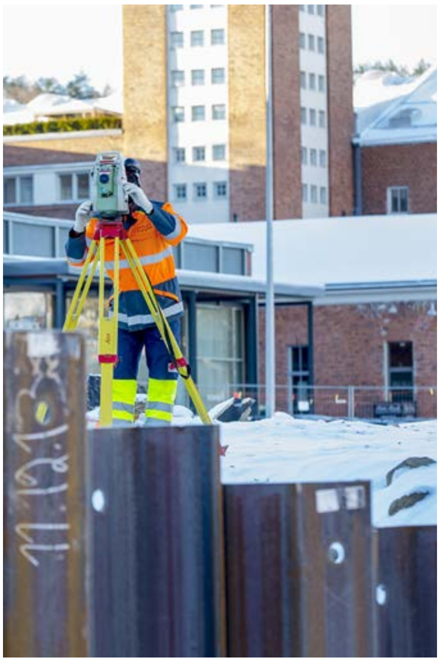
INTERIM REPORT

1 Jan–30 Sep 2014

Turnaround is proceeding as planned

Lemminkäinen



Lemminkäinen Interim Report 1 Jan–30 Sep 2014: Turnaround is proceeding as planned

January – September 2014 (1-9/2013)

- Net sales totalled EUR 1,436.2 million (1,440.1). Adjusted for currency effects, net sales increased by 3 %.
- At the end of the period, the order book stood at EUR 1,910.9 million (1,880.1).
- Operating profit was EUR 36.2 million (13.7), or 2.5% (1.0) of net sales.
- Earnings per share were EUR 0.81 (-0.61).
- Cash flow from operations totalled EUR -46.9 million (30.2).
- Interest-bearing net debt at the end of the period was EUR 233.5 million (304.4)
- The equity ratio stood at 33.0% (29.2) and gearing at 53.7% (74.3).

July–September 2014 (7–9/2013)

- Net sales totalled EUR 646.4 million (704.1). Adjusted for currency effects, net sales decreased by 6 %.
- Order inflow in the quarter was EUR 389.4 million (538.3)
- Operating profit was EUR 38.7 million (62.5), or 6.0% (8.9) of net sales.
- Earnings per share were EUR 0.62 (2.02).
- Cash flow from operations totalled EUR 80.0 million (108.5).

Key figures, IFRS		7–9/2014	7–9/2013	Change	1–9/2014	1–9/2013	Change	1–12/2013
Net sales	M€	646.4	704.1	-57.7	1,436.2	1,440.1	-3.9	2,020.1
Operating profit, excluding non-rec. items	M€	38.7	62.5	-23.8	36.2	13.7	22.5	-3.9
% net sales	*%*	*6.0*	*8.9*		*2.5*	*1.0*		*-0.2*
Operating profit	M€	38.7	62.5	-23.8	36.2	13.7	22.5	-89.3[1)]
Pre-tax profit	M€	23.2	54.7	-31.5	6.1	-5.8	11.9	-116.1[1)]
Profit from continuing operations	M€	16.1	41.8	-25.7	1.2	-5.6	6.8	-96.2[1)]
Profit from discontinued operations	M€	0.1	-0.6	0.7	23.3	-2.1	25.4	2.7
Profit for the period	M€	16.2	41.2	-25.0	24.4	-7.7	32.1	-93.5[1)]
Earnings per share, continuing operations	€	0.62	2.05	-1.43	-0.26	-0.50	0.24	-5.19
Earnings per share, discontinued operations	€	0.00	-0.03	0.03	1.07	-0.11	1.18	0.14
Earnings per share for the period	€	0.62	2.02	-1.40	0.81	-0.61	1.42	-5.06[2)]
Cash flow from operations	M€	80.0	108.5		-46.9[3)]	30.2		8.3

1) Includes non-recurring items: The District Court's decision on damages related to the asphalt cartel, EUR 65.6 million, and write-downs mainly related to commercial properties, EUR 19.8 million
2) Includes non-recurring items: The District Court's decision on damages related to the asphalt cartel, EUR -3.35 per share, and write-downs mainly related to commercial properties, EUR -1.01 per share
3) Includes the payment of EUR 60 million in damages related to asphalt cartel paid on January 2014.

Key figures, IFRS		30 September 2014	30 September 2013	Change	31 December 2013
Order book, continuing operations	M€	1,910.9	1,880.1	30.8	1,733.2
Balance sheet total	M€	1,543.7	1,632.0	-88.3	1,342.7
Interest-bearing net debt	M€	233.5	304.4	-70.9	326.5
Equity ratio	%	33.0	29.2		27.3
Gearing	%	53.7	74.3		100.8
Return on investment, rolling 12 months[1)]	%	-2.3	5.8		-9.4

1) Includes discontinued operations.

Profit guidance for 2014

Lemminkäinen estimates that its 2014 net sales will be slightly lower than in 2013, but its operating profit will improve clearly on 2013 (excluding non-recurring items). In 2013, net sales were EUR 2,020.1 million and operating profit excluding non-recurring items was EUR -3.9 million.

Casimir Lindholm, President and CEO:

“Lemminkäinen’s turnaround is proceeding as planned. Our financial condition is already better than it was at the start of the year, thus creating a solid foundation for further development. In September, we conducted a successful EUR 30 million rights offering, for which I would like to thank all of our shareholders. Our interest-bearing net debt is clearly lower than at the end of last year, and the bond issued in the spring extended our debt maturity. To strengthen the balance sheet, we will continue the divestment of non-strategic assets and operations. By improving our operating efficiency, we have managed to release approximately EUR 30 million of working capital during the summer and autumn,” says Casimir Lindholm, Lemminkäinen’s President and CEO.

“In Norway, we have got our operations back on the profitability track. The operating model has been changed, and particular attention has been paid to the tendering practices and wintertime planning, for instance. The efficiency measures in Russia have also had the desired effect. In addition, the demand for apartments in our two projects in the St Petersburg city centre has continued at a good level, which does not necessarily describe the Russian market situation as a whole. Thanks to the efficiency measures taken, the Group cost structure at the end of the year will be about EUR 10 million less than at the beginning of the year. Our estimate is that next year our cost structure will be EUR 30 million lighter - as planned in the Deliver 2014 programme.”

“In Finland, the market continues to be weak, especially in building construction. The demand for housing has slowed down, and, at the current sales pace, the number of unsold apartments will increase quickly. We are actively seeking alternatives to direct consumer sales, and we are also boosting the sales of completed apartments. At the same time, our order book includes several long-term projects, such as the infrastructure construction projects of the Rantaväylä tunnel in Tampere and the West Metro stations. In building construction, similar projects include the renovation of the Parliament Building and the Sibelius Academy as well as the school campus of timber to be built in Pudasjärvi, in northern Finland, with the PPP model.”

“In accordance with our strategy, we are running several improvement initiatives that aim to increase operational efficiency and project management as well as to release capital. We expect to see results already during the first half of next year. I believe that together with our competent personnel we will turn Lemminkäinen into a more competitive and profitable company,” Lindholm says.

Market outlook

In Finland, the outlook for new construction is still weak. The demand for renovation is somewhat higher; however, the industry is very fragmented and the size of projects varies. The weak economic situation of the public sector, particularly municipalities, will most likely lower the demand for paving and road maintenance. On the other hand, the market situation in infrastructure construction will be supported by current and future projects. In Scandinavia, the demand for infrastructure construction will be increased by multi-year national investment programmes as well as needs for renewing energy production. The growth outlook of the Russian economy remains uncertain, and forecasting the operating environment is difficult. The declining exchange rate of the rouble and the possible increase in mortgage interest rates could reduce the demand for housing in the near future.

Briefing

A Finnish-language briefing for analysts and the media will be held at 10:00 a.m. on Wednesday, 29 October at Lemminkäinen's head office. The street address is Salmisaarenaukio 2, Helsinki, Finland. Lemminkäinen's President and CEO Casimir Lindholm will present the Interim Report. Presentation materials can be found in Finnish and English at the company's website, www.lemminkainen.com.

Financial Reports for 2015

5 February 2015	Financial Statements Bulletin 2014
29 April 2015	Interim Report, 1 Jan–31 March 2015
29 July 2015	Interim Report, 1 Jan–30 Jun 2015
30 October 2015	Interim Report, 1 Jan–30 Sept 2015

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Operating environment

January–September 2014

Finland

The economic outlook for construction declined further from early 2014. The stricter loan terms applied by banks and the general economic uncertainty lengthened sales times for apartments and decreased the demand for new housing. In building construction contracting, the margin level remained low, especially in minor contracts. The total volume of paving was roughly at the same level as last year, and thanks to the mild winter, work was distributed more evenly throughout the period. Underground infrastructure construction continued to be brisk, especially in urban growth centres.

Scandinavia

The market situation for infrastructure construction remained good in Sweden, Norway and Denmark. Road construction, including the renovation projects, maintained the demand for paving in particular. In addition, the governments of all three countries are investing in the infrastructure network improvements and in road maintenance.

Russia and the Baltic countries

In St Petersburg, the economic and political uncertainty has thus far not affected consumers' intentions to purchase so-called comfort-class apartments. However, the pressure to increase mortgage interest rates has increased, and banks are applying stricter loan terms. Several state-funded road renovation projects have been started, especially on roads departing from Moscow. In the Baltic countries, the market situation in infrastructure construction remained stable.

Group performance

Net sales

Net sales by segment		7–9/2014	7–9/2013	Change	1–9/2014	1–9/2013	Change	1–12/2013
Infrastructure construction	M€	474.8	495.9	-21.1	969.0	938.9	30.1	1,279.2
Building construction, Finland	M€	121.9	149.2	-27.3	373.0	388.7	-15.7	592.9
Russian operations	M€	64.0	64.3	-0.3	114.1	123.6	-9.5	164.5
Other operations and eliminations	M€	-14.4	-5.2	-9.2	-19.9	-11.2	-8.7	-16.4
Group, IFRS	M€	646.4	704.1	-57.7	1,436.2	1,440.1	-3.9	2,020.1

In July–September, net sales were EUR 646.4 million (704.1). Adjusted for currency effects, net sales decreased by 6 %. In Finland, there were only a few units completed in Lemminkäinen's residential development and construction in the third quarter. In infrastructure construction, the net sales in June–September 2013 were increased by the delayed start of the paving season. This year, the paving season was more evenly distributed to the second and third quarters of the year.

The Group's net sales in January–September were EUR 1,436.2 million (1,440.1). Adjusted for currency effects, net sales increased by 3%. Net sales were increased by major infrastructure projects in Finland, the paving business in Norway, and Lemminkäinen's residential development and construction in Russia. In building construction, the reduction of competitive contracting in both Finland and Russia continued.

The Group's net sales by country in January–September were 54% from Finland, 32% from Scandinavia, 8% from Russia and 6% from the Baltic countries. Net sales by business type were 50% from paving, 15% from the infra projects and 35% from building construction.

Operating profit

Operating profit by segment		7–9/2014	7–9/2013	Change	1–9/2014	1–9/2013	Change	1–12/2013
Infrastructure construction	M€	36.9	48.5	-11.6	33.5	12.9	20.6	-13.1[1)]
Building construction, Finland	M€	0.3	7.5	-7.2	12.3	9.6	2.7	5.0[2)]
Russian operations	M€	10.6	5.5	5.1	9.6	2.4	7.2	-0.3
Business segments, total	M€	47.7	61.5	-13.8	55.3	24.9	30.4	-8.4
Other operations	M€	-9.0	1.1	-10.1	-19.1	-11.1	-8.0	-80.8
Group, IFRS	M€	38.7	62.5	-23.8	36.2	13.7	22.5	-89.3[3)]

1) Includes non-recurring items: write-downs related to mineral aggregate areas, EUR 3.0 million, and write-downs related to long-term upkeep and maintenance contracts, EUR 2.7 million
2) Includes non-recurring items: write-downs related to commercial properties, EUR 14.1 million
3) Includes non-recurring items: The District Court's decision on damages related to the asphalt cartel, EUR 65.6 million, and write-downs mainly related to commercial properties, EUR 19.8 million

The Group's operating profit in July–September 2014 was clearly lower than in 2013. The difference was mainly attributed to the delayed start of the paving season in 2013, due to which the volume and result of infrastructure construction weighted strongly to the third quarter. The result of building construction in Finland was impaired by the slowdown of housing sales, the low number of completed units and by an approximately EUR 3 million write-down related to an earlier consortium. In Russia, the situation was the opposite; the result was improved by residential development and construction.

The Group's January–September operating profit improved and totalled EUR 36.2 million (13.7). The most significant profit improvement took place in the infrastructure business in Norway, where the cost structure has been improved through organisational changes and by closing down unprofitable sites and business operations, among other measures. In Russia, the result improved by the completion of a 200-unit residential development and construction project. Housing sales in all of Lemminkäinen's projects in St Petersburg have proceeded as expected, but the weakening rouble has partly impaired the euro-denominated result. In Finland, the profit development was promoted by ongoing major infrastructure projects.

Order book

Order book by segment, continuing operations		30 September 2014	30 September 2013	Change	31 December 2013
Infrastructure construction	M€	851.4	835.7	15.7	866.7
Building construction, Finland	M€	845.9	661.4	184.5	544.3
Russian operations	M€	213.6	383.0	-169.4	322.2
Group, total	M€	1,910.9	1,880.1	30.8	1,733.2
- of which unsold	M€	307.8	412.7	-104.9	346.5

At the end of the review period, the Group's order book stood at EUR 1,910.9 million (1,880.1). 28% of the order book was attributable to 2014. Of the order book, 64% came from building construction, 22% from paving and 14% from the infra projects. The order book by country was 66% from Finland, 20% from Scandinavia, 11% from Russia and 3% from the Baltic countries.

In the infra projects, growth was focused on Finland. At the end of the review period, Lemminkäinen was building three West Metro stations, the Rantaväylä tunnel in Tampere, the underground parking facility in Oulu and the Turvesolmu graded interchange in Espoo, among other projects. The paving order book grew in Finland and Norway. In building construction, the order book was increased by individual major contracting projects, such as the renovation of the Parliament Building and the Sibelius Academy in Helsinki as well as the school campus of timber to be built in Pudasjärvi with the PPP model.

In Russia, the order book was decreased by the completion of 200-unit residential development and construction project. In Sweden, Denmark and the Baltic countries, the infrastructure construction order book was lower than last year.

Balance sheet and financing

Measures to strengthen the balance sheet

Lemminkäinen has committed to strengthen its balance sheet by EUR 100 million by the end of September 2015. As part of the programme, the company conducted a rights offering in the third quarter. With the offering, the company raised gross proceeds of EUR 29.3 million (net proceeds of EUR 27.4 million) that were recorded in the invested non-restricted equity fund. In addition, Lemminkäinen will divest non-core assets and operations by EUR 70 million. At the end of the review period, the company had carried out divestments amounting to approximately EUR 15 million.

During the second quarter, on 14 May 2014, Lemminkäinen announced the divestment of its technical building services business. The debt-free purchase price was EUR 60 million, of which Lemminkäinen has recorded capital gain of EUR 23.7 million.

Lemminkäinen will not pay any dividends for 2014 without the consent of certain lenders.

Balance sheet, financing and cash flow for the period

On 30 September 2014, the balance sheet total was EUR 1,543.7 million (1,632.0), of which shareholders' equity accounted for EUR 434.7 million (409.8). The amount was increased by the rights offering conducted during the review period. Shareholders' equity includes EUR 138.4 million (69.1) of hybrid bond. At the end of the review period, Lemminkäinen's net working capital was EUR 374.5 million (405.5). More efficient invoicing released approximately EUR 30 million of the company's net working capital during the third quarter.

The equity ratio stood at 33.0% (29.2) and gearing stood at 53.7% (74.3). The indicators were improved by measures related to the strengthening of the capital structure and strong cash flow from operations during the third quarter. In the calculation the equity includes the hybrid bonds. If the hybrid bonds were recognised as debt, equity ratio would be 22.5% and gearing 125.5%. Lemminkäinen's return on investment (rolling 12 months) was -2.3% (5.8).

Interest-bearing debt amounted to EUR 433.9 million (483.0) at the end of the period. Short-term interest-bearing liabilities stood at EUR 291.7 million (346.0) and long-term liabilities at EUR 142.2 million (137.0). Short-term interest-bearing liabilities include project loans, i.e. borrowings of residential and commercial properties under construction, totalling EUR 132.1 million (76.3), which will for the most part be transferred to the buyers of the co-op and property company shares when the premises are handed over. The increase in the project loans resulted from the slowdown in housing sales. Lemminkäinen's short-term liabilities subject to repayment or refinancing were EUR 159.6 million. Of all interest-bearing debt, 34% (30) was at a fixed interest rate. At the end of the review period, the Group's liquid funds stood at EUR 200.4 million (178.6) and interest-bearing net debt totalled EUR 233.5 million (304.4).

Of the company's interest-bearing debt, 2% (12) comprises loans from financial institutions, 22% (43) commercial papers, 30% (16) project loans, 1% (5) pension loans, 12% (12) finance lease liabilities, and 33% (12) bonds. At the end of the review period, the company had committed, unused credit limits amounting to EUR 185.0 million (210.0) and overdraft limits amounting to EUR 31.4 million (48.6).

Net financial costs in January-September increased and amounted to EUR 30.1 million (19.6), representing 2.1% (1.4) of net sales. The increase was due to a EUR 7 million write-down of loan receivables related to the divestment of Lemcon Networks' businesses in the Americas, the renegotiated credit limits, increasing currency hedging costs for the rouble and valuation of interest rate derivatives. The interest expenses of the hybrid bond are not recorded under the finance costs in the income statement; instead, their impact can be seen in the earnings per share as well as in equity.

Cash flow from operations in January-September totalled EUR -46.9 million (30.2). The cash flow was impaired by the payment of EUR 60 million in damages related to the asphalt cartel. Cash flow from operations in July-September was EUR 80.0 million (108.5).

Business segments

Lemminkäinen renewed its reporting structure 1 August 2014. The new reporting segments are: Infrastructure construction; Building construction, Finland and Russian operations. The former Scandinavia business segment was integrated to the Infrastructure business segment. Building construction in Sweden is reported in the Infrastructure business segment. Russian operations include both building construction and infrastructure construction businesses.

Infrastructure construction

Key figures		7–9/2014	7–9/2013	Change	1–9/2014	1–9/2013	Change	1–12/2013
Net sales	M€	474.8	495.9	-21.1	969.0	938.9	30.1	1,279.2
Operating profit	M€	36.9	48.5	-11.6	33.5	12.9	20.6	-13.1[1)]
% net sales	*%*	*7.8*	*9.8*		*3.5*	*1.4*		*-1.0*
Order book at end of period	M€				851.4	835.7	15.7	866.7

1) includes write-downs worth EUR 5.7 million with regard to, for instance, mineral aggregates reserves in Finland and long-term maintenance contracts in Norway

The net sales for July–September were EUR 474.8 (495.9) million and operating profit EUR 36.9 million (48.5). In 2013, the segment's result was strongly weighted to the third quarter due to the late start of paving season. This year, the net sales and result has been more evenly distributed throughout the period.

The January–September net sales were EUR 969.0 million (938.9). Net sales increased by ongoing infrastructure projects in Finland and paving business in Norway. The impact of exchange rate changes on net sales was EUR -27 million compared to the comparison period. Net sales by country in January-September were 41% from Finland, 49% from Scandinavia and 10% from the Baltic countries. Net sales by business type were 70% from paving, 22% from project business and 8% from building construction in Sweden.

The January–September operating profit improved clearly, amounting to EUR 33.5 million (12.9). The most significant profit improvement took place in Norway. There, the cost structure has benefited from organisational changes and by closing down unprofitable sites and business operations, among other measures. In Finland, the result was improved by major infrastructure projects and mineral aggregate operations. In Sweden and in Latvia, the profitability of the infrastructure business weakened. Actions to improve the profitability in both countries have been initiated.

On 30 September 2014, the total order book for infrastructure construction stood at EUR 851.4 million (835.7), approximately 29% attributable to 2014. The order book grew in Finland and Norway. In Sweden, Denmark and the Baltic countries, the order book decreased year-on-year. The order inflow during the third quarter decreased and was to EUR 162.2 million (320.2).

Building construction, Finland

Key figures		7–9/2014	7–9/2013	Change	1–9/2014	1–9/2013	Change	1–12/2013
Net sales	M€	121.9	149.2	-27.3	373.0	388.7	-15.7	592.9
Operating profit	M€	0.3	7.5	-7.2	12.3	9.6	2.7	5.0[1)]
% net sales	*%*	*0.2*	*5.0*		*3.3*	*2.5*		*0.8*
Order book at end of period	M€				845.9	661.4	184.5	544.3

1) includes write-downs related mainly to commercial properties, EUR 14.1 million

The January–September net sales decreased by 4% and totalled EUR 373.0 million (388.7). In July-September the reducing was 18 %. Net sales weakened by the reduction of competitive contracting. The operating profit improved year-on-year, amounting to EUR 12.3 million (9.6). The third-quarter result was impaired by the slowdown of housing sales and low number of completed units in residential development and construction. In addition, the operating profit in the third quarter includes a write-down of approximately EUR 3 million, which was related to an old consortium.

The full year result will be weighted to the first half of the year due to the completion and recognition of many residential development and construction projects. The result in H1 improved also by residential and commercial projects in the Helsinki metropolitan area. In the third quarter, the number of units completed in Lemminkäinen's residential development and construction was only 134 (231). The company estimates that a total of approximately 1,000 units will be completed in 2014.

After summer, housing sales clearly slowed down, and the number of units sold compared to last year is a quarter lower. The number of reservations cancelled is also higher than before. At the end of the review period, the number of Lemminkäinen's unsold completed residential units was 180 (141). If the sales pace does not pick up towards the end of the year, the number is expected to increase.

At the end of the period, Lemminkäinen's land bank stood at EUR 84.2 million (99.1). Approximately one fourth of this is located in the Helsinki metropolitan area. According to the strategy, Lemminkäinen will focus solely on construction in urban growth centres and in the near future, new land bank plots will be acquired mainly in the Helsinki metropolitan area. During the period, the company sold individual plots outside urban growth centres.

On 30 September 2014, the order book stood at EUR 845.9 million (661.4), with 23% attributable to 2014. The order book was increased by major contracting projects. The order inflow during the third quarter was EUR 221.4 million (116.5), the largest new order being the renovation contract of the Parliament Building.

Lemminkäinen's residential development and construction, Finland		7–9/2014	7–9/2013	Change	1–9/2014	1–9/2013	Change	1–12/2013
Started	units	371	310	61	781	886	-105	1,058
Completed	units	134	231	-97	496	385	111	875
Sold	units	220	302	-82	622	842	-220	1,050
- of which sales to investors	*%*	*40*	*23*		*28*	*23*		*25*
Under construction[1)]	units				1,368	1,358	10	1,040
- of which unsold[1)]	units				762	616	146	557
Unsold completed[1)]	units				180	141	39	164
Started, negotiated contracting	*units*	*54*	*125*	*-71*	*417*	*278*	*139*	*292*
Unused residential building rights[1)]	sq.m				222,899	285,000	-62,101	288,434
Land bank[1)]	M€				84.2	99.1	-14.9	109.1

1) at the end of period

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Russian operations

Key figures		7–9/2014	7–9/2013	Change	1–9/2014	1–9/2013	Change	1–12/2013
Net sales	M€	64.0	64.3	-0.3	114.1	123.6	-9.5	164.5
Operating profit	M€	10.6	5.5	5.1	9.6	2.4	7.2	-0.3
% net sales	*%*	*16.6*	*8.6*		*8.4*	*2.0*		*-0.2*
Order book at end of period	M€				213.6	383.0	-169.4	322.2

The January–September net sales were EUR 114.1 million (123.6). The impact of exchange rate changes on net sales was EUR -9.0 million compared to the comparison period. The January-September operating profit increased to EUR 9.6 million (2.4). The main contributors to the improved operating profit were residential development and construction in the third quarter, better margins in contracting as well as profitable road and bridge special paving projects. The capital tied up in Russian operations at the end of period was EUR 77 million euros (92.5).

At the end of the period, Lemminkäinen completed the Aino 2 residential development and construction project in St Petersburg. It comprises 206 residential units as well as some individual commercial properties and parking spaces. At the time of the completion, 89 units were already sold and these were recognised as revenue in the third quarter. Currently, Lemminkäinen is building a 757-unit residential development and construction project called Tapiola, the first phase of which (339 units) is expected to be completed still in 2014. At the end of the period, the number of units sold in this project was 265. The company estimates that the second phase of Tapiola will be completed in the second half of 2015.

On 30 September 2014, the order book for Russia stood at EUR 213.6 million (383.0), 44% attributable to 2014. The order inflow during the third quarter was EUR 5.9 million (101.6).

Lemminkäinen's residential development and construction, Russia		7–9/2014	7–9/2013	Change	1–9/2014	1–9/2013	Change	1–12/2013
Started	units	0	0	0	0	757	-757	757
Completed	units	206	0	206	206	0	206	222
Sold	units	101	91	10	292	91	201	165
Under construction[1)]	units	757	1,182	-425	757	1,182	-425	963
- of which unsold	units	477	1,106	-629	477	1,106	-629	808
Unsold completed[1)]	units	173	16	157	173	16	157	134

1) at the end of period

Investments

Gross investments during the review period amounted to EUR 30.1 million (56.6), representing 2.1% (3.9) of the company's net sales. They were mainly replacement investments in infrastructure construction. Acquisitions increased investments in the comparison period. As part of its continuous improvement programme, Lemminkäinen has imposed stricter criteria involving investments, and more effective monitoring processes have been introduced.

Personnel

At the end of the period, the Group employed 6,007 people (6,632), a decrease of 625 people (9.4%) from the same period in 2013. Of these, 2,191 (2,514) were salaried employees and 3,816 (4,118) were hourly paid employees. The number of salaried employees decreased by 13% and hourly paid employees by 7%.

In order to increase profitability, the Group companies in different countries have conducted two personnel reduction negotiations within one year. Of these, the measures started towards the end of 2013 are, for the most part, already fully visible in the number of personnel. As a result of the personnel negotiations started in the second quarter of 2014, the

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personnel in Finland will be reduced by a maximum of 265 full-time equivalents. The impact is already partly visible in the number of personnel in the Finnish business operations. The personnel reductions in Finland have focused particularly on salaried employees. Outside Finland, similar negotiations are still partly ongoing and, consequently, some of the personnel impact will be visible later. The divestment of the telecommunications network business has reduced the personnel in other countries.

Personnel by business segment		30 September 2014	30 September 2013	Change	31 December 2013
Infrastructure construction	persons	3,990	4,217	-227	3,266
Building construction, Finland	persons	1,105	1,344	-239	1,224
Russian operations	persons	723	767	-44	755
Group services	persons	*189*	*304*	*-115*	*281*
Group, total	persons	6,007	6,632	-625	5,526

Personnel by country		30 September 2014	30 September 2013	Change	31 December 2013
Finland	persons	3,110	3,530	-420	2,726
Sweden, Norway, Denmark	persons	1,341	1,377	-36	1,256
Baltic countries	persons	829	908	-79	738
Russia	persons	723	767	-44	755
Other countries	persons	4	50	-46	51
Group, total	persons	6,007	6,632	-625	5,526

Changes in management

Lemminkäinen's Executive Team was changed as of 1 August 2014 to correspond to the new reporting structure published on 30 July 2014. Timo Vikström, EVP, Scandinavia, is no longer a member of the Executive Team.

Tania Jarrett, M.A., was appointed EVP, HR and member of the Executive Team of Lemminkäinen Group, on 30 September 2014. She will report to President and CEO Casimir Lindholm and will start in her new position on 1 November 2014.

At the end of the period, the members of the Executive Team were: President and CEO Casimir Lindholm, CFO Ilkka Salonen, business segments' EVPs Harri Kailasalo (Infrastructure construction) and Maaret Heiskari (Russia) and Chief Strategy Officer Tiina Mikander. The recruiting process for EVP of the Finland, Building construction business segment is ongoing. Casimir Lindholm is acting as the segment's interim EVP.

Shares

The company has one share class. Each share carries one vote at a general meeting of shareholders and confers an equal right to a dividend. Lemminkäinen's share capital is EUR 34,042,500 and the total number of shares was 23,219,900 at the end of the review period. During the review period, Lemminkäinen conducted a rights offering, which increased the number of shares by 3,569,724. The subscription price of the offer shares was EUR 8.20 per share, and the company raised gross proceeds of approximately EUR 29.3 million (net proceeds of EUR 27.4 million) through the offering.

Trading with shares

At the end of the review period, the market capitalisation of Lemminkäinen's shares stood at EUR 276.1 million (295.8). The price of Lemminkäinen Corporation's share on the NASDAQ OMX Helsinki was EUR 15.20 (14.28) at the beginning of the period and EUR 11.90 (15.08) at the end. In addition to the NASDAQ OMX Helsinki, Lemminkäinen's share is also traded on alternative markets. A total of 863,802 shares (1,600,779) were traded during the review period, of which alternative markets accounted for 13% (13). (Source: Fidessa Fragmentation Index, http://fragmentation.fidessa.com).

Treasury shares

At the end of the review period, Lemminkäinen owned 16,687 of its own shares.

Shareholders

At the end of the review period, the company had 4,669 shareholders (4,886). Nominee-registered and non-Finnish shareholders held 13% (13) of all Lemminkäinen Corporation shares and voting rights. Information on company ownership and division by segment and scale, major shareholders, and share ownership of Executive Team members and the Board of Directors is available on the company's website, www.lemminkainen.com/Investors/Owners.

Shareholder agreements

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

Flagging notifications

The company received one flagging notification during the review period (on 22 August 2014). Lemminkäinen Corporation's shares held by Noora Forstén decreased from 1,966,073 shares, i.e. 10.0 per cent of all shares, to 1,866,073, i.e. 9.5 per cent, decreasing below 10 per cent of all shares and votes in Lemminkäinen Corporation.

Legal proceedings

Damages related to the asphalt cartel

On 28 November 2013, the District Court of Helsinki issued its decisions concerning damages related to the asphalt cartel. In line with the decisions, Lemminkäinen recorded approximately EUR 66 million in expenses in its 2013 result. Of this, approximately EUR 60 million consisted of damages ordered only to Lemminkäinen, Lemminkäinen's share of the damages ordered to it and other asphalt industry companies to be paid jointly and severally, as well as interest and legal expenses related to the damages. This amount was paid by the company in January 2014.

Lemminkäinen has appealed against all 35 decisions, where the plaintiffs' claims were partly upheld, to the Helsinki Court of Appeal. In Lemminkäinen's opinion, there are some judicial aspects in the decisions of the District Court, where the conclusions of the District Court differ from previous legal practices. Such judicial aspects are related to the questions of prescriptions and value added tax, for example. The main oral hearing is expected to take place during 2015. The Finnish state and 22 municipalities have also submitted their appeals to the Helsinki Court of Appeal.

In addition to the claims which the Helsinki District Court has decided on, Lemminkäinen has been served summons regarding 18 claims against Lemminkäinen and other asphalt companies for damages. The capital amount of these claims is approximately EUR 18 million. For these claims, Lemminkäinen has made a provision worth EUR 7.4 million.

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

Risks and uncertainties

Risk management is an essential part of Lemminkäinen's business operations and aims to ensure the achievement of strategic and operational targets with the best possible result and the continuity of operations under changing conditions. Lemminkäinen's risk management is based on the risk management policy approved by the Board of Directors.

Uncertainty in the global economy and financial markets may have a negative effect on Lemminkäinen's operations, performance, financial position and sources of capital. Lemminkäinen's business operations are sensitive to new construction cycles in Finland in particular. The company manages the risk structurally by distributing its business operations throughout Scandinavia, the Baltic countries and Russia. However, there can be unforeseen problems with Lemminkäinen's ability to adapt business strategies in response to changes in the operating environment whilst the company is also undergoing organisational changes.

In Russia, the differing political culture, legislation, its interpretation and procedures of the authorities compared to Finland, and the uncertainty of the legal system, administrative procedures and interpretation of law enforcement mechanisms as well as changes in them may result in significant risks to Lemminkäinen. The prolonged political and economic uncertainty could, in the worst case scenario, culminate in tightening of sanctions between EU and Russia and/or a standstill of housing sales. In order to manage the risk, Lemminkäinen has increased the efficiency of its housing sales efforts and has actively sought alternatives to direct sales to consumers, whilst meeting the requirements set by the valid sanctions.

Lemminkäinen's financial performance depends largely on successful contracting and project management, which, among other things, includes the correct pricing of the project, reasonable use of resources, careful planning and scheduling, ability to procure raw materials at competitive prices, cost control, appropriate change requests, as well as efficient and timely handling of claims for damages. Lemminkäinen is continually developing its contractual expertise and project management practices during the tender and implementation stage. Project monitoring systems and steering models are being renewed and more attention has been paid to the personnel's competence development.

In residential and commercial development and construction projects, Lemminkäinen is exposed to price and sales risks due to the full responsibility over the entire project, starting with plot acquisition. As unsold projects tie up capital, the company only starts new housing construction if a sufficient number of units have been reserved in advance. The aim is to keep the number of unsold completed apartments at a minimum. When undertaking commercial development, business premises are usually sold to property investors in the early stages of construction at the latest, thereby reducing sales risks.

In the construction industry, fluctuations in the price of raw materials may have an impact on financial performance. Lemminkäinen's biggest individual outsourced raw material is bitumen, and its price depends on the world market price of oil. Lemminkäinen manages the bitumen price risk with contractual terms and oil derivatives.

The business operations of Lemminkäinen are exposed to financial risks, the major ones being liquidity, interest rates, foreign exchange rates, and credit and funding risks. Management of financial risks is based on the treasury policy, which defines the operating principles and division of responsibility in financial risk management and funding activities. Lemminkäinen seeks to protect itself from currency exchange risks primarily through operative means and, if necessary, transaction risks are hedged with the aid of foreign currency loans and currency derivatives. The company does not hedge translation risk. About 63% of Lemminkäinen's net sales in 2013 were generated in functional currencies other than the euro, the major currencies being the Swedish, Norwegian and Danish crowns and the Russian rouble.

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

Outlook

In Finland, the total volume of construction is not expected to increase this year or next year. The general economic uncertainty, increased difficulty in obtaining mortgages and longer sales times of old apartments/houses will slow housing sales. The focus of demand will remain on small centrally located apartments in urban growth centres. The few commercial construction projects are also concentrated in urban growth centres and the Helsinki metropolitan area in particular.

The outlook for infrastructure construction improved slightly after the governmental programme in June. The programme intends to promote significant traffic projects, such as the West Metro, City Rail Loop (Pisararata) and the tram in Tampere. The demand for road maintenance and paving will be impaired by the weak economic situation of the public sector, particularly municipalities.

In Norway, Sweden and Denmark, multi-year, state-funded traffic infrastructure development plans are currently underway. These countries are also investing in the development of energy production, and large-scale road and rail projects are being planned around urban growth centres over the coming years. In addition, the private sector will most likely continue to invest in infrastructure construction.

In Russia, the outlook continues to be uncertain. The general construction market situation is impaired by the slowdown of economic growth. The demand for housing is threatened by the weakening of the rouble and the increase in mortgage interest rates. However, efforts to develop infrastructure in Russia are ongoing, and numerous state- and municipality-funded projects to expand and repair road networks are currently underway across the country.

In the Baltic countries, ongoing road construction and renovation projects will maintain demand for infrastructure construction. The possible launch of the Rail Baltica traffic project would boost the infrastructure construction market situation in all of the Baltic countries.

Profit guidance for 2014

Lemminkäinen estimates that its 2014 net sales will be slightly lower than in 2013, but its operating profit will improve clearly on 2013 (excluding non-recurring items). In 2013, net sales were EUR 2,020.1 million and operating profit excluding non-recurring items was EUR -3.9 million.

Helsinki, 29 October 2014

LEMMINKÄINEN CORPORATION
Board of Directors

TABULATED SECTIONS OF THE INTERIM REPORT

BASIS OF PREPARATION

The tabulated section of this interim report is presented in a shortened form. Therefore, not all of the requirements of IAS 34 - Interim Financial Reporting have been applied in the preparation of the report. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRSs. The information contained in the interim report has not been audited.

Going concern

The Company has implemented measures, published in the 1 January – 30 June 2014 interim report, to strengthen its profitability and financial position. The Company agreed in August 2014 on a change to the timetable regarding the EUR 100 million balance sheet strengthening measures. The timetable was amended from the end of year 2014 to the end of the third quarter in 2015. In addition, the Company carried out a rights offering in September 2014 from which it collected gross proceeds of approximately EUR 29.3 million. As a result of the measures taken, the Company considers that the uncertainties published in the 1 January – 30 June 2014 interim report related to going concern and sufficiency of working capital have been resolved.

Deferred tax assets

The company regularly assesses the realizability of its deferred tax assets, and consistent with the prior period end has recorded the deferred tax asset from tax losses to the amount it considers, based on its profit forecasts, to be utilizable in the future. On 30 September 2014 the Company had a deferred tax asset amounting to EUR 46.8 million arising primarily from tax losses in Finland and Norway. The Company considers that the losses arise from identifiable causes unlikely to recur. Major part of the tax losses in Finland arise from the damages ordered by the District Court related to the asphalt cartel. The Finnish tax losses expire in 2023. Norwegian tax losses can be carried forward indefinitely and actions have been taken to address the Company's financial performance in Norway.

Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

ACCOUNTING PRINCIPLES

The same IFRS recognition and measurement principles have been applied in the preparation of this interim report as in the 2013 consolidated financial statements, except for the changes mentioned below.

Operating segments

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

- Infrastructure construction
- Building construction, Finland
- Russian operations

New standards and interpretations applied by the Company in 2014

The following standards have been adopted by the Company for the first time for the financial year beginning on 1 January 2014 and have an impact on the Company's financial statements:

IFRS 10 consolidated financial statements -standard changed the criteria for classifying an investee as a subsidiary. An investee is considered a subsidiary when a parent company controls the investee. The criteria for control are fulfilled, when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Adoption of the standard had no impact on the figures in the Company's consolidated financial statements but it affected the Company's accounting principles as described above.

IFRS 11 Joint Arrangements –standard defines the accounting treatment of arrangements under the joint control of two or more parties. According to the standard, a joint arrangement is either a joint operation or a joint venture. The participating parties of a joint operation have the rights to the assets, and obligations for the liabilities, relating to the arrangement. In this case the Company consolidates its share of the joint operation's assets, liabilities, revenues and expenses. The participating parties of a joint venture have the right to the joint arrangement's net assets. The Company consolidates joint ventures using the equity method. Adoption of the standard had no impact on the figures in the Company's consolidated financial statements but it affected the Company's accounting principles as described above.

There are no other IFRSs or IFRIC interpretations adopted by the Company for the first time for the financial year beginning on 1 January 2014 that have had an impact on the Company's consolidated financial statements.

Standards and interpretations applied by the Company after 2014

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing this interim report. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except the following set out below:

IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2017. An EU endorsement is required for the standard to become effective in the EU. The standard specifies how and when to recognise revenue from contracts with customers. The Company examines the effects of the standard to the consolidated financial statements.

IFRS 9 Financial Instruments was issued in July 2014 and applies to an annual reporting period beginning on or after 1 January 2018. An EU endorsement is required for the standard to become effective in the EU. The standard will affect, among other things, the recognition of credit losses from financial instruments. According to the standard, credit losses are recorded based on expected losses and therefore they will be recorded earlier. In addition, the standard will affect the classification and measurement of financial assets and liabilities, but this will not have a material impact on the Company's consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

FINANCIAL STATEMENTS AND NOTES

1) CONSOLIDATED INCOME STATEMENT

EUR mill.	7-9/ 2014	7-9/ 2013	1-9/ 2014	1-9/ 2013	1-12/ 2013
Net sales	**646.4**	**704.1**	**1,436.2**	**1,440.1**	**2,020.1**
Other operating income	3.4	2.7	10.4	10.3	16.2
Change in inventories of finished goods and work in progress	6.1	7.1	103.5	82.7	50.1
Production for own use	0.1	0.0	1.2	0.9	1.5
Use of materials and services	466.4	511.7	1,124.2	1,111.3	1,545.8
Employee benefit expenses	94.4	95.2	248.3	264.8	361.7
Depreciation and impairment	16.0	15.5	33.3	33.8	44.6
Other operating expenses	40.8	30.3	109.3	110.6	225.7
Share of the profit of associates and joint ventures	0.2	1.2	0.1	0.2	0.6
Operating profit	**38.7**	**62.5**	**36.2**	**13.7**	**-89.3**
Finance costs	20.4	11.7	46.4	32.0	44.9
Finance income	4.9	3.9	16.2	12.4	18.2
Profit before taxes	**23.2**	**54.7**	**6.1**	**-5.8**	**-116.1**
Income taxes	-7.1	-12.9	-4.9	0.2	19.9
Profit from continuing operations	**16.1**	**41.8**	**1.2**	**-5.6**	**-96.2**

Profit from discontinued operations	**0.1**	**-0.6**	**23.3**	**-2.1**	**2.7**
Profit for the accounting period	**16.2**	**41.2**	**24.4**	**-7.7**	**-93.5**
Profit for the accounting period attributable to					
Equity holders of the parent company	16.1	40.9	24.4	-7.9	-93.7
Non-controlling interests	0.1	0.3	0.0	0.2	0.2
Basic earnings per share attributable to equity holders of the parent company					
From continuing operations	0.62	2.05	-0.26	-0.50	-5.19
From discontinued operations	0.00	-0.03	1.07	-0.11	0.14
From profit for the accounting period	0.62	2.02	0.81	-0.61	-5.06
Diluted earnings per share attributable to equity holders of the parent company					
From continuing operations	0.61	2.05	-0.26	-0.50	-5.19
From discontinued operations	0.00	-0.03	1.07	-0.11	0.14
From profit for the accounting period	0.62	2.02	0.81	-0.61	-5.06

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1-9/ 2014	1-9/ 2013	1-12/ 2013
Profit for the accounting period	**24.4**	**-7.7**	**-93.5**
Items that will not be reclassified to profit or loss			
Pension obligations	-0.1	0.9	2.4
Items that may be reclassified subsequently to profit or loss			
Translation difference	-2.8	-6.1	-7.7
Cash flow hedge	0.1	0.3	0.4
Change in fair value of available-for-sale financial assets	0.0	0.0	0.0
Other comprehensive income, total	-2.8	-4.9	-4.9
Comprehensive income for the accounting period	**21.6**	**-12.6**	**-98.4**
Comprehensive income for the accounting period attributable to			
Equity holders of the parent company	21.6	-12.8	-98.6
Non-controlling interests	0.0	0.2	0.2
Comprehensive income attributable to equity holders of the parent company arises from			
Continuing operations	-1.6	-10.7	-101.3
Discontinued operations	23.3	-2.1	2.7

3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	9/2014	9/2013	12/2013
ASSETS			
Non-current assets			
Property, plant and equipment	193.0	200.9	201.1
Goodwill	55.3	80.5	80.1
Other intangible assets	25.5	28.9	29.2
Holdings in associates and joint ventures	8.6	8.8	8.8
Available-for-sale financial assets	3.5	4.0	3.8
Deferred tax assets	46.8	28.0	38.5
Other non-current receivables	1.6	1.1	0.9
Total	**334.4**	**352.2**	**362.5**
Current assets			
Inventories	586.2	545.6	504.4
Trade and other receivables	420.1	548.4	391.2
Income tax receivables	2.7	7.1	3.5
Available-for-sale financial assets	93.9	36.0	30.0
Cash and cash equivalents	106.5	142.6	51.1
Total	**1,209.4**	**1,279.7**	**980.2**
Total assets	**1,543.7**	**1,632.0**	**1,342.7**
EQUITY AND LIABILITIES			
Share capital	34.0	34.0	34.0
Share premium account	5.7	5.7	5.7
Hedging reserve		-0.1	-0.1
Fair value reserve	0.0	0.0	
Invested non-restricted equity fund	91.5	63.8	63.8
Hybrid bonds	138.4	69.1	69.1
Translation differences	-6.0	-1.5	-3.1
Retained earnings	146.5	246.2	247.8
Profit for the period	24.4	-7.9	-93.7
Equity attributable to shareholders of the parent company	434.5	409.3	323.5
Non-controlling interests	0.2	0.6	0.6
Total equity	**434.7**	**409.8**	**324.0**
Non-current liabilities			
Deferred tax liabilities	16.3	22.2	13.2
Pension obligations	1.0	4.4	0.9

Interest-bearing liabilities	142.2	137.0	61.3
Provisions	20.4	12.4	19.9
Other liabilities	2.9	4.5	3.0
Total	**182.8**	**180.5**	**98.4**
Current liabilities			
Interest-bearing liabilities	291.7	346.0	346.3
Provisions	8.7	5.9	7.2
Trade and other payables	619.6	683.4	564.9
Income tax liabilities	6.2	6.3	1.9
Total	**926.2**	**1,041.6**	**920.3**
Total liabilities	**1,109.0**	**1,222.1**	**1,018.6**
Total equity and liabilities	**1,543.7**	**1,632.0**	**1,342.7**

4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill. Including discontinued operations	1-9/ 2014	1-9/ 2013	1-12/ 2013
Profit before taxes	29.3	-8.4	-117.5
Depreciation and impairment	33.5	34.3	45.3
Other adjustments	3.6	21.5	21.4
Cash flows before change in working capital	66.5	47.5	-50.8
Change in working capital	-84.8	9.3	83.2
Financial items	-26.6	-25.1	-25.6
Direct taxes paid	-2.0	-1.4	1.5
Cash flows from operating activities	**-46.9**	**30.2**	**8.3**
Cash flows provided by investing activities	99.9	100.9	141.0
Cash flows used in investing activities	-118.9	-105.3	-147.7
Cash flows from investing activities	**-19.0**	**-4.5**	**-6.7**
Change in non-current receivables	-1.0	-0.3	-0.2
Drawings of loans	465.1	562.6	792.0
Repayments of borrowings	-439.4	-466.3	-762.7
Hybrid bond	69.3		
Dividends paid	-0.1	-11.7	-11.7
Rights offering	29.3		
Transaction cost from rights offering	-1.9		
Cash flow from financing activities	**121.2**	**84.2**	**17.3**
Change in cash and cash equivalents	**55.2**	**110.0**	**18.8**
Cash and cash equivalents at the beginning of period	51.1	34.9	34.9
Translation difference of cash and cash equivalents	0.2	-2.3	-2.7
Cash and cash equivalents at the end of period	**106.5**	**142.6**	**51.1**

5) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR mill.	A	B	C	D	E	F	G	H	I	J	K
Equity 1.1.2013	**34.0**	**5.7**	**-0.4**	**0.0**	**63.6**	**69.1**	**4.5**	**264.9**	**441.4**	**0.4**	**441.8**
Profit for the accounting period								-7.9	-7.9	0.2	-7.7
Items that will not be reclassified to profit or loss											
Pension obligations								0.9	0.9		0.9
Items that may be reclassified subsequently to profit or loss											
Translation difference							-6.1		-6.1		-6.1
Cash flow hedge			0.3						0.3		0.3
Change in fair value of available-for-sale financial assets				0.0					0.0		0.0
Comprehensive income, total			**0.3**	**0.0**			**-6.1**	**-7.1**	**-12.8**	**0.2**	**-12.6**
Direct entries, acquisition of non-controlling interest								-0.3	-0.3		-0.3
Change in non-controlling interest										0.0	0.0
Option to redeem shares from non-controlling interest								-0.5	-0.5		-0.5
Share-based incentive schemes					0.2			-0.8	-0.7		-0.7
Contingent shares returned to the company								-0.8	-0.8		-0.8
Hybrid bond interests								-5.3	-5.3		-5.3
Dividends paid								-11.8	-11.8		-11.8
Transactions with owners, total					**0.2**			**-19.5**	**-19.3**	**0.0**	**-19.3**
Equity 30.9.2013	**34.0**	**5.7**	**-0.1**	**0.0**	**63.8**	**69.1**	**-1.5**	**238.3**	**409.3**	**0.6**	**409.8**

EUR mill.	A	B	C	D	E	F	G	H	I	J	K
Equity 1.1.2013	**34.0**	**5.7**	**-0.4**	**0.0**	**63.6**	**69.1**	**4.5**	**264.9**	**441.4**	**0.4**	**441.8**
Profit for the accounting period								-93.7	-93.7	0.2	-93.5
Items that will not be reclassified to profit or loss											
Pension obligations								2.4	2.4		2.4
Items that may be reclassified subsequently to profit or loss											
Translation difference							-7.7		-7.7		-7.7
Cash flow hedge			0.4						0.4		0.4
Change in fair value of available-for-sale financial assets				0.0					0.0		0.0
Comprehensive income, total			**0.4**	**0.0**			**-7.7**	**-91.3**	**-98.6**	**0.2**	**-98.4**
Direct entries, acquisition of non-controlling interest								-0.3	-0.3		-0.3
Change in non-controlling interest										0.0	0.0
Option to redeem shares from non-controlling interest								-0.5	-0.5		-0.5
Share-based incentive schemes					0.2			-0.8	-0.7		-0.7
Contingent shares returned to the company								-0.8	-0.8		-0.8
Hybrid bond interests								-5.3	-5.3		-5.3
Dividends paid								-11.8	-11.8		-11.8
Transactions with owners, total					**0.2**			**-19.5**	**-19.3**	**0.0**	**-19.3**
Equity 31.12.2013	**34.0**	**5.7**	**-0.1**		**63.8**	**69.1**	**-3.1**	**154.1**	**323.5**	**0.6**	**324.0**

EUR mill.	A	B	C	D	E	F	G	H	I	J	K
Equity 1.1.2014	**34.0**	**5.7**	**-0.1**		**63.8**	**69.1**	**-3.1**	**154.1**	**323.5**	**0.6**	**324.0**
Profit for the accounting period								24.4	24.4	0.0	24.4
Items that will not be reclassified to profit or loss											
Pension obligations								-0.1	-0.1		-0.1
Items that may be reclassified subsequently to profit or loss											
Translation difference							-2.8		-2.8		-2.8
Cash flow hedge			0.1						0.1		0.1
Change in fair value of available-for-sale financial assets				0.0					0.0		0.0
Comprehensive income, total			**0.1**	**0.0**			**-2.8**	**24.4**	**21.6**	**0.0**	**21.6**

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Acquisition of shares of non-controlling interest							0.3	0.3		0.3
Change in non-controlling interest									-0.4	-0.4
Shares returned by the company, acquisition of non-controlling interest by share exchange in 2010							0.4	0.4		0.4
Proceeds from rights offering				29.3				29.3		29.3
Transaction cost from rights offering				-1.5				-1.5		-1.5
Hybrid bond interests							-8.3	-8.3		-8.3
Transactions with owners, total				**27.7**			**-7.6**	**20.2**	**-0.4**	**19.8**
Hybrid bonds					69.3			69.3		69.3
Equity 30.9.2014	**34.0**	**5.7**	**0.0**	**91.5**	**138.4**	**-6.0**	**170.9**	**434.5**	**0.2**	**434.7**

6) SEASONALITY OF BUSINESS

Seasonality of certain businesses of the Company affects the amount and timing of the Company's profits. Paving and mineral aggregates working season takes place mostly in the second and third quarters of a year to which quarters most of the revenues are recognised. Weather conditions influence the lengths of the paving and mineral aggregates working seasons, which also affects the amount and timing of the Company's profits. Other infrastructure construction, e.g., foundation, civil and rock engineering are generally less seasonal in nature.

Revenue from building construction developments is recognized on completion, for the sold proportion, which causes seasonal fluctuations to the Company's profit. The Company seeks to offset this fluctuation by launching developed housing projects evenly throughout the year. In this case, the projects are completed and revenue from them is recognised more evenly throughout the year.

7) UNUSUAL EVENTS DURING THE ACCOUNTING PERIOD

The Company arranged a rights offering in the third quarter of 2014. The subscription period for the offering ended on 17 September 2014. In the offering, 3,569,724 new shares were subscribed. As a result, the total number of shares in Lemminkäinen increased to 23,219,900 shares. The subscription price was EUR 8.20 per offered share. Lemminkäinen raised gross proceeds of EUR 29.3 million through the offering and related transaction costs amounted to EUR 1.9 million. The gross proceeds deducted by the transactions costs less taxes (a total of EUR 27.7 million) were recognised in the invested non-restricted equity fund.

The Company recorded a EUR 7.9 million write-down for the divestment of Lemcon Networks' American businesses during the third quarter of 2014. Of the total amount, EUR 7.1 million was recorded to finance costs for the write-down of loan receivables and related interest receivables. In addition, EUR 0.9 million was recorded to other operating expenses for the write-down of purchase price receivable.

8) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR mill.	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013
Net sales	**646.4**	**510.5**	**279.2**	**580.0**	**704.1**
Other operating income	3.4	4.4	2.6	5.9	2.7
Change in inventories of finished goods and work in progress	6.1	63.3	34.0	-32.7	7.1
Production for own use	0.1	0.5	0.6	0.7	0.0
Use of materials and services	466.4	425.3	232.5	434.4	511.7
Employee benefit expenses	94.4	89.8	64.1	97.0	95.2
Depreciation and impairment	16.0	11.3	6.0	10.9	15.5
Other operating expenses	40.8	37.6	30.9	115.0	30.3
Share of the profit of associates and joint ventures	0.2	0.0	-0.2	0.3	1.2
Operating profit	**38.7**	**14.8**	**-17.3**	**-103.0**	**62.5**
Finance costs	20.4	11.8	14.2	13.0	11.7
Finance income	4.9	4.3	7.1	5.7	3.9
Profit before taxes	**23.2**	**7.3**	**-24.5**	**-110.3**	**54.7**
Income taxes	-7.1	-2.0	4.3	19.7	-12.9
Profit from continuing operations	**16.1**	**5.3**	**-20.2**	**-90.6**	**41.8**
Profit from discontinued operations	**0.1**	**22.9**	**0.3**	**4.8**	**-0.6**
Profit for the accounting period	**16.2**	**28.2**	**-19.9**	**-85.8**	**41.2**
Profit for the accounting period attributable to					
Equity holders of the parent company	16.1	28.1	-19.8	-85.8	40.9
Non-controlling interests	0.1	0.1	-0.2	0.0	0.3
Basic earnings per share attributable to equity holders of the parent company					
From continuing operations	0.62	0.14	-1.11	-4.70	2.05
From discontinued operations	0.00	1.17	0.01	0.24	-0.03
From profit for the accounting period	0.62	1.30	-1.10	-4.45	2.02
Diluted earnings per share attributable to equity holders of the parent company					
From continuing operations	0.61	0.14	-1.11	-4.70	2.05
From discontinued operations	0.00	1.16	0.01	0.24	-0.03
From profit for the accounting period	0.62	1.30	-1.10	-4.45	2.02

9) SEGMENT INFORMATION

Lemminkäinen's business operations are organised into three business segments: Infrastructure construction; Building construction, Finland and Russian operations.
Income statement items in the company's segment reporting comply with the consolidated financial statement's accounting principles. Segments' assets include fixed assets, inventories as well as trade and other receivables.

NET SALES EUR mill.	1-9/ 2014	1-9/ 2013	1-12/ 2013
Infrastructure construction	969.0	938.9	1,279.2
Building construction, Finland	373.0	388.7	592.9
Russian operations	114.1	123.6	164.5
Other operations	19.4	28.0	35.9
Group eliminations	-39.4	-39.2	-52.3
Group total, IFRS	**1,436.2**	**1,440.1**	**2,020.1**

DEPRECIATION AND IMPAIRMENT EUR mill.	1-9/ 2014	1-9/ 2013	1-12/ 2013
Infrastructure construction	29.2	28.1	36.9
Building construction, Finland	0.2	0.3	0.3
Russian operations	1.4	1.2	1.7
Other operations	2.5	4.2	5.7
Group total, IFRS	**33.3**	**33.8**	**44.6**

OPERATING PROFIT EUR mill.	1-9/ 2014	1-9/ 2013	1-12/ 2013
Infrastructure construction	33.5	12.9	-13.1
Building construction, Finland	12.3	9.6	5.0
Russian operations	9.6	2.4	-0.3
Other operations	-19.1	-11.1	-80.8
Group total, IFRS	**36.2**	**13.7**	**-89.3**

NET SALES, QUARTERLY EUR mill.	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013
Infrastructure construction	474.8	344.8	149.4	340.1	495.9
Building construction, Finland	121.9	135.2	115.9	204.2	149.2
Russian operations	64.0	34.1	16.0	40.9	64.3
Other operations	4.1	8.0	7.3	7.9	14.8
Group eliminations	-18.5	-11.5	-9.4	-13.1	-20.0
Group total, IFRS	**646.4**	**510.5**	**279.2**	**580.0**	**704.1**

DEPRECIATION AND IMPAIRMENT, QUARTERLY EUR mill.	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013
Infrastructure construction	14.3	10.2	4.7	8.8	13.6
Building construction, Finland	0.1	0.0	0.1	0.0	0.1
Russian operations	0.6	0.5	0.3	0.5	0.5
Other operations	1.0	0.6	0.9	1.5	1.4
Group total, IFRS	**16.0**	**11.3**	**6.0**	**10.9**	**15.5**

OPERATING PROFIT, QUARTERLY EUR mill.	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013
Infrastructure construction	36.9	14.6	-18.0	-26.0	48.5
Building construction, Finland	0.3	5.9	6.1	-4.6	7.5
Russian operations	10.6	0.4	-1.4	-2.7	5.5
Other operations	-9.0	-6.1	-4.0	-69.7	1.1
Group total, IFRS	**38.7**	**14.8**	**-17.3**	**-103.0**	**62.5**

ASSETS EUR mill.	9/2014	9/2013	12/2013
Infrastructure construction	625.3	617.3	533.9
Building construction, Finland	483.3	515.2	454.6
Russian operations	181.5	142.9	152.2
Other operations	44.0	44.6	47.8
Segments total	**1,334.0**	**1,320.0**	**1,188.5**
Technical Building Services, Finland (divested on 13 June 2014)		58.5	61.8
Assets unallocated to segments and Group eliminations, total	209.7	253.5	92.4
Group total, IFRS	**1,543.7**	**1,632.0**	**1,342.7**

10) ECONOMIC TRENDS AND FINANCIAL INDICATORS

	9/2014	9/2013	12/2013
Return on equity, rolling 12 months, % [1)]	-16.2	0.4	-24.4
Return on investment, rolling 12 months, % [1)]	-2.3	5.8	-9.4
Operating profit, % of net sales	2.5	1.0	-4.4
Equity ratio, %	33.0	29.2	27.3
Gearing, %	53.7	74.3	100.8
Interest-bearing net liabilities, EUR mill.	233.5	304.4	326.5
Gross investments, EUR mill.	30.1	56.6	71.2
Order book, continuing operations, EUR mill.	1,910.9	1,880.1	1,733.2
- of which orders outside Finland, EUR mill.	655.6	889.4	729.9
Personnel at the end of period, continuing operations	6,007	6,632	5,526

[1)] Includes the effect of discontinued operations

11) SHARE-SPECIFIC INDICATORS

	9/2014	9/2013	12/2013
Basic earnings per share, EUR	0.81	-0.61	-5.06
Diluted earnings per share, EUR	0.81	-0.61	-5.06
Equity per share, EUR	20.06	20.92	16.52
Dividend per share, EUR			0,00
Dividend per earnings, %			0.0
Market capitalisation at the end of period, EUR mill.	276.1	295.8	298.2
Share price at the end of period, EUR	11.90	15.08	15.20
Share trading (NASDAQ OMX Helsinki), 1,000 shares	747	1,395	1,758
Number of issued shares, total	23,219,900	19,650,176	19,650,176
Number of treasury shares	16,687	34,915	34,915
Weighted average number of shares outstanding	21,656,948	19,564,542	19,579,392
Diluted weighted average number of shares outstanding	21,857,822	19,615,261	19,631,297

12) DISCONTINUED OPERATIONS

Lemminkäinen announced on 14 May 2014 that it has divested its Technical Building Services business by selling the entire share capital of Lemminkäinen Talotekniikka Oy. The transaction was completed on 13 June 2014 and the preliminary total purchase price is EUR 55.8 million. The Company has recorded a pre-tax gain on sale of EUR 23.7 million to the second quarter of 2014. The final total purchase price is subject to final adjustments to the purchase price. The Company classified Lemminkäinen Talotekniikka Oy as discontinued operation at the time of sale. The comparative consolidated income statement information for the financial period 2013 has been adjusted correspondingly. The Company's consolidated statements of financial position for the comparative year 2013 include all assets and liabilities attributable to the discontinued operations.

In 2014 the profit of operations of the sold units and the capital gains from their sale were as follows:

EUR mill.	1-9/2014	1-9/2013	1-12/2013
Profit of the discontinued operations			
Income	77.4	138.8	198.4
Expenses	77.8	140.2	199.8
Profit before taxes	**-0.4**	**-2.5**	**-1.5**
Taxes	0.1	0.5	4.1
Profit for the financial period	**-0.4**	**-2.0**	**2.7**
Pre-tax gains on sales of the businesses	**23.7**		
Taxes	0.0		
Gains on sale after taxes	**23.6**		
Profit for the period from discontinued operations	**23.3**	**-2.0**	**2.7**
Cash flows from discontinued operation			

Cash flow from operating activities	-3.9
Cash flow from investing activities	-0.1
Cash flow from financing activities	4.3
Cash flows total	**0.4**
The impact of the sale to groups' financial position	
Cash consideration received	56.7
Transferred assets and liabilities	-28.3
Other related items	-4.8
Gain on sale	**23.7**

In 2013, the Company did not classify any of its operations as discontinued operations.

13) FAIR VALUES OF FINANCIAL INSTRUMENTS

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

B = Loans and receivables

C = Available-for-sale financial assets

D = Financial liabilities recognised at amortised cost

E = Derivatives subject to hedge accounting

						CARRYING	FAIR
EUR mill.	A	B	C	D	E	AMOUNT	VALUE
30.9.2014							
Non-current financial assets							
Available-for-sale financial assets			3.5			3.5	3.5
Other non-current receivables		1.6				1.6	1.6
Current financial assets							
Trade and other receivables		418.6				418.6	418.6
Derivative assets	1.5					1.5	1.5
Available-for-sale financial assets			93.9			93.9	93.9
Cash and cash equivalents		106.5				106.5	106.5
Financial assets total	**1.5**	**526.7**	**97.4**			**625.6**	**625.5**
Non-current financial liabilities							
Interest-bearing liabilities [1)]				142.2		142.2	144.5
Other non-current liabilities				2.9		2.9	2.9
Current financial liabilities							
Interest-bearing liabilities [1)]				291.7		291.7	291.7
Trade payables and other financial liabilities [2)]				377.8		377.8	377.8
Derivative liabilities	2.7				0.0	2.7	2.7
Financial liabilities total	**2.7**			**814.6**	**0.0**	**817.3**	**819.6**

EUR mill.	A	B	C	D	E	CARRYING AMOUNT	FAIR VALUE
30.9.2013							
Non-current financial assets							
Available-for-sale financial assets			4.0			4.0	4.0
Other non-current receivables		1.1				1.1	1.1
Current financial assets							
Trade and other receivables		547.4				547.4	547.4
Derivative assets	0.9					0.9	0.9
Available-for-sale financial assets			36.0			36.0	36.0
Cash and cash equivalents		142.6				142.6	142.6
Financial assets total	**0.9**	**691.2**	**40.0**			**732.1**	**732.1**
Non-current financial liabilities							
Interest-bearing liabilities				137.0		137.0	138.4
Other non-current liabilities				4.5		4.5	4.5
Current financial liabilities							
Interest-bearing liabilities				346.0		346.0	346.0
Trade payables and other financial liabilities [2)]				439.2		439.2	439.2
Derivative liabilities	2.3				0.1	2.4	2.4
Financial liabilities total	**2.3**			**926.7**	**0.1**	**929.2**	**930.5**

[1)] The Company's long-term interest-bearing liabilities include a EUR 100 million unsecured bond issued on 26 June 2014. The bond's coupon rate is 7.375 percent and interest is paid semi-annually. The bond matures in five years, on 6 July 2019. In addition, the company has bought back EUR 15.2 million of its own bond maturing on 6 October 2014. The bond is included in the company's current interest-bearing liabilities and the purchase has been recognised as bond repayment.

[2)] Trade payables and other financial liabilities do not include statutory obligations or prepayments received, as these are not classified as financial liabilities under IFRS.
For more information on fair value measurement of financial instruments, see Lemminkäinen's Annual report 2013, Note 25 to the consolidated financial statements.

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

Financial instruments within Level 1 of the hierarchy are traded in active markets hence prices are obtained directly from the efficient markets.

Fair values of instruments within Level 2 are based on observable market inputs and generally accepted valuation methods.

Fair values within Level 3 are not based on observable market data but on quotations provided by brokers and market valuation reports.

EUR mill.	Level 2	Level 3	Total
30.9.2014			
Available-for-sale financial assets			
Equity instruments		3.5	3.5
Money market investments	93.9		93.9
Derivative instruments			
Derivative assets	1.4	0.1	1.5
Derivative liabilities	2.4	0.3	2.7

EUR mill.	Level 2	Level 3	Total
30.9.2013			
Available-for-sale financial assets			
Equity instruments		4.0	4.0
Money market investments	36.0		36.0
Derivative instruments			
Derivative assets	0.9	0.0	0.9
Derivative liabilities	0.9	1.5	2.4

Level 3 reconciliation statement

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

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

EUR mill.	A	B
Opening balance 1.1.2014	-1.2	3.8
Additions		0.0
Disposals		-0.3
Gains and losses recognised through profit or loss, total	1.0	
Fair values 30.9.2014	**-0.2**	**3.5**

14) GUARANTEES AND COMMITMENTS

EUR mill.	9/2014	9/2013	12/2013
Other collateral for own commitments			
Pledged deposits		0.0	0.0
Guarantees			
On behalf of associates and joint ventures	14.6	17.4	17.4
On behalf of consortiums and real estate companies	1.8	13.0	1.8
Total	**16.4**	**30.4**	**19.2**

Minimum lease payments of irrevocable lease contracts			
One year or less	10.4	14.5	12.3
Over one year but no more than five years	26.7	28.7	26.1
Over five years	1.2	7.1	6.0
Total	**38.4**	**50.3**	**44.5**
Purchase commitments of investments	3.9	3.8	7.7
Derivative contracts			
Forward foreign exchange contracts			
Nominal value	132.7	124.5	106.0
Fair value	0.0	0.1	0.9
Interest rate swap contracts			
Nominal value	40.0	52.9	47.2
Fair value	-1.0	0.0	0.0
Commodity derivatives			
Volume, MT	42,800	69,693	58,933
Nominal value	18.0	28.9	24.4
Fair value	-0.2	-1.5	-1.2

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

15) CONTINGENT ASSETS AND LIABILITIES

On 28 November 2013, the District Court of Helsinki issued its decisions concerning damages related to the asphalt cartel. In line with the decisions, Lemminkäinen recorded approximately EUR 66 million in expenses in its 2013 result. Of this, approximately EUR 60 million consisted of damages ordered only to Lemminkäinen, Lemminkäinen's share of the damages ordered to it and other asphalt industry companies to be paid jointly and severally, as well as interest and legal expenses related to the damages. This amount was paid by the company in January 2014. Lemminkäinen has appealed against all 35 decisions, where the plaintiffs' claims were partly upheld, to the Helsinki Court of Appeal. In Lemminkäinen's opinion, there are some judicial aspects in the decisions of the District Court, where the conclusions of the District Court differ from previous legal practices. Such judicial aspects are related to the questions of prescriptions and value added tax, for example. The main oral hearing is expected to take place during 2015. The Finnish state and 22 municipalities have also submitted their appeals to the Helsinki Court of Appeal. In addition to the claims which the Helsinki District Court has decided on, Lemminkäinen has been served summons regarding 18 claims against Lemminkäinen and other asphalt companies for damages. The capital amount of these claims is approximately EUR 18 million. For these claims, Lemminkäinen has made a provision worth EUR 7.4 million.

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