related-party transactions with affiliates are asphalt contracts and mineral aggregate deliveries. A list of investments in subsidiaries and affiliates can be found in section 33 and additional information on affiliates in section 9.

Related-party salaries, fees and other short-term employee benefits

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Board of Directors		
Berndt Brunow	**127**	102
Mikael Mäkinen	**32**	
Kristina Pentti-von Walzel	**42**	35
Heikki Räty	**34**	
Teppo Taberman	**40**	35
Heikki Pentti		40
Juhani Mäkinen	**42**	30
Sakari Tamminen	**6**	35
Executive Board and internal audit manager		
Timo Kohtamäki	**428**	
Juhani Sormaala		793
Other members of the Executive Board and the internal audit manager	**1,701**	
Related-party salaries, fees and other short-term employee benefits	**2,452**	1,071

The Executive Board of Lemminkäinen Group was formed on 1 January 2009.

The fees payable to the members of the parent company's Board of Directors are decided by the Annual General Meeting. In 2009 the members of the Board received a monthly fee of EUR 3,000 (EUR 3,000 in 2008) and the Chairman of the Board received EUR 10,000 (EUR 11,000 in 2008) as well as an attendance fee of EUR 500 per meeting. In addition, the members of the Audit Committee are paid an attendance fee of EUR 500 per meeting of the committee. Travelling expenses are reimbursed as billed.

The Company does not have any current option plan or other incentive schemes linked to share price performance.

The President & CEO of Lemminkäinen Corporation falls within the scope of the Group's performance-related pay scheme, which comprises an annual reward based on the Company's result and a long-term retention bonus based on the creation of economic value added. Lemminkäinen's Board of Directors confirms the parameters of performance-related pay scheme annually. The result-based annual reward can be a maximum of 30 per cent of annual salary. The retention bonus can be a maximum of six month's salary.

The President & CEO's contract of employment may be terminated at six months' notice on either side. If the Company gives notice of termination, the President & CEO shall be entitled upon termination of the contract to receive a one-time severance payment equivalent to 18 months' salary according to his salary rate at the time of contract termination.

The President & CEO is entitled to retire on reaching 60 years of age. As a consequence of the supplementary pension insurance provided by the Company, his pension at that time will be 60 per cent of his pensionable salary as defined in the Employee's Pensions Act.

32 EVENTS AFTER THE ACCOUNTING DATE

There were no events of any importance.

33 SHARES AND HOLDINGS

Company	Consolidated shareholding, %	Parent company shareholding, %	Parent company shareholding, shares	Parent company shareholding, value EUR 1,000	Shareholding of other group undertakings, value EUR 1,000
31.12.2009					
Group undertakings					
Elemento Oy, Savonlinna	100.0				9,359
Lembet Oy, Helsinki	100.0				5
Lemminkäinen Betonituote Oy, Helsinki	100.0	100.0	250	4,895	
Lemminkäinen Katto Oy, Helsinki	100.0	100.0	250	1,325	
UAB Lemminkainen Lietuva, Lithuania	99.6	99.6	3,737,272	3,498	
ZAO Lemruf, Russia	100.0				3
Omni-Sica Oy, Helsinki	100.0	100.0	50	9	
Oy Roofing Ab, Helsinki	100.0				16
Sica Oy, Helsinki	100.0	100.0	1,003	55,946	
Suonenjoen Betonituote Oy, Suonenjoki	100.0				758
Lemminkäinen Talo Oy, Helsinki	100.0	51.5	2,552	27,962	10,392
Oy Alfred A. Palmberg Ab, Helsinki	95.0				7,983
Byggnads Ab Forsström Rakennus Oy, Kokkola	83.3				3,802
OOO Sibus, Russia	100.0				
ICM International Construction Management, Hungary	100.0				684
Oy Konte Ab, Vaasa	100.0				3,146
Lemcon Co., Ltd, China	100.0				14
Lemcon Construction Private Limited, India	100.0				853
Lemcon HR Oy, Helsinki	100.0				142
OOO Lemcon Invest, Russia	100.0				2,284
Lemcon Oy, Helsinki	100.0				5
Lemcon Polska Sp.Z O.O, Poland	100.0				1,576
OOO Lemcon Rus, Russia	100.0				864
Lemcon RusInvest Oy, Helsinki	100.0				
Lemcon RusProject Oy, Helsinki	100.0				3
Lemcon Eesti As, Estonia	100.0				3
Lemminkäinen PPP Oy, Kuopio	100.0				3
ZAO Lemstroi, Russia	100.0				282
ZAO Lipsanen, Russia	89.9				14,629
Oka Oy, Kouvola	84.9				4,392
Palmberg-Rakennus Oy, Oulu	85.0				143
Palmberg TKU Oy, Turku	100.0				1,773
Palmberg-Urakoitsijat Oy, Hyvinkää	98.3				877
Rakennusliike A. Taskinen Oy, Kitee	95.0				3,186
Rakennusliike S. Horttanainen Oy, Porvoo	100.0				67
Rakennus-Otava Oy, Jyväskylä	95.0				1,112
Lemminkäinen Talo Oy Keski- ja Lounais-Suomi, Tampere	70.0				572
Rekab Entreprenad Ab, Sweden	80.0				243
Savocon Oy, Kuopio	100.0				2,228
StP-Rakennus Oy, Imatra	89.9				91
WPL-System Oy, Helsinki	100.0				4,633
Lemcon Development Oy, Helsinki	100.0	100.0	100	1,682	
Lemcon (Philippines) Inc, Philippines	71.0				222
Lemcon (Thailand) Ltd, Thailand	71.0				51
Lemcon Argentina S.R.L, Argentina	71.0				5
LEMCON Baumanagement GmbH, Germany	100.0				26
Lemcon Bauprojekt-Management GmbH, Austria	71.0				28
Lemcon Bulgaria EOOD, Bulgaria	71.0				3
Lemcon Canada Ltd, Canada	71.0				1
Lemcon Chile Ltda, Chile	71.0				16
Lemcon Colombia Ltda, Colombia	71.0				3
Lemcon do Brasil Ltda, Brazil	71.0				22
LEMCONECUADOR SA, Ecuador	71.0				1
Lemcon Építöipari Kft, Hungary	71.0				28

Company	Consolidated shareholding, %	Parent company shareholding, %	Parent company shareholding, shares	Parent company shareholding, value EUR 1,000	Shareholding of other group undertakings, value EUR 1,000
Lemcon Networks Oy, Helsinki	71.0				326
Lemcon Networks Holding Oy, Helsinki	84.5				632
Lemcon Network Services Ltd, United Kingdom	71.0				19
Lemcon Norge As, Norway	71.0				12
Lemcon Pte Ltd, Singapore	71.0				7
Lemcon Servicos de Planejamento de Engenharia Ltda, Brazil	71.0				20
Lemcon Ukraine, Ukraine	71.0				8
Lemcon USA Corporation, United States	71.0				1
Lemcon Venezuela C.A., Venezuela	71.0				8
UAB Lemcon Vilnius, Lithuania	100.0				
Pasila Telecom Oy, Helsinki	71.0				8
PT Lemcon Networks, Indonesia	71.0				75
Lemminkäinen Infra Oy, Helsinki	100.0	89.9	1,100	30,191	3,387
Fjellhamar Asfalt AS, Norway	100.0				6
Forssan Betoni Oy, Forssa	100.0				3,305
ICS "Lemminkainen Infra Oy" SRL, Moldova	100.0				
Oü Järva Paas, Estonia	85.0				3
UAB Kelio Linija, Lithuania	100.0				3
ZAO Lemminkäinen Dor Stroi, Russia	100.0				544
SIA Lemminkainen Latvija, Latvia	100.0				1,835
Lemminkäinen Norge AS, Norway	100.0				11,799
Lemminkäinen Sverige Ab, Sweden	100.0				12
LMK VEJ A/S, Denmark	100.0				18,972
Lohketööd Oy, Salo	85.0				3
Oü Lõhketööd, Estonia	85.0				1,192
Lødingen Stenindustri AS, Norway	100.0				1,434
OÜ Magistraal, Estonia	91.7				1,023
Moelv Grus AS, Norway	100.0				114
Lemminkäinen Eesti AS, Estonia	91.7				3,894
Tolarock Oy, Kajaani	100.0				3,048
Tekmanni Oy, Espoo	100.0	100.0	4,185	39,179	
Kajaanin LVI-Ykkönen Oy, Oulu	75.0				139
Oulun Kylmä-Ykkönen Oy, Oulu	75.0				27
Oulun LVI-Ykkönen Oy, Oulu	75.0				2,882
Oulun Saneeraus-Ykkönen Oy, Oulu	75.0				45
Sähköliike Tekno Oy, Kokkola	87.3				2,508
Tekmanni Pohjanmaa Oy, Seinäjoki	90.3				995
Tekmanni RusService Oy, Espoo	93.9				3
Tekmanni Service Oy, Espoo	93.9				500
Tekmanni Tampere Oy, Tampere	90.3				504
Tekmanni Uusimaa Oy, Hyvinkää	90.5				1,037
Tekmen SPB, Russia	84.5				192
Turun Rakennusputki Oy, Turku	90.3				1,130
				164,688	138,176
Affiliated undertakings					
Finavo Oy, Helsinki	47.5				476
Genvej A/S, Denmark	50.0				202
Martin Haraldstad AS, Norway	50.0				741
Nordasfalt AS, Norway	50.0				572
Ullensaker Asfalt ANS, Norway	50.0				542
					2,533
Other shares and holdings					
Property shares				793	2,586
Housing shares				372	907
Other shares and holdings				942	981
				2,108	4,474

Parent company income statement (FAS)

EUR 1,000	Note	1.1. - 31.12.2009	1.1. - 31.12.2008
NET SALES	1.1	**15,423**	7,999
Other operating income	1.2	**58**	1,990
Materials and services	1.3	**11**	35
Personnel expenses	1.4	**9,644**	8,011
Depreciation	1.5	**817**	865
Other operating expenses		**11,906**	8,978
OPERATING PROFIT/LOSS		**-6,898**	-7,899
Financial income and expenses	1.6	**46,207**	81,284
PROFIT BEFORE EXTRAORDINARY ITEMS		**39,309**	73,385
Extraordinary items	1.7	**-36,700**	15,000
RESULT BEFORE APPROPRIATIONS AND TAXES		**2,609**	88,385
Appropriations	1.8		-724
Direct taxes	1.9	**-121**	-425
RESULT FOR THE ACCOUNTING PERIOD		**2,488**	87,237

Parent company balance sheet (FAS)

EUR 1,000	Note	1.1. - 31.12.2009	1.1. - 31.12.2008
ASSETS			
NON-CURRENT ASSETS	2.1		
Intangible assets	2.1.1	**686**	799
Tangible assets	2.1.2	**13,349**	13,695
Holdings in group undertakings	2.1.3	**164,688**	164,725
Holdings in affiliated undertakings	2.1.3		293
Other investments	2.1.3	**2,108**	1,712
		180,830	181,224
CURRENT ASSETS	2.2		
Non-current receivables	2.2.1	**4,982**	4,779
Current receivables	2.2.2	**217,226**	213,332
Investments	2.2.3		81,000
Cash in hand and at banks		**12,186**	76,039
		234,395	375,149
		415,225	556,373
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	2.3		
Share capital		**34,043**	34,043
Share premium account		**5,675**	5,675
Retained earnings		**72,636**	718
Result for the accounting period		**2,488**	87,237
		114,841	127,673
LIABILITIES	2.4		
Deferred tax liability	2.4.1	**1,441**	1,441
Non-current liabilities	2.4.2	**230,420**	55,143
Current liabilities	2.4.3	**68,523**	372,117
		300,384	428,701
		415,225	556,373

Parent company cash flow statement (FAS)

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
Cash flow from business operations		
Result before extraordinary items	**39,309**	73,385
Extraordinary items	**-54,000**	
Adjustments		
Depreciation according to plan	**817**	865
Financial income and expenses	**-46,207**	-81,284
Other adjustments	**223**	-1,146
Cash flow before change in working capital	**-59,858**	-8,180
Change in working capital		
Increase(-)/decrease(+) in current interest-free business receivables	**174,958**	-1,178
Decrease in inventories		235
Increase in current interest-free liabilities	**201**	3
Cash flow from operations before financial items and taxes	**115,302**	-9,120
Interest and other financial expenses paid	**-23,628**	-21,001
Dividends received	**13,400**	87,104
Interest and other financial income received	**10,824**	17,853
Direct taxes paid	**-421**	-1,336
CASH FLOW FROM BUSINESS OPERATIONS	**115,477**	73,501
Cash flow from investments		
Investments in tangible and intangible assets	**-455**	-120
Proceeds from the sale of tangible and intangible assets	**139**	805
Investments in other assets	**-109**	
Proceeds from the sale of other investments		299
Purchases of subsidiary shares	**-14**	-5
Sales of subsidiary shares	**56**	
CASH FLOW FROM INVESTMENTS	**-383**	979
Cash flow from investments		
Increase in non-current receivables	**-204**	-1,039
Group contributions received	**15,000**	
Change in group receivables/liabilities	**-145,101**	-97,224
Drawings of short-term loans	**329,626**	1,670,390
Repayments of short-term loans	**-637,626**	-1,457,190
Drawings of long-term loans	**212,000**	
Repayments of long-term loans	**-18,323**	-12,710
Dividends paid	**-15,319**	-30,638
CASH FLOW FROM FINANCING	**-259,946**	71,589
INCREASE(+)/DECREASE(-) IN CASH FUNDS	**-144,852**	146,069
Cash funds at beginning of accounting period	**157,039**	11,022
Corporate restructuring		-52
CASH FUNDS AT END OF ACCOUNTING PERIOD	**12,186**	157,039

Accounting principles for the parent company´s financial statements 31.12.2009

Lemminkäinen Corporation's financial statements are prepared in accordance with Finnish accounting standards (FAS).

Foreign currency items

Receivables and liabilities denominated in foreign currencies are translated at the exchange rates ruling on the last day of the accounting period. Foreign currency receivables and liabilities hedged by forward rate agreements are valued at the forward rate, and the interest share is recognised over the duration of the agreements. Exchange rate differences related to sales and purchases are recorded as adjustments to the corresponding items. Exchange rate gains and losses related to financing are recorded as a financial income and expenses.

Valuation and depreciation of fixed assets

Fixed assets on the balance sheet are valued at cost less planned depreciation over their expected economic lifetimes. In addition, the values of some land, buildings and shareholdings include revaluations, against which no depreciation is charged. The depreciation periods are as follows:

- Buildings and structures 10–40 years
- Machinery and equipment 4–10 years
- Other fixed assets 5–10 years

Pension liability

Pension security for employees, inclusive of additional benefits, is covered by policies with a pension insurance company.

Research and development expenses

R&D expenditure is expensed in the year during which it is occurred.

Direct taxes

Taxes calculated on the basis of the result for the accounting period, adjustments to the taxes of earlier accounting periods, and the change in deferred tax liability and asset are recorded as direct taxes on the income statement.

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
1 INCOME STATEMENT		
1.1 NET SALES BY MARKET-AREA		
Finland	15,390	7,794
Nordic countries	16	20
Eastern Europe	17	68
Asia and America		117
	15,423	7,999
1.2 OTHER OPERATING INCOME		
Profit on the sale of fixed assets	54	509
Others	4	1,481
	58	1,990
1.3 MATERIALS AND SERVICES		
Raw materials, consumables and goods		
Purchases during the accounting period	11	14
External services		21
	11	35
1.4 NOTES CONCERNING PERSONNEL, MANAGEMENT AND BOARD MEMBERS		
Personnel expenses		
Salaries, wages and emoluments	7,157	5,948
Pension expenses	2,251	1,638
Other personnel-related expenses	237	424
	9,644	8,011
Management salaries and emoluments		
Board Members and Managing Directors	739	1,054
Average number of employees		
Salaried staff	114	106
Hourly paid employees		1
	114	107

Pension commitments concerning Board Members and Managing Director

The retirement age of the Managing Director of Lemminkäinen Corporation is 60 years.

EUR 1,000	1.1. - 31.12.2009	1.1. - 31.12.2008
1.5 DEPRECIATION		
Intangible rights	218	245
Other capitalised expenditure	18	17
Buildings	405	436
Machinery and equipment	113	104
Other tangible assets	62	63
	817	865
1.6 FINANCIAL INCOME AND EXPENSES		
Dividend income		
From group undertakings	56,667	87,104
Other interest and financial income		
From group undertakings	8,733	12,599
From others	1,886	4,610
	10,619	17,209
Interest expenses and other financial expenses		
To group undertakings	-763	-4,313
To others	-20,316	-18,716
	-21,079	-23,029
Net financial income/expenses	46,207	81,284
Exchange rate differences (net) included in financial income/expenses	-1,123	1,477
1.7 EXTRAORDINARY ITEMS		
Extraordinary incomes, group contributions	17,300	15,000
Extraordinary incomes, infringement fine	-54,000	
	-36,700	15,000
1.8 APPROPRIATIONS		
Difference between depreciation according to plan and depreciation charged against taxation		-724
1.9 DIRECT TAXES		
Income taxes on normal business operations	-77	-378
Income taxes in respect of previous years	-44	-46
	-121	-425

EUR 1,000	31.12.2009	31.12.2008
2 BALANCE SHEET		
2.1 NON-CURRENT ASSETS		
2.1.1 Intangible assets		
Intangible rights	333	520
Other capitalised expenditure	159	132
Advance payments	193	147
	686	799
2.1.2 Tangible assets		
Land and waters	6,278	6,301
Buildings	6,091	6,496
Machinery and equipment	438	327
Other intangible assets	516	571
Advance payments and work in progress	26	
	13,349	13,695
2.1.3 Investments		
Holdings in group undertakings	164,688	164,725
Holdings in affiliated undertakings		293
Other shares and holdings	2,108	1,712
	166,796	166,730
2.1.1 Intangible assets		
Intangible rights		
Acquisition cost 1.1.	1,832	1,789
Increases	32	249
Decreases	-3	-206
Acquisition cost 31.12.	1,861	1,832
Accumulated depreciation 31.12.	-1,527	-1,313
Book value 31.12.	333	520
Other capitalised expenditure		
Acquisition cost 1.1.	214	306
Increases	45	
Decreases		-92
Acquisition cost 31.12.	259	214
Accumulated depreciation 31.12.	-100	-82
Book value 31.12.	159	132
Advance payments		
Acquisition cost 1.1.	147	308
Increases	46	7
Decreases		-167
Acquisition cost 31.12.	193	147

EUR 1,000	31.12.2009	31.12.2008
2.1.2 Tangible assets		
Land and waters		
Acquisition cost 1.1.	3,214	6,516
Decreases	-23	-3,302
Acquisition cost 31.12.	3,191	3,214
Revaluations	3,087	3,087
Book value 31.12.	6,278	6,301
Buildings		
Acquisition cost 1.1.	14,969	15,965
Increases		22
Decreases	-69	-1,017
Acquisition cost 31.12.	14,900	14,969
Accumulated depreciation 31.12.	-11,188	-10,851
Revaluations	2,378	2,378
Book value 31.12.	6,091	6,496
Machinery and equipment		
Acquisition cost 1.1.	1,456	84,589
Increases	299	6
Decreases	-296	-83,139
Acquisition cost 31.12.	1,458	1,456
Accumulated depreciation 31.12.	-1,020	-1,129
Book value 31.12.	438	327
Other tangible assets		
Acquisition cost 1.1.	1,351	18,143
Increases	7	
Decreases		-16,792
Acquisition cost 31.12.	1,359	1,351
Accumulated depreciation 31.12.	-843	-780
Book value 31.12.	516	571
Advance payments and construction in progress		
Acquisition cost 1.1.		951
Increases	26	
Decreases		-951
Acquisition cost 31.12.	26	
2.1.3 Investments		
Holdings in group undertakings		
Acquisition cost 1.1.	164,725	176,081
Increases	14	30,193
Decreases	-51	-41,549
Acquisition cost 31.12.	164,688	164,725
Holdings in affiliated undertakings		
Acquisition cost 1.1.	293	293
Decreases	-293	
Acquisition cost 31.12.		293

EUR 1,000	31.12.2009	31.12.2008
Other shares		
Acquisition cost 1.1.	1,635	1,719
Increases	396	4
Decreases		-87
Acquisition cost 31.12.	2,031	1,635
Revaluations	76	76
Book value 31.12.	2,108	1,712
2.1.4 Revaluations		
Land		
Value 1.1.	3,087	3,087
Value 31.12.	3,087	3,087
Buildings		
Value 1.1.	2,378	2,378
Value 31.12.	2,378	2,378
Shares		
Value 1.1.	76	122
Decreases		-46
Value 31.12.	76	76
2.2 CURRENT ASSETS		
2.2.1 Non-current receivables		
Loan receivables	4,982	4,779
2.2.2 Current receivables		
Amounts owed by parties outside the group		
Accounts receivable	27	125
Loan receivables		10
Other receivables	45	44
Prepayments and accrued income	3,455	618
	3,527	797
Amounts owed by group undertakings		
Accounts receivable	4,077	3,354
Other receivables	209,622	208,970
Prepayments and accrued income		211
	213,699	212,535
Current receivables, total	217,226	213,332
Items included in prepayments and accrued income		
Interest receivables	331	617
Taxes		1
Wage- and salary-related expenses	22	
Financial expenses	3,100	
Others	1	
	3,455	618

EUR 1,000	31.12.2009	31.12.2008
2.2.3 Investments		
Other securities		89,000
2.3 SHAREHOLDERS' EQUITY		
Share capital 1.1.	34,043	34,043
Share capital 31.12.	34,043	34,043
Share premium account 1.1.	5,675	5,675
Share premium account 31.12.	5,675	5,675
Retained earnings 1.1.	87,955	31,378
Distribution of dividend	-15,319	-30,626
Transfer from revaluation reserve		-34
Retained earnings 31.12.	72,636	718
Result for the accounting period	2,488	87,237
Shareholders' equity, total	114,841	127,673
Distributable funds 31.12.	75,124	87,955
2.4 LIABILITIES		
2.4.1 Deferred tax liability		
Revaluations	1,441	1,441
2.4.2 Non-current liabilities		
Loans from credit institutions	160,020	55,143
Pension loans	70,400	
	230,420	55,143
Liabilities due after five years or later		
Loans from credit institutions		5,751
2.4.3 Current liabilities		
Loans from credit institutions	20,123	70,123
Pension loans	18,400	
Accounts payable	736	461
Accounts payable to group undertakings	111	314
Other liabilities to group undertakings	26,510	37,856
Other liabilities	186	258,108
Accruals and deferred income	2,457	5,256
	68,523	372,117
Items included in accruals and deferred income		
Interests	923	3,211
Income tax	77	378
Wage- and salary-related expenses	1,335	1,667
Others	121	
	2,457	5,256

EUR 1,000	31.12.2009	31.12.2008
2.5 CONTINGENT LIABILITIES		
Liabilities as well as mortgages and bonds pledged as security for them		
Loans from financial institutions	175,143	2,523
Pension loans	88,800	
	263,943	2,523
Property mortgages	80,000	
Business mortgages	375,228	23,546
	455,228	23,546
Other mortgages and securities for own commitments		
Business mortgages		1,682
Mortgages for commitments of group undertakings		
Business mortgages		9,000
Pledges made on behalf of others		
Bonds pledged as security	90	90
Mortgages and securities, total		
Property mortgages	80,000	
Business mortgages	375,228	34,228
Bonds pledged as security	90	90
	455,318	34,318
Guarantees given		
On behalf of group undertakings	235,827	341,070
On behalf of others	13,147	9,161
	248,974	350,231
Leasing liabilities		
Payable next year	4,271	2,612
Payable in subsequent years	27,366	25,597
	31,638	28,209
Derivative contracts		
Forward foreign exchange contracts		
Nominal value	15,190	54,144
Current value	-295	-1,688
Interest rate options, calls purchased		
Nominal value		1,420
Current value		
Interest rate options, puts written		
Nominal value		1,420
Current value		-27
Interest rate swap contracts		
Nominal value	51,443	62,866
Current value	-2,815	-2,258

Economic trends and financial indicators (IFRS)

EUR mill.	2009	2008	2007	2006	2005
Net sales	**1,964.4**	2,481.8	2,174.1	1,795.9	1,601.7
Exports and operations abroad	**527.1**	676.7	581.6	530.3	499.6
% net sales	**26.8**	27.3	26.8	29.5	31.2
Operating profit	**23.3**	123.2	127.2	109.2	73.6
% net sales	**1.2**	5.0	5.8	6.1	4.6
Result before taxes	**-10.0**	91.0	111.2	94.2	65.9
% net sales	**-0.5**	3.7	5.1	5.2	4.1
Result for the accounting period [1]	**-26.1**	55.9	72.9	65.8	43.7
% net sales	**-1.3**	2.3	3.4	3.7	2.7
Non-current assets	**298.7**	288.7	272.1	255.9	245.9
Inventories	**355.4**	398.2	330.9	281.9	223.7
Financial assets	**379.5**	726.4	465.9	401.4	305.8
Shareholders' equity	**275.4**	314.0	295.5	248.0	200.9
Minority interests	**23.7**	27.8	23.7	19.7	14.6
Interest-bearing liabilities	**399.1**	586.5	357.0	343.6	264.0
Interest-free liabilities	**335.5**	485.0	392.8	327.8	295.9
Balance sheet total	**1,033.7**	1,413.3	1,069.0	939.2	775.4
Return on equity, %	**-7.4**	19.2	27.5	30.2	24.5
Return on investment, %	**5.4**	17.7	20.7	20.6	16.5
Equity ratio, %	**31.4**	26.2	32.7	31.2	31.0
Gearing, %	**108.6**	98.4	87.2	105.7	102.9
Interest-bearing net liabilities	**324.7**	336.4	278.5	283.0	221.6
Gross investments	**41.5**	60.2	61.4	48.7	37.4
% net sales	**2.1**	2.4	2.8	2.7	2.3
Order book 31.12.	**958.4**	1,064.5	1,414.1	1,326.7	1,011.3
Average number of employees	**8,626**	9,776	9,201	8,418	7,912

[1] Result attributable to the parent company's shareholders.

Formulae for the financial indicators

RETURN ON INVESTMENT, %

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

RETURN ON EQUITY, %

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

EQUITY RATIO, %

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

GEARING, %

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

INTEREST-BEARING NET DEBT

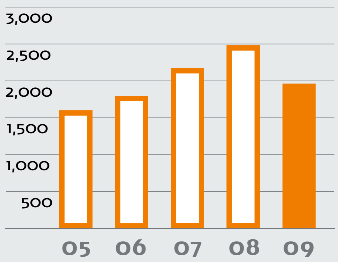
Interest-bearing liabilities – cash funds

EMPLOYEES

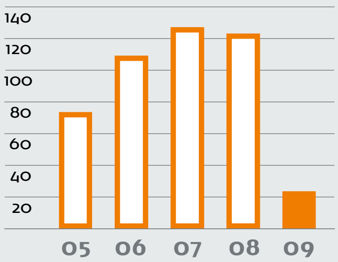
$$\frac{\text{Sum of monthly employee totals}}{\text{Number of months in the accounting period}}$$

Economic trends and financial indicators (IFRS)

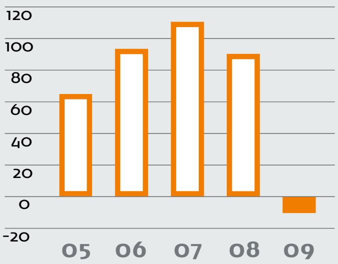
Net sales
EUR million



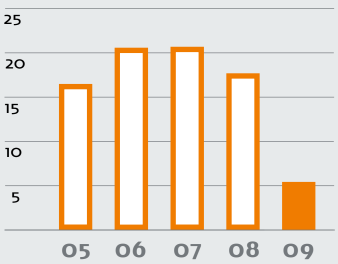
Operating profit
EUR million



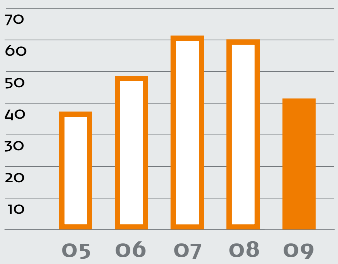
Profit before taxes
EUR million



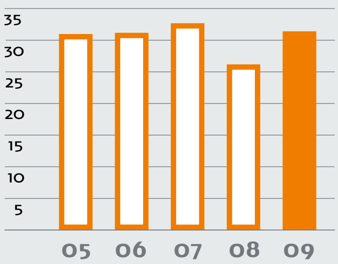
Return on investment
%



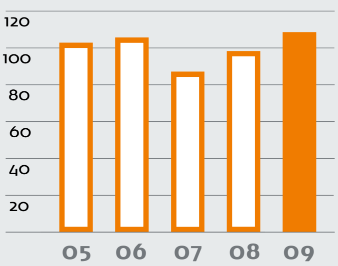
Gross investments
EUR million



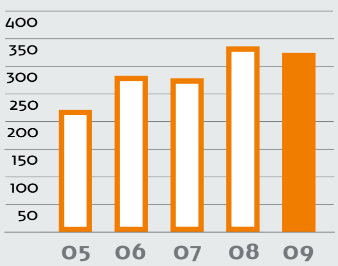
Equity ratio
%



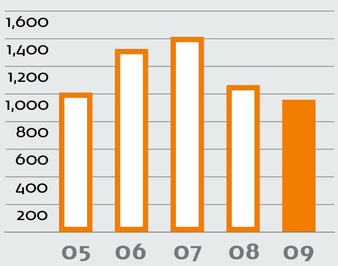
Gearing
%



Interest-bearing net liabilities
EUR million



Order book
EUR million



Share-related financial indicators (IFRS)

	2009	2008	2007	2006	2005
Earnings per share (EPS), EUR	**-1.53**	3.28	4.29	3.87	2.57
Equity per share, EUR	**16.18**	18.45	17.36	14.57	11.80
Dividend per share, EUR	**0.00**[1]	0.90	1.80	1.50	1.00
Dividend to earnings ratio, %	**0.0**	27.4	42.0	38.8	38.9
Effective dividend yield. %	**0.0**	6.9	5.7	4.2	3.3
Price/earnings ratio (P/E)	**-15.8**	4.0	7.4	9.3	11.9
Share price, EUR					
mean	**21.38**	27.40	44.88	34.00	21.74
lowest	**13.30**	12.53	31.03	28.38	15.75
highest	**30.30**	37.55	55.61	39.34	30.61
at end of accounting period	**24.20**	13.05	31.50	36.10	30.50
Market capitalisation, EUR mill.	**411.9**	222.1	536.2	614.5	519.1
Shares traded, 1,000	**1,918**	3,185	5,204	4,114	4,610
% of total	**11.3**	18.7	30.6	24.2	27.1
Issue-adjusted number of shares					
average for the period, 1,000	**17,021**	17,021	17,021	17,021	17,021
at end of period, 1,000	**17,021**	17,021	17,021	17,021	17,021

[1] Board of Directors' proposal to the AGM

Formulae for the financial indicators

EARNINGS PER SHARE

$$\frac{\text{Result for the accounting period - non-controlling interest}}{\text{Issue-adjusted number of shares at the end of the period}}$$

EQUITY PER SHARE

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

DIVIDEND PER SHARE

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

DIVIDEND TO EARNINGS RATIO, %

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

EFFECTIVE DIVIDEND YIELD, %

$$\frac{\text{Dividend per share}}{\text{Issue-adjusted share price at the end of the period}} \times 100$$

P/E RATIO

$$\frac{\text{Issue-adjusted share price at the end of the period}}{\text{Earnings per share}}$$

ISSUE-ADJUSTED MEAN SHARE PRICE

$$\frac{\text{Trading value of total share turnover}}{\text{Issue adjusted number of shares traded during the period}}$$

MARKET CAPITALISATION

Number of shares x final share quotation

Board of Directors' proposal for the distribution of profits

The distributable shareholders' equity shown on the consolidated balance sheet as of 31 December 2009 amounts to EUR 217,772,976.72. The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, amounts to EUR 75,123,976.38 consisting of EUR 72,636,193.59 in retained earnings from previous years and EUR 2,487,782.79 in profit for the accounting period.

The Board of Directors of Lemminkäinen Corporation proposes to the Annual General Meeting that the Company would not pay any dividend for the accounting period ending 31 December 2009, in which case retained earnings would amount to EUR 75,123,976.38.

Helsinki, 12 February 2010

Berndt Brunow	Juhani Mäkinen	Mikael Mäkinen
Kristina Pentti-von Walzel	Heikki Räty	Teppo Taberman

Timo Kohtamäki
President & CEO

Auditor´s report

To the Annual General Meeting of Lemminkäinen Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Lemminkäinen Corporation for the year ended on 31 December, 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Helsinki, 2 March 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

Shares and shareholders

LEMMINKÄINEN'S SHARE AND SHARE CAPITAL

Lemminkäinen Corporation's share (LEM1S) is quoted on the Mid Cap list of NASDAQ OMX Helsinki Ltd under industrial products and services. The Company has one share class. Each share carries one vote at a general meeting of shareholders, and confers an equal right to dividend. The number of issued shares is 17,021,250. The Company's share capital is EUR 34,042,500.

SHARE PRICE AND TURNOVER

The price of Lemminkäinen's share on the last trading day of 2009 was EUR 24.20 (2008: 13.05). The share price increased 85% during the year. The highest quoted price was EUR 30.30 (in September) and the lowest EUR 13.30 (in January). The average price in 2009 was EUR 21.38 (2008: 27.40). The year-end market capitalisation was EUR 411.9 million (222.1).

Share turnover in 2009 on NASDAQ OMX Helsinki Ltd was 1,918,039 shares (2008: 3,185,174) and the turnover value was EUR 41.0 million. Lemminkäinen has a liquidity providing (LP) agreement with Nordea Bank Finland Plc. According to the agreement Nordea Bank Finland Plc must quote both bid and offer prices for Lemminkäinen Corporation's share so that the prices do not deviate from each other by more than 4 per cent, calculated on the bid price. The bid and offer prices quoted by the liquidity provider must be for at least 200 shares. Nordea Bank Finland Plc is obliged to quote bid and offer prices for Lemminkäinen Corporation's share on the Main List in NASDAQ OMX Helsinki's trading system every day for at least 85% of the continuous trading period and also in the daily opening and closing procedures applicable to the security.

AGREEMENTS BETWEEN SHAREHOLDERS AND AUTHORISATIONS

The Company is not aware of any agreements between shareholders that would have a significant bearing on voting behaviour at general meetings of shareholders.

The Extraordinary General Meeting of Lemminkäinen Corporation, held on 12 November 2009, decided in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to resolve on a share issue and/or an issue of special rights entitling their holders to shares as referred to in Chapter 10, Section 1 of the Finnish Companies Act. The number of shares to be issued, including the shares to be received on the basis of special rights, shall not exceed 4,200,000 shares. The proposed maximum amount of the authorisation corresponds to approximately 25% of all the current shares of the Company. The Board of Directors may decide to issue either new shares or own shares that may be held by the Company (treasury shares).

In addition, the Extraordinary General Meeting decided to authorise the Board of Directors to decide on the acquisition of treasury shares, in one or more instalments, using the unrestricted shareholders' equity of the Company. The authorisation is proposed to cover a maximum of 1,700,000 treasury shares, subject to the regulations of the Finnish Companies Act concerning the maximum amount of own shares that may be held by a company. The proposed maximum amount of the authorisation corresponds to approximately 10% of all the current shares of the Company.

The Board of Directors does not have any current authorisations with regard to the convertible promissory notes or bonds with equity warrants.

SHAREHOLDERS

At the end of 2009 Lemminkäinen had 5,017 shareholders (2008: 4,511). The biggest single shareholder group was households, which owned 78% of the Company's shares. International investors held 10% of Lemminkäinen's shares.

FLAGGING DISCLOSURES

Lemminkäinen did not receive any flagging disclosures in accordance with the provisions of Chapter 2, Section 9 of the Finnish Securities Markets Act.

MANAGEMENT SHAREHOLDINGS

As of 31 December 2009, the members of the Board of Directors and the Managing Director held a total of 649,857 shares, representing 3.8% of the Company's shares and their conferred voting rights.

SHARE-BASED INCENTIVE PLAN

The Board of Directors of Lemminkäinen Corporation has approved a new share-based incentive plan for the group key personnel. The plan comes into force from the beginning of 2010. (Stock Exchange Bulletin 10.12.2009)

DIVIDEND PAYOUT

The Board of Directors of Lemminkäinen Corporation will propose to the Annual General Meeting that no dividend be paid for the 2009 accounting period.

Owner groups, 31.12.2009

Owner groups	Number of shareholders	% of shareholders	Number of shares	% of total stock
Corporations	350	6.98	449,542	2.64
Financial and insurance corporations	16	0.32	393,671	2.31
Public institutions	6	0.12	806,165	4.74
Non-profit institutions	73	1.46	478,288	2.81
Households	4,542	90.53	13,243,535	77.81
Foreign and nominee registered	30	0.60	1,639,314	9.63
In joint accounts	-	-	10,735	0.06
Total	5,017	100.00	17,021,250	100.00

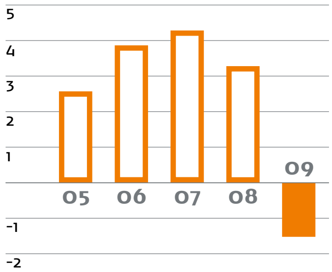
Share ownership distribution, 31.12.2009

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of total stock
1-100	2,066	41.18	116,574	0.68
101-1,000	2,510	50.03	923,944	5.43
1,001-10,000	390	7.77	1,094,072	6.43
10,001-100,000	36	0.72	822,963	4.83
100,001-1,000,000	12	0.24	4,798,077	28.19
1,000,001-	3	0.06	9,254,885	54.37
In joint accounts			10,735	0.06
Total	5,017	100.00	17,021,250	100.00

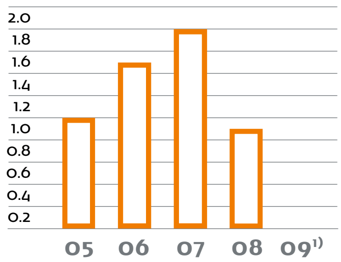
Major shareholders, 31.12.2009

Name of shareholder	Number of shares	% of total stock
Estate of Erkki Pentti	3,673,956	21.58
Pentti Olavi	3,673,953	21.58
Estate of Heikki Pentti	1,906,976	11.20
Pentti-Kortman Eva Katarina	635,660	3.73
Pentti-Von Walzel Anna Eva Kristina	635,660	3.73
Pentti Timo Kaarle Kristian	635,660	3.73
Varma Mutual Pension Insurance Company	508,000	2.98
Odin Finland	205,141	1.21
Maa- ja Vesitekniikan Tuki r.y.	200,000	1.18
Swedbank	170,000	1.00
Etera Mutual Pension Insurance Company	164,600	0.97
Aktia Capital Mutual Fund	145,384	0.85
Ilmarinen Mutual Pension Insurance Company	120,000	0.71
Laakkonen Mikko	97,350	0.57
Aktia Secura Mutual Fund	71,600	0.42
15 largest in total	12,843,940	75.46
Nominee registered	1,639,314	9.63
Other shareholders	2,537,996	14.91
Total	17,021,250	100.00

Earnings per share
EUR

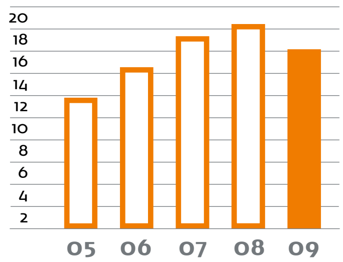


Dividend per share
EUR

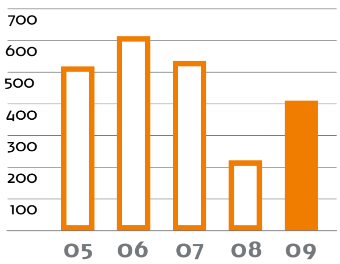


1) EUR 0,00, Board of Director's proposal to the Annual General Meeting

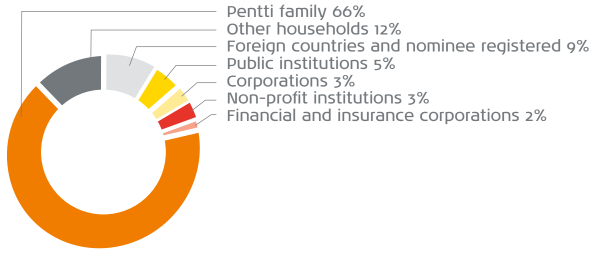
Equity per share
EUR



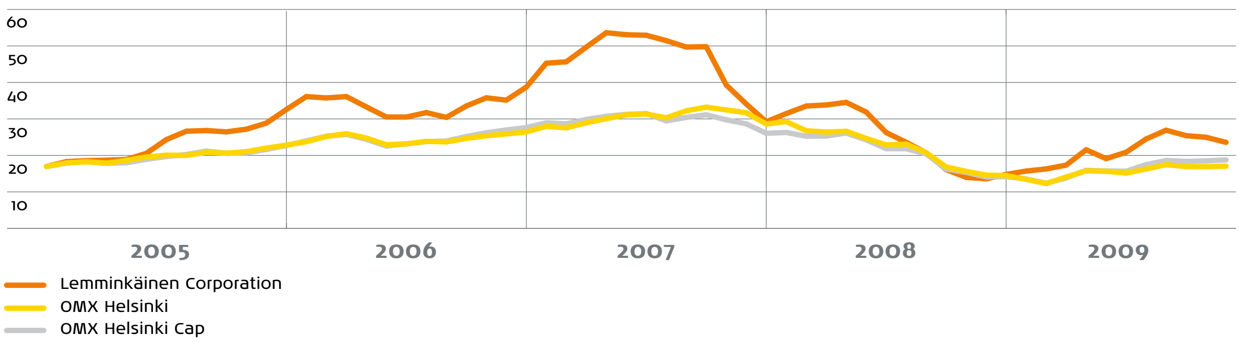
Market capitalisation
EUR million



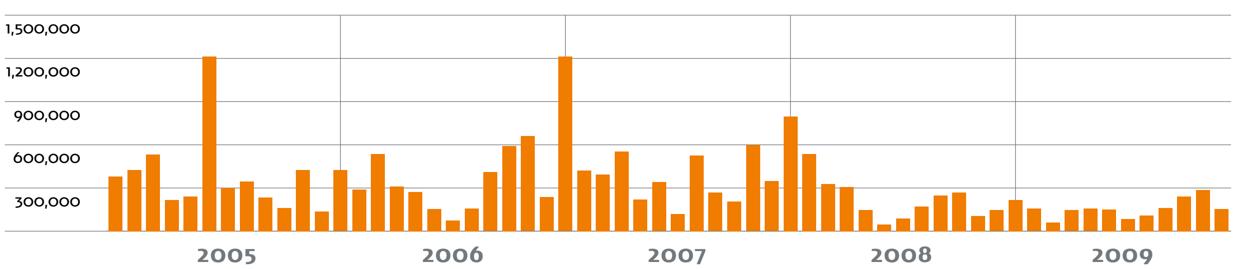
Ownership structure
31 December 2009



Share price development
EUR



Share turnover
shares per month



Main stock exchange bulletins and press releases from year 2009

January	
5.1.2009	Real estate deals worth EUR 200 million for Lemminkäinen
7.1.2009	Tiina Kihlakaski appointed HR Director of Lemminkäinen Corporation with effect from 7 Jan 2009
7.1.2009	Executive Board of Lemminkäinen Group with effect from January 2009
February	
12.2.2009	Lemminkäinen's Financial Statements Bulletin 2008: Net sales up, profit before taxes down on the previous year
March	
9.3.2009	Robert Öhman appointed CFO of Lemminkäinen Corporation with effect from 9 May 2009
17.3.2009	Decisions of Lemminkäinen Corporation's Annual General Meeting
17.3.2009	Lemminkäinen's board of directors convenes an organising meeting
May	
5.5.2009	IFRS 8 operating segments - segment information for 2008 compliant with the standard
7.5.2009	Lemminkäinen's Interim Financial Review 1.1.-31.3.2009: First-quarter loss is customary
June	
17.6.2009	Lemminkäinen makes new financing arrangements
July	
29.7.2009	Major life cycle project for Lemminkäinen in Kuopio
August	
5.8.2009	Marcus Karsten appointed head of Lemminkäinen Group's technical building services business sector with effect from 1 Jan 2010
6.8.2009	Lemminkäinen's Interim Financial Review 1.1.-30.6.2009: Profitability trend in the second quarter met expectations
September	
29.9.2009	Decision of the SAC on infringement of competition laws by asphalt companies: Lemminkäinen to pay a fine of EUR 68 million. As consequence, the company's financial result for 2009 will be clearly negative
November	
5.11.2009	Lemminkäinen's Interim Financial Review 1.1.-30.9.2008: The business result for the third quarter was good, especially in Infrastructure Construction
5.11.2009	Lemminkäinen renewed its strategy and defines its dividend distribution policy
12.11.2009	Resolutions by the Extraordinary General Meeting of Lemminkäinen
December	
1.12.2009	Lemminkäinen agreed on the future terms of its financial arrangements made in the summer of 2009
10.12.2009	Management change at Lemminkäinen Building Construction; Jukka Terhonen appointed head of business sector with effect from 10 Dec 2009
10.12.2009	Lemminkäinen resolved on an incentive plan for key personnel
15.12.2009	Lemminkäinen to start construction work for Kuopio life cycle project

The bulletins in their entirity: www.lemminkainen.com/Investors/Releases_and_publications

Information for investors

BASIC INFORMATION ON LEMMINKÄINEN CORPORATION'S SHARE

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

FINANCIAL REPORTING 2010

2009 Financial Statements Bulletin	12 February 2010	9:00 a.m.
Annual Report 2009	Week 12	
Interim Financial Review, 1 January - 31 March	6 May 2010	9:00 a.m.
Interim Financial Review, 1 January - 30 June	5 August 2010	9:00 a.m.
Interim Financial Review, 1 January - 30 September	4 November 2010	9:00 a.m.

PUBLICATION ORDERS

The Annual Report, Financial Statements Bulletin and Interim Financial Reviews will be published in Finnish and English. They can be viewed on the Company's website at www.lemminkainen.com, where releases can also be subscribed for delivery to your email address.

The printed Annual Report can also be ordered on the Company's website: www.lemminkainen.com/media/order_publications or by emailing konserniviestinta@lemminkainen.fi.

CHANGES OF ADDRESS

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

INVESTOR RELATIONS

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

Contact information:

Lemminkäinen Corporation
Investor Relations
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investor@lemminkainen.fi

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Merja Paulamäki
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merja.paulamaki@lemminkainen.fi

SILENT PERIOD

The silent period begins three weeks prior to the publication of annual or interim financial results. During this time Lemminkäinen refrains from contact with representatives of the capital markets.

ANALYSTS

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

Carnegie Securities
Danske Bank
Evli Pankki
FIM Pankki
Icecapital Securities
Nordea Markets
Pohjola Pankki Oyj
SEB Enskilda
Sofia Pankki Oyj

Information for shareholders

ANNUAL GENERAL MEETING

The shareholders of Lemminkäinen Corporation are summoned to attend the Company's Annual General Meeting, which will be held on Friday, 16 April 2010 at 10.00 a.m. at High Tech Center, HTC Helsinki Auditorium, Tammasaarenkatu 1-5, Helsinki, Finland.

Each shareholder, who on 6 April 2010 is registered in the shareholders' register of the company held by Euroclear Finland Ltd., has the right to participate in the General Meeting. A shareholder, whose shares are registered on his/her personal Finnish book-entry account, is registered in the shareholders' register of the company.

Registration

A shareholder who wants to participate in the General Meeting shall register for the meeting not later than 4.00 p.m. on Tuesday, 13 April 2010 by giving a prior notice of participation. Such notice can be given

- by email to pirjo.favorin@lemminkainen.fi
- by phone +358 2071 53378
- by fax +358 2071 53510, or
- by mail to Lemminkäinen Corporation, Pirjo Favorin, P.O. Box 169, 00181 Helsinki.

In connection with the registration, a shareholder shall give his/her name, personal identification number, address, telephone number, as well as the name and personal identification number of any assistant. The personal data given to the company is used only in connection with the General Meeting and with the processing of related registrations.

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

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

PAYMENT OF DIVIDEND

The Board of Directors of Lemminkäinen Corporation will propose to the Annual General Meeting that no dividend be paid for the 2009 accounting period.

Most significant completed projects

OPERATIONS IN FINLAND

The Elovainio shopping centre in Ylöjärvi was completed in April. The third largest shopping centre in the Tampere region, Elovainio is home to more than 60 shops and service sector companies. The shopping centre was sold to the real estate investment company Sponda Oyj for EUR 62 million in 2007.

Lemminkäinen's major building construction project in the Salmisaari district of Helsinki was completed. The office complex was developed Varma Mutual Pension Insurance Company and has a gross floor area of 66,000 m². In August, Lemminkäinen relocated its head office to the last phase of the completed project, which comprises about 10 000 m² of office space. One of the largest building construction projects undertaken in Finland in recent years, the contract was worth approx. EUR 100 million.

Posten Logistik SCM Oy's 25 000 m² logistics centre at the port of Turku and a 16 000 m² logistics centre on the Moreeni industrial estate in Hämeenlinna were completed.

The construction works on WinWind Oy's wind power plant were completed in Hamina. The contract was worth approx. EUR 17 million.

The repair and modernisation of the largest student hall of residence in the Nordic countries, the Tampere Student Housing Foundation's Mikontalo building in the Hervanta district of Tampere, was completed. The modernisation and repair work on the 648-unit apartment building took two years to complete. The contract was worth EUR 10 million.

Business Center Pasilan Visio was completed in the Länsi-Pasila district of Helsinki at the beginning of the year. The property consists of two connected office buildings with a combined floor area of 32 000 m². The client was Fennia Mutual Pension Insurance Company.

Paulig's new Coffee roastery in the Vuosaari district of Helsinki was completed in the summer. Construction work on the 35 000 m² roastery's production, office and storage facilities began in summer 2007.

The Viuhka office building, which was designed to blend in with the heritage architecture of the old Tilkka military hospital, was completed in the summer. The value of the construction works was approx. EUR 18 million.

The excavation contract for City-Center, Ilmala's connecting tunnel and the interior finishing contract for P-Fleminginkatu 36's underground parking facility were completed in Helsinki.

Basic repair work on the Jyväskylä-Jämsänkoski railway track was also completed.

The E18 Muurla-Lohja motorway was fully opened to traffic at the end of January. The project, which began in autumn 2005, was carried out with consortium partner Skanska.

Lemminkäinen's new asphalt plant, which is the biggest in Finland and one of the biggest in Europe, started up at Sammonmäki in Tuusula in August.

OPERATIONS ABROAD

The delivery contract for a wood-cement fibreboard plant to Inner Mongolia in China was completed in June.

Sandvik's 40 000 m² assembly plant in Shanghai was completed in the summer. Lemminkäinen was responsible for the project's planning and for project management.

The project management contract for Nokia Siemens Networks' 34 000 m² production plant in Chennai, India was completed towards the end of last year.

A 225-unit apartment building on Vitebski Prospekt in St. Petersburg was completed The construction contract was worth approx. EUR 20 million.

A new mixing plant, office buildings and a storage facility were completed at Nokian Tyres' plant in St. Petersburg. The combined value of these contracts was approx. EUR 29 million. Since 2004, Lemminkäinen has constructed buildings and facilities with a total floor area of over 100 000 m² for Nokian Tyres.

Lemminkäinen has been constructing tunnels in Sweden since 1994 and the work goes on. The 230-metre-long Utansjö tunnel, the first to be built on the new Ådalsbana line between Härnösand and Veda, was completed.

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