LEMMINKÄINEN'S INTERIM REPORT, 1 JANUARY – 31 MARCH 2012:

Improved profitability and a stronger order book.

January–March 2012 compared to the corresponding period of 2011:

- Net sales in January-March amounted to EUR 328.0 million (316.3).
- The order book stood at EUR 1,625.4 million (1,471.7) at the end of review period.
- The operating profit was EUR –21.6 million (–28.0). The operating margin was –6.6% (–8.9).
- The pre-tax profit amounted to EUR –24.2 million (–30.0).
- Earnings per share were EUR –1.02 (–0.59).
- Cash flow from operations totalled EUR 35.7 million (–38.3).
- The balance sheet total was EUR 1,293.5 million (1,098.5), and the interest-bearing net debt EUR 305.8 million (369.9).

Key figures, IFRS, EUR million	1-3/2012	1-3/2011	Change	1-12/2011
Net sales	328.0	316.3	4%	2,274.1
– of which operations outside Finland	103.4	71.9	44%	780.3
Operating profit	-21.6	-28.0	23%	53.5
Operating margin, %	*-6.6*	*-8.9*		*2.4*
Pre-tax profit	-24.2	-30.0	19%	34.6
Earnings from discontinued operations[1)]		11.3		11.3
Result for the period	-20.0	-11.7	–71%	35.6
Earnings per share, EUR	-1.02	-0.59	–73%	1.77
Cash flow from operations	35.7	-38.3		-7.1

1) Lemminkäinen divested its roofing business on 31 Jan 2011, from which it entered EUR 15.3 million in capital gain. The capital gain impacts both the Result for the period and Earnings per share for 1-3/2011 and 1-12/2011.

Key figures, EUR million	31.3.2012	31.3.2011	Change	31.12.2011
Order book	1,625.4	1,471.7	10%	1,400.4
- of which unsold	203.8	192.7	6%	206.3
- of which operations outside Finland	613.9	445.7	38%	482.5
Balance sheet total	1,293.5	1,098.5	18%	1,242.8
Interest-bearing net debt	305.8	369.9	–17%	401.2
Equity ratio, %	*34.2*	*32.6*		*30.8*
Gearing, %	*76.1*	*117.2*		*114.5*
Return on investment (rolling 12 months), %	*9.5*	*8.6*		*10.8*

President & CEO Timo Kohtamäki:

“Lemminkäinen's operating profit and pre-tax profit improved on the first quarter of 2011. This is a good achievement for the traditionally weak first quarter –considering that last year our paving operations in Norway grew, which, in turn, increased the seasonal loss. On the other hand, the volume of special contracting in infrastructure construction – which is not affected by seasonal fluctuations – is clearly growing in our business portfolio,” says Lemminkäinen's President & CEO Timo Kohtamäki.

“Our order book continued to grow robustly in the other Nordic countries and Russia, which are our strategic growth areas. In Finland, our order book remained at the same level as in 2011. Our residential unit sales were brisk, and we signed notable, long-term agreements for the maintenance and upkeep of technical building systems. Although the volume of competitive contracting was lower than last year in all business sectors, their profitability improved.”

Kohtamäki says that the EUR 50 million efficiency programme launched in October 2011 is progressing well. “We estimate that we'll achieve about EUR 20 million in cost savings this year. Another of our key development programmes – working capital optimization – is also progressing to plan.”

At the end of the review period, Lemminkäinen issued a EUR 70 million domestic hybrid bond. “It will strengthen our capital structure and financial position, giving us more latitude to implement our strategy,” says Kohtamäki.

Profit guidance for 2012

Lemminkäinen's guidance remains unchanged. The company estimates that its 2012 net sales will remain at the same level as in 2011, and that its pre-tax profit will improve on 2011. Lemminkäinen's estimate is based on good performance during the first quarter, as well as a larger order book and order book margin than in 2011. The company estimates that the construction market will remain stable.

Market outlook

General economic uncertainty has not weakened demand for construction to the same extent as was feared at the turn of the year. The total volume of construction in Finland is expected to fall slightly in 2012 with growth resuming in 2013. Construction is increasingly centred on growth centres. The market situation for infrastructure construction in Sweden, Norway and Denmark is expected to remain good. Demand for residential construction in Russia will remain high.

Briefing

A Finnish-language briefing for analysts and the media will be held at 2.00 p.m. on Thursday, 3 May at Lemminkäinen’s head office. The street address is Salmisaarenaukio 2, Helsinki, Finland. The interim report will be presented by President & CEO Timo Kohtamäki. Presentation material is available in Finnish and English on the company’s website, www.lemminkainen.com.

2012 financial releases

2 August 2012 – Interim report, January–June 2012
1 November 2012 – Interim report, January–September 2012

LEMMINKÄINEN CORPORATION

Corporate Communications

ADDITIONAL INFORMATION:

Timo Kohtamäki, President & CEO, tel. +358 (0)2071 53263
Robert Öhman, CFO, tel. +358 (0)2071 53515
Katri Sundström, Vice President, Investor Relations, tel. +358 (0)2071 54813

APPENDICES:

Interim Report, 1 Jan–31 Mar 2012
Interim Report, tabulated section

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INTERIM REPORT, 1 January – 31 March 2012

OPERATING ENVIRONMENT

Finland

The uncertain economic situation was reflected in construction activity, but its impact was less than feared. The housing sales remained steady throughout the first months of the year. Weak tenant demand decreased the launch of business and commercial building projects, but there was brisk demand for the construction of individual retail stores, even outside growth centres. Renovation construction continued to grow steadily, and more renovation contracts were on offer for public service buildings in particular.

Underground urban construction and demanding city-centre projects maintained a good market situation in special contracting in infrastructure construction. In building construction, the number of new construction projects was higher than expected, which increased activity in foundation construction and maintained demand for mineral aggregates and concrete products. An increasing number of Lemminkäinen's paving and civil engineering projects have been concentrating on growth centres.

An increase in building construction last year maintained good demand for technical building services. Improvements to energy efficiency and changes in heating methods increased demand for renovations. More long-term agreements for property maintenance and upkeep were also signed.

Other markets

In Sweden, ongoing tunnel projects and mining operations maintained good workloads in civil and rock engineering. In building construction, the market situation for renovations remained stable, and new residential construction continued to grow.

In Norway and Denmark, the market situation in infrastructure construction remained good. More road construction and basic renovation projects are being launched in the Baltic countries, especially in Estonia.

In Russia, demand for new residential construction in St Petersburg remained high. Demand for residential construction in Russia is being supported by growth in consumer purchasing power and the increased availability of consumer mortgages. Authorities' slow processing times delayed the launch of new projects.

NET SALES

Net sales by business sector, EUR million	1-3/2012	1-3/2011	Change	1-12/2011
International Operations	104.0	72.4	44%	809.8
Building Construction	124.1	143.8	–14%	720.9
Infrastructure Construction	66.6	65.1	2%	596.2
Technical Building Services	60.5	52.0	16%	239.9
Other operations and Group eliminations	-26.9	-12.6	over 100	-59.4
Business sectors, total	328.4	320.6	2%	2,307.4
Reconciliation items	-0.4	-4.3	91%	-33.3
Group, total (IFRS)	328.0	316.3	4%	2,274.1

Lemminkäinen's first-quarter net sales rose by 4% to EUR 328.0 million (316.3). The greatest growth was seen in infrastructure operations in Sweden and Norway and residential construction in Russia. In Finnish building construction, residential development remained at the same level as in 2011, but the volume of competitive contracting fell. In technical building services, demand for both competitive contracting and maintenance and upkeep services was brisker than last year.

Of the total net sales for the review period, 69% (77) was generated in Finland, 21% (15) in the other Nordic countries, 6 (4%) in Russia, and 4 (4%) in other countries.

OPERATING PROFIT

Operating profit by business sector, EUR million	1-3/2012	1-3/2011	Change	1-12/2011
International Operations	-15.8	-13.3	–19%	42.2
Building Construction	-1.0	-4.3	77%	9.4
Infrastructure Construction [1)]	-3.9	7.1		30.9
Technical Building Services	0.8	0.4	100%	2.8
Other operations	-2.0	-3.6	44%	-16.6
Business sectors, total	-21.8	-13.8	–58%	68.8
Reconciliation items	0.2	-14.2		-15.3
Group, total (IFRS)	-21.6	-28.0	23%	53.5

Operating margin by business sector, %	1-3/2012	1-3/2011	1-12/2011
International Operations	-15.2	-18.4	5.2
Building Construction	-0.8	-3.0	1.3
Infrastructure Construction [1)]	-5.9	10.9	5.2
Technical Building Services	1.3	0.8	1.2
Group, total (IFRS)	-6.6	-8.9	2.4

1) The operating profit for Infrastructure Construction in 1-3/2011 and 1-12/2011 includes EUR 15.3 million in capital gain from the divestment of the roofing business.

Lemminkäinen's first-quarter operating profit was EUR –21.6 million (–28.0), and its operating margin –6.6% (–8.9). This loss stemmed from the seasonal nature of paving operations. The growth of paving operations especially in Norway also contributed to the first-quarter loss. The profitability of competitive contracting in building construction and technical building services improved. Special contracting in infrastructure construction strengthened the sector's result. The profit for the corresponding period of 2011 for Infrastructure Construction includes EUR 15.3 million in capital gains from the divestment of the roofing business.

ORDER BOOK

Order book by business sector, EUR million	31.3.2012	31.3.2011	Change	31.12.2011
International Operations	613.9	445.7	38%	482.5
Building Construction	606.6	632.2	–4%	580.5
Infrastructure Construction	312.2	285.9	9%	238.3
Technical Building Services	92.7	107.9	–14%	99.0
Group, total	1,625.4	1,471.7	10%	1,400.4
- of which unsold	203.8	192.7	6%	206.3

Compared with the corresponding period of last year, Lemminkäinen's order book strengthened by 10% to EUR 1,625.4 million (1,471.7).

In Finland, the order book remained at roughly 2011 levels in all business sectors. In building construction and technical building services, the order book for competitive contracting decreased, but its margin improved. Paving operations boosted the order book in infrastructure construction.

In international operations, the order book strengthened in almost all of the company's business areas. The greatest growth was seen in paving operations in Norway and Estonia and in residential construction in Russia. In Sweden, Lemminkäinen's order book in building construction and infrastructure construction was also larger than in 2011.

Of the Group’s order book, 62 (70) per cent originated in Finland, 23 (21) per cent in the other Nordic countries, 7 (4) per cent in Russia, and 8 (5) per cent in the Baltic countries and other countries.

BALANCE SHEET, CASH FLOW AND FINANCING

The balance sheet total stood at EUR 1,293.5 million (1,098.5) on 31 March 2012. The balance sheet grew due to Lemminkäinen's strategic investments in residential development and increased liquid funds.

At the end of the review period, Lemminkäinen issued a EUR 70 million domestic hybrid bond. Although this hybrid bond is presented under the Group's shareholders' equity, the bond bearer does not possess any of the rights of a shareholder, and the bond does not dilute shareholders' holdings in the company. It is an unsecured debt with a lower priority than the company's other debt obligations. The bond has no

maturity but the company may exercise an early redemption option after four years. The bond's annual interest rate is 10%. The hybrid bond issue strengthened Lemminkäinen's capital structure and financial position, giving the company more latitude to implement its strategy.

Lemminkäinen's rolling 12-month return on investment was 9.5% (8.6). The equity ratio was 34.2% (32.6) and gearing 76.1% (117.2). The aforementioned financing arrangements improved both the equity ratio and gearing. Lemminkäinen seeks to achieve an 18 per cent return on investment and an equity ratio of 35 per cent by the end of the 2010–2013 strategy period.

Working capital rose by 10.5% to EUR 831.9 million (752.9). Net working capital totalled EUR 381.3 million (389.1).

At the end of the period, interest-bearing debt stood at EUR 404.4 million (394.6), of which long-term interest-bearing debt accounted for EUR 183.7 million (141.4) and short-term interest-bearing debt for EUR 220.7 million (253.2). Interest-bearing net debt totalled EUR 305.8 million (369.9). Of all interest-bearing debt, 38% were with a fixed interest rate, and on 31 March 2012, the financing expenses of all interest-bearing debt amounted to, on average, 3.45%.

Of the company’s interest-bearing debt, 17% (18) comprise loans from financial institutions, 23% (23) commercial papers, 16% (9) project loans related to residential and commercial development, 15% (21) pension loans, 14% (14) finance leasing liabilities and 15% (15) bonds. At the end of the period, the company also had binding, unused credit limits to the amount of EUR 140.3 million (160.0).

Net financial expenses rose slightly during the review period and amounted to EUR 2.7 million (2.0), representing 0.8% (0.6) of net sales.

Liquid funds at the end of the review period stood at EUR 98.6 million (24.7). The hybrid bond issued at the end of the period increased the company's liquid funds.

According to the cash flow statement, cash flow from operating activities in the first quarter totalled EUR 35.7 million (–38.3).

EFFICIENCY PROGRAMME AND OPTIMIZATION OF NET WORKING CAPITAL HELPING TO ACHIEVE STRATEGIC TARGETS

Efficiency programme

In autumn 2011, Lemminkäinen launched an efficiency programme to boost profitability. The programme seeks annual cost savings of EUR 50 million from 2013 onwards. Boosting efficiency in procurements will yield about EUR 30 million of this target. Savings of approximately EUR 20 million are being sought by improving the efficiency of operations, existing processes, the office network, and organisational and management structures. The company estimates that efficiency measures will generate about EUR 20 million in cost savings this year.

As part of the efficiency programme, Lemminkäinen engaged in employee negotiations in autumn 2011. These negotiations resulted in personnel reductions of about 300 person-years. The reductions will primarily be implemented during 2012. Lemminkäinen is transferring to a centralised procurement model in which all functions will use shared processes, benchmarks, and procurement and purchase tools. The model will also enable Lemminkäinen to take full advantage of economies of size. Other measures to boost procurement efficiency include forging long-term supplier relations, internationalising the supplier base, and reducing the number of different suppliers.

Optimization of working capital

Lemminkäinen seeks to optimize its net working capital by approximately EUR 100 million by the end of 2013. The company has paid particular attention to on-time invoicing and turnover times for accounts receivables and accounts payable. The programme is progressing according to plan and business sectors will introduce these efficiency measures during 2012.

BUSINESS SECTORS

Since the beginning of 2012, Lemminkäinen's business operations have been organised in four business sectors: International Operations, Building Construction, Infrastructure Construction, and Technical Building Services.

All of Lemminkäinen’s business operations outside Finland were transferred to the International Operations business sector. In addition to Finland, Lemminkäinen's main market areas comprise the other Nordic countries, Russia and the Baltic countries. This business sector change aims to take better account of these growth markets in operational management and development.

INTERNATIONAL OPERATIONS

Key figures, EUR million	1-3/2012	1-3/2011	Change	1-12/2011
Net sales	104.0	72.4	44%	809.8
Operating profit	-15.8	-13.3	–19%	42.2
Operating margin, %	*-15.2*	*-18.4*		*5.2*
Order book at end of period	613.9	445.7	38%	482.5

Net sales in the International Operations business sector grew by 44% to EUR 104.0 million (72.4). Infrastructure construction in Sweden and Norway and residential construction in Russia boosted net sales. In the Baltic countries, and particularly in Estonia, infrastructure construction volumes were also higher than in 2011. Of the sector's net sales, 67% were generated in Sweden, Norway and Denmark; 20% in Russia; 6% in the Baltic countries; and 7% in other countries.

The sector's operating profit was EUR –15.8 million (–13.3) and the operating margin –15.2% (–18.4). This loss stemmed from the seasonal nature of paving operations. Growth in paving operations in Norway also contributed to the first-quarter loss: in summer 2011, Lemminkäinen acquired the Norwegian company

Mesta Industri AS from the Norwegian state-owned Mesta Group. The result for building construction in Russia improved on last year.

At the end of the review period, the order book stood at EUR 613.9 million (445.7), which is 38% higher than at the end of the corresponding period of last year. Lemminkäinen's order book grew in almost all of its operational areas outside Finland. The greatest growth was seen in paving operations in Norway and Estonia and in residential construction in Russia. Of the order book, 61% was generated in Sweden, Norway and Denmark; 19% in Russia; 17% in the Baltic countries; and 3% in other countries.

Infrastructure Construction

Lemminkäinen is seeking growth from Scandinavian infrastructure construction, in line with its strategy. The company also has civil engineering and paving operations in the Baltic countries and Russia.

Lemminkäinen's workload for paving developed well during the early year. In Norway and Sweden, the company won state paving contracts worth a total of EUR 90 million.

Over the last few years, Lemminkäinen has solidified its position in Sweden in special contracting in infrastructure construction. The company has ongoing, large-scale mine excavation contracts at, for example, Dragon Mining's gold mine in Svartliden and LKAB's iron ore mine in Kiruna. During the review period, Lemminkäinen announced that it would undertake three follow-up projects for LKAB in the Malmfälten ore fields in Kiruna. These projects are worth a total of about EUR 14 million.

Infrastructure construction in the Baltic countries has been gradually increasing and, at the end of the review period, Lemminkäinen's order book was larger than in 2011. Infrastructure projects in the Baltic countries have mainly been EU-funded, but the number of locally financed projects is rising.

Building Construction and Technical Building Services

In Russia, Lemminkäinen’s operations are focused on residential development in the St Petersburg area. In Sweden, the Company primarily builds residential units and renovates business premises, particularly public service buildings. The company is also engaged in technical building services in Russia and has individual industrial construction project management contracts around the world.

Housing sales in St Petersburg remained stable during the early year. Authorities' slow processing times delayed the launch of new projects. At the turn of the year, Lemminkäinen launched a new, approximately 400-unit residential site on Vasily Island. The company is also preparing an extensive residential construction site, which will include about 2,000 residential units, as well as business and office premises. Construction work is expected to last about five years.

Lemminkäinen's residential development in Russia	1-3/2012	1-3/2011	2011	2010
Residential start-ups	0	0	404	154
Residential units sold	35	46	194	276
Completed	0	0	154	498
Under construction at end of period	404	154	404	154
- of which unsold	404	154	404	154
Completed and available for sale at end of period	47	76	82	122

Lemminkäinen has an ongoing project in Kaluga, near Moscow, to construct a 135-hectare industrial park. In the review period, Lemminkäinen handed over a plastics plant to its first customer, Rani Plast. The company is continuing negotiations with potential new users.

At the end of the review period, Lemminkäinen had EUR 47.3 million (44.5) in capital invested in Russia.

Building construction operations in Sweden remained stable, and Lemminkäinen's order book was larger than in 2011.

BUILDING CONSTRUCTION

Key figures, EUR million	1-3/2012	1-3/2011	Change	1-12/2011
Net sales	124.1	143.8	–14%	720.9
Operating profit	-1.0	-4.3	77%	9.4
Operating margin, %	*-0.8*	*-3.0*		*1.3*
Order book at end of period	606.6	632.2	–4%	580.5

The net sales of Building Construction fell by 14% to EUR 124.1 million (143.8). Net sales of the company's residential and commercial development remained at the same level as in 2011, but the volume of competitive contracting fell.

The operating profit was EUR –1.0 million (–4.3) and the operating margin –0.8% (–3.0). Over the past year, the company has paid particular attention to improving the profitability of competitive contracting, and this had a favourable impact on earnings trends. A rise in construction costs, particularly in the Helsinki Metropolitan Area, burdened the result to some extent. As in 2011, Lemminkäinen's residential development projects will largely be completed and recognised as income during the second half of the year.

At the end of the review period, the order book for building construction had fallen slightly to EUR 606.6 million (632.2). Lemminkäinen estimates that it will begin construction of about 1,100 units of residential development in 2012.

Lemminkäinen's residential development, Finland	1-3/2012	1-3/2011	2011	2010
Residential start-ups	219	375	1,076	1,004
Residential start-ups (competitive contracting)	*150*	*202*	*536*	*1,248*
Residential units sold	222	158	914	911
Completed	56	102	1,077	418
Under construction at end of period	1,152	1,264	989	991
- of which unsold	553	677	483	439
Completed and available for sale at end of period	151	89	224	110

At the end of the period, Lemminkäinen owned a total of 782,000 m² of floor area in unused building rights in Finland, of which 375,000 m² were residential building rights. The company also had binding or conditional cooperation and zoning agreements for 425,000 m². At the end of the period, the balance sheet value of these plots stood at EUR 102.6 million (97.0).

The market situation in renovation construction was good, and Lemminkäinen received numerous renovation and new construction contacts for public service buildings.

In Oulu, Lemminkäinen was chosen as the service provider for a significant lifecycle project - a community centre Kastelli. In addition to new construction, the project includes investments in basic improvements to the building and a 25-year maintenance and upkeep contract. The project combines Lemminkäinen's expertise in building construction and technical building systems. The total value of this lifecycle project is about EUR 86 million, which is not included in the order book for this review period.

During the review period, Lemminkäinen and YIT signed a cooperation agreement for the construction of a nuclear power station in Finland. Negotiations with plant suppliers are currently ongoing.

INFRASTRUCTURE CONSTRUCTION

Key figures, EUR million	1-3/2012	1-3/2011	Change	1-12/2011
Net sales	66.6	65.1	2%	596.2
Operating profit	-3.9	7.1		30.9
Operating margin, %	*-5.9*	*10.9*		*5.2*
Order book at end of period	312.2	285.9	9%	238.3

The net sales of Infrastructure Construction remained at the same level as in 2011 and totalled EUR 66.6 million (65.1). The business sector's operating profit was EUR –3.9 million (7.1). The operating profit for the 1-3/2011 and 1-12/2011 includes EUR 15.3 million in capital gain from the divestment of the roofing business. Special contracting in infrastructure construction, which is accounting for an increasing proportion of the sector's net sales, played a major role in improving the sector's profitability. Paving and mineral aggregate operations also generated smaller losses during the early year than in 2011.

At the end of the review period, Infrastructure Construction's order book stood at EUR 312.2 million (285.9). Lemminkäinen's order book was better than last year, particularly in paving.

Underground urban construction and demanding city-centre projects increased demand for special contracting in infrastructure construction. Lemminkäinen was chosen to construct an underground parking facility in Oulu city centre. Work will begin in June 2012 and is scheduled for completion in 2015. This project, worth approximately EUR 70 million, is not included in the order book for this review period. The company also has several similar projects under way in, for example, Tampere, Hämeenlinna, Helsinki, and the Tapiola district of Espoo. Excavation and interior contracts for underground parking facilities demand profound expertise in foundation and rock engineering, and they also combine Lemminkäinen's expertise in building construction and technical building services.

Lemminkäinen also has several smaller civil engineering projects under way, as well as bridge construction and repair work across Finland. Building construction was brisker than expected, which has maintained satisfactory demand for mineral aggregates. Demand for concrete products declined slightly, as demand for concrete products reached a record-breaking high in 2011.

TECHNICAL BUILDING SERVICES

Key figures, EUR million	1-3/2012	1-3/2011	Change	1-12/2011
Net sales	60.5	52.0	16%	239.9
Operating profit	0.8	0.4	100%	2.8
Operating margin, %	*1.3*	*0.8*		*1.2*
Order book at end of period	92.7	107.9	–14%	99.0

The net sales of Technical Building Services rose by 16% to EUR 60.5 million (52.0). The operating profit was EUR 0.8 million (0.4) and the operating margin 1.3% (0.8). Thanks to efficiency measures, the profitability of competitive contracting in technical building services has gradually improved. These measures include enhancing customer relationships, commercialising products, and boosting the efficiency of processes. Lemminkäinen has also shifted its focus onto maintenance and upkeep services, which are less susceptible to seasonal fluctuations. At the end of the review period, Technical Building Services' order book stood at EUR 92.7 million (107.9).

During the review period, Lemminkäinen signed notable nationwide property maintenance contracts. The company is now responsible for maintaining the refrigeration units at Sampo Bank's 120 offices. A contract was also signed with energy company St1, covering technical maintenance and repair services for about 630 distribution stations.

INVESTMENTS

Gross investments in 2012 totalled EUR 11.4 million (9.5), representing 3.5 per cent (3.0) of the company’s net sales. They were primarily earmarked as replacement investments in infrastructure construction.

PERSONNEL

During the review period, the Group employed an average of 7,438 people (7,363). Of these, 68 per cent (74) worked in Finland, 13 per cent (11) in the other Nordic countries, 9 per cent (8) in the Baltic countries, and 10 per cent (7) in other countries.

Average number of personnel	1-3/2012	1-3/2011	Change	1-12/2011
Hourly paid employees	4,599	4,519	2%	5,489
Salaried employees	2,839	2,844	0%	2,932
Personnel, total	7,438	7,363	1%	8,421
- of whom working outside Finland	2,403	2,000	20%	2,590
Personnel at end of period	7,477	7,576	–1%	7,929

Average number of personnel by business sector	1-3/2012	1-3/2011	Change	1-12/2011
International Operations	2,430	2,080	17%	2,636
Building Construction	1,508	1,689	–11%	1,696
Infrastructure Construction	1,459	1,604	–9%	2,032
Technical Building Services	1,739	1,764	–1%	1,796
Parent company	302	226	34%	261
Group, total	7,438	7,363	1%	8,421

The changes in the number of personnel employed in each business sector stem from growth in Lemminkäinen's international operations, personnel reductions resulting from the co-determination negotiations in 2011, and the centralisation of support functions at the parent company's expert and service centres.

CHANGES IN ORGANISATIONAL STRUCTURE

On 1 January 2012, Lemminkäinen merged its international business operations into a new business sector. Since the change, Lemminkäinen’s business sectors have been: International Operations, Building Construction, Infrastructure Construction and Technical Building Services.

Henrik Eklund is Executive Vice President, International Operations; Jukka Terhonen is Executive Vice President, Building Construction; Harri Kailasalo is Executive Vice President, Infrastructure Construction; and Marcus Karsten is Executive Vice President, Technical Building Services. In addition to the Executive Vice Presidents of Lemminkäinen's business sectors, the company's Executive Board also includes President & CEO Timo Kohtamäki; CFO Robert Öhman; Tiina Mikander, Executive Vice President of Corporate Business Development; and Tiina Mellas, Executive Vice President of HR and ICT.

Jouni Pekonen was appointed Procurement Manager and a member of the Executive Board on 17 February 2012. Pekonen reports to President & CEO Timo Kohtamäki.

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.

Share capital and the number of shares

Lemminkäinen's share capital is EUR 34,042,500 and the total number of shares is 19,650,176. The number of shares changed during the review period as a result of a directed share issue associated with Lemminkäinen's share-based incentive scheme. A total of 5,412 Lemminkäinen Corporation shares were issued in the directed share issue. The new shares were available for trading on 22 February 2012.

Market capitalisation and trading

At the end of the review period, the market capitalisation of Lemminkäinen's shares stood at EUR 380.4 million (517.4). The price of Lemminkäinen Corporation's share on NASDAQ OMX Helsinki was EUR 18.72 (26.00) at the start of the period and EUR 19.36 (26.34) at the end. Share turnover during the period totalled 133,158 (889,536). The total value of share turnover was EUR 2.6 million (22.7). In addition to NASDAQ OMX Helsinki, Lemminkäinen's share is also traded on alternative markets. During the review period, Lemminkäinen's share turnover volume on NASDAQ OMX Helsinki accounted for about 80% of total share turnover. (Source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com).

Authorisations of the Board of Directors

At an Extraordinary General Meeting held on 12 November 2009, Lemminkäinen decided – in accordance with the proposal made by 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 one or more instalments, either against payment or without consideration. The Board of Directors is still authorised to issue 1,576,486 shares and/or special rights entitling their holders to shares. The authorisation is valid for five (5) years after being granted.

Lemminkäinen Corporation's Annual General Meeting, which convened on 4 April 2011, resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 1,000,000 of the company's 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 in the possession of the company or its subsidiaries. The authorisation will remain in force for a period of 18 months from the resolution of the General Meeting. The authorisation had not yet been employed by the end of the review period.

Own shares

Lemminkäinen owns 509 of its own shares, which have been returned to the company as part of its share-based incentive scheme. Originally the shares were allocated to key persons in connection with the reward payment from the 2011 earning period under the share-based incentive scheme for 2010-2012.

SHAREHOLDERS

At the end of the review period, the company had 4,585 shareholders (4,861). Holders of nominee-registered shares and non-Finnish shareholders held 14 (7) per cent of all Lemminkäinen Corporation shares and voting rights. Company ownership and division by sector and scale, largest shareholders, and share ownership of the members of the Executive Board and the Board of Directors are available on the company's web pages at www.lemminkainen.com/investors.

Flagging notifications

On 4 January 2012, Lemminkäinen received a flagging notification according to which Olavi Pentti gifted 1,964,480 Lemminkäinen shares to his daughter, Noora Forstén. As a result, the shares held by Olavi Pentti in Lemminkäinen Corporation fell from 3,673,953 shares (representing about 18.7 per cent of all shares and votes in the company) to 1,709,473 shares (approximately 8.7 per cent). Noora Forstén's holding has risen from 1,593 to 1,966,073 shares, which corresponds to 10 per cent of all shares and votes in Lemminkäinen Corporation.

Shareholder agreements

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

LEGAL PROCEEDINGS

In 2009, the Supreme Administrative Court (SAC) ordered Finnish asphalt industry companies to pay an infringement fine for violations of the Act on Competition Restrictions.

At the end of March 2012, a total of 40 claims for damages brought by municipalities and one by the Finnish state (Finnish Transport Agency) were pending against Lemminkäinen and other asphalt industry companies in the District Court. The claimants contend that restrictions of competition have caused them damages. The total amount of damages sought from Lemminkäinen is currently about EUR 123 million. The total amount of claims has risen by approximately EUR 6 million after certain claimants changed their claims – some sought increased damages, while others sought less. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

The ruling rendered by the SAC in 2009 as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused any damages to their asphalt clients. The ruling does not concern the individual contracts that the claimants cited in support of their claims. Nor does the ruling concern the pricing of individual contracts. The SAC has not investigated the contention that inflated prices have been charged for the contracts.

Lemminkäinen's initial position is that the claims for damages are without foundation. The claims will be processed in the order and schedule set by the District Court. Preparatory sessions for the trial began in January 2012, but a more detailed process and ruling schedule is currently not yet available.

No provisions have been made in respect of the claims of the municipalities and the Finnish Transport Agency that are pending in the District Court.

Lemminkäinen will provide information on the proceedings in its interim reports or in separate releases, as necessary.

RISKS AND UNCERTAINTY FACTORS

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

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

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

Project-specific risks generally involve project implementation management and changes in investments. These are controlled through systematic project management at both the tender and implementation stage. Weather conditions also pose a risk in the construction industry. Unusual or harsh weather can weaken the profitability of operations by interrupting or delaying projects.

Lemminkäinen uses considerable amounts of oil-based products in its asphalt production. The price of bitumen is tied to the global price of oil, and Lemminkäinen manages the bitumen price risk with oil derivatives and contractual terms.

Writs of summons filed at district court level by certain municipalities and the Finnish Transport Agency pose a risk.

More information about Lemminkäinen's risks, as well as a more detailed description of the company's risk management, is presented in the 2011 Annual Report (pages 21–23) and also on the company's website. A more detailed account of Lemminkäinen's financial risks is provided in the notes to the 2011 financial statements. Lemminkäinen has also published a Corporate Governance Statement for 2011.

OUTLOOK FOR THE NEAR FUTURE

Finland

Compared to the other Nordic countries, Finland's housing market is stable. Internal migration and exceptionally low interest rates are supporting demand for housing. Lemminkäinen estimates that it will start up the construction of about 1,100 units in its own residential development in Finland in 2012.

The volume of new construction is not expected to rise this year. Weak tenant demand is delaying the start of new commercial construction projects. Steady growth is, however, expected to continue in renovation construction. Lemminkäinen has several ongoing renovation projects for public service buildings in 2012 and 2013.

The volume of infrastructure construction is expected to remain at the same level as in 2011, or even to drop slightly. Demand for special contracting in infrastructure construction is being maintained by underground urban construction, demanding city-centre projects, and an increase in mining operations. A number of new rail and railway projects are also being launched in 2012. Paving volumes are not expected to increase, and demand may also be weakened by the rising price of bitumen. Overall, Lemminkäinen's order book for infrastructure construction is larger than in 2011.

A fall in the volume of new building construction may weaken demand for technical building services towards the end of the year. Demand for maintenance, upkeep and technical repairs is more stable, and the market situation is not expected to weaken significantly. Lemminkäinen has a satisfactory workload in technical building services, and its order book margin is better than last year. The company has also signed several new long-term maintenance and upkeep agreements during 2012.

Other markets

In Sweden, Norway and Denmark, infrastructure building volumes are growing faster than in Finland. In Sweden, major motorway projects in Stockholm and mining operations in Northern Sweden are boosting construction volumes. In Norway and Denmark, the number of road and rail projects has increased, which supports demand for paving. Growth in the energy supply sector will increase demand for infrastructure construction in all of the Nordic countries. In Sweden and Norway, Lemminkäinen has ongoing power station contracts and specialised infrastructure construction projects. The company also won several paving works during early 2012.

In Russia, demand for residential construction in St Petersburg is expected to remain good. Factors that affect the demand for residential units include consumer purchasing power, internal migration, the availability of consumer mortgages, and the general political and economic climate in Russia. Lemminkäinen has few completed residential units for sale in Russia. The company estimates that its new site containing about 400 units will be gradually completed by the end of 2013.

Activity in infrastructure construction in Estonia is increasing. Construction costs have risen quickly throughout the Baltic countries.

Lemminkäinen's profit guidance for 2012

Lemminkäinen's guidance remains unchanged. The company estimates that its 2012 net sales will remain at the same level as in 2011, and that its pre-tax profit will improve on 2011. Lemminkäinen's estimate is based on good performance during the first quarter, as well as a larger order book and order book margin than in 2011. The company estimates that the construction market will remain stable.

EVENTS AFTER THE END OF THE REVIEW PERIOD

Resolutions of the 2012 Annual General Meeting

On 2 April 2012, Lemminkäinen Corporation's Annual General Meeting adopted the company's financial statements for 2011 and granted the members of the Board of Directors and the President and CEO discharge from liability. The General Meeting resolved, in accordance with the Board of Directors' proposal, to pay a dividend of EUR 0.50 per share to a total of EUR 9,824,833.50. The record date for payment of dividend was 5 April 2012 and the dividend was paid on 16 April 2012.

Berndt Brunow, Noora Forstén, Juhani Mäkinen, Mikael Mäkinen, Kristina Pentti-von Walzel and Heikki Räty were elected as members of the Board. PricewaterhouseCoopers Oy, a firm of authorised public accountants, was elected to serve as the company's auditors, with Kim Karhu, Authorised Public Accountant, as chief auditor.

The Annual General Meeting resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 1,000,000 of the company's 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 in the possession of the company or its subsidiaries. The authorisation will remain in force for a period of 18 months from the resolution of the General Meeting. The previous authorisation granted to the Board of Directors has now expired.

The General Meeting decided, in accordance with the Board's proposal, to sell any shares in the company's joint book-entry account that had not been transferred to the book-entry system – a total of 10,570 shares – on the shareholders' behalf. The Board was authorised to begin any procedures required by this decision.

Lemminkäinen's Board of Directors held an organisation meeting on 2 April 2012. Berndt Brunow will continue as Chairman of the Board, and Juhani Mäkinen as the Vice Chairman. The Board elected an Audit Committee from among its members. The committee consists of Heikki Räty (Chairman), Juhani Mäkinen and Kristina Pentti–von Walzel. Berndt Brunow was elected to serve as the Chairman of the Nomination Committee, with Kristina Pentti-von Walzel and Teppo Taberman serving as members. Mikael Mäkinen was elected to serve as the Chairman of the Remuneration Committee, with Berndt Brunow and Noora Forstén serving as members.

Flagging notifications

After the end of the review period, Lemminkäinen Corporation received a flagging notification according to which Peab Invest AS, a wholly owned subsidiary of Peab AB (publ), acquired 940,000 Lemminkäinen shares on 2 April 2012 through a forward contract. These shares represent 4.78 per cent of Lemminkäinen's shares and votes. The shares were transferred to Peab AB (publ) immediately after the transaction. As a result of the completion of the forward contract on 2 April 2012, Peab AB´s (publ.) holding in Lemminkäinen rose to 2,080,225 shares, which represents 10.58 per cent of all the shares and votes in the company.

Orders received

After the end of the review period, Lemminkäinen won a substantial paving contract from Finavia, which maintains Finland's airports. The total value of the contract is about EUR 20 million. It will begin in April 2012 and end in September 2014. According to initial calculations, the work will require about 300,000 tons of paving.

Other events

On 12 April 2012, Lemminkäinen divested its sports paving operations to Jäämestarit Oy. Five personnel also transferred to Jäämestarit Oy as part of the transaction.

Helsinki, 3 May 2012

LEMMINKÄINEN CORPORATION

Board of Directors

TABULATED SECTIONS OF THE FINANCIAL STATEMENT BULLETIN

ACCOUNTING PRINCIPLES

The same IFRS recognition and measurement principles have been observed in the preparation of this interim report as in the 2011 financial statements, except for the changes mentioned below. As the tabulated section is presented in a shortened form, not all the requirements of IAS 34 – Interim Financial Reporting have been applied in the preparation of the report. The information contained in the interim report has not been audited.

Shareholders' equity

In addition to the equity attributable to shareholders, a hybrid bond was also recorded under shareholders' equity. The bond bearer does not possess any of the rights of a shareholder, and the bond does not dilute shareholders' holdings in the company. When it was originally recorded, the hybrid bond was measured at fair value less the transaction costs. In later accounts, the bond will retain its original value. Interest from the bond is entered directly from retained earnings.

Earnings per share

The undiluted earnings per share is calculated by dividing the profit for the accounting period attributable to the shareholders of the parent company, less the interest on the hybrid bond, by the weighted average number of shares outstanding 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 shares outstanding.

Standards and interpretations that came into effect in 2012

The following interpretations and standards have no essential impact on the consolidated financial statements: IFRS 7 (amendment).

FINANCIAL STATEMENTS AND OTHER TABULATED INFORMATION

1) Consolidated income statement
2) Consolidated statement of comprehensive income
3) Consolidated statement of financial position
4) Consolidated cash flow statement
5) Consolidated statement of changes in equity
6) Consolidated income statement, quarterly
7) Segment information
8) Economic trends and financial indicators
9) Share-specific indicators
10) Guarantees and contingent liabilities
11) Legal proceedings

1) CONSOLIDATED INCOME STATEMENT

EUR mill.	1-3/ 2012	1-3/ 2011	1-12/ 2011
Net sales	328.0	316.3	2,274.1
Operating income and expenses	-343.5	-339.1	-2,184.4
Depreciation	5.9	5.1	38.0
Impairment on goodwill			0.1
Share of the results of associates	-0.2	-0.2	1.9
Operating profit/loss	-21.6	-28.0	53.5
Financial expenses	9.9	5.4	30.4
Financial income	7.3	3.4	11.4
Profit/loss before taxes	-24.2	-30.0	34.6
Income taxes	4.2	7.1	-10.3
Profit/loss from continuing operations	-20.0	-23.0	24.3
Profit/loss from discontinued operations		11.3	11.3
Profit/loss for the accounting period	-20.0	-11.7	35.6
Distribution of the profit/loss for the accounting period			
To shareholders of the parent company	-20.1	-11.7	34.7
To non-controlling interest	0.0	0.0	0.9
EPS calculated from profit/loss attributable to parent company shareholders			
From continuing operations	-1.02	-1.16	1.19
From discontinued operations		0.57	0.57
Total	-1.02	-0.59	1.77

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1-3/ 2012	1-3/ 2011	1-12/ 2011
Profit/loss for the accounting period	-20.0	-11.7	35.6
Translation difference	2.4	0.2	-0.8
Cash flow hedge	0.1	0.5	0.6
Change in fair value		0.0	0,0
Other comprehensive income, total	2.5	0.7	-0.2
Comprehensive income for the accounting period	-17.5	-10.9	35.3
Distribution of comprehensive income for the accounting period			
To shareholders of the parent company	-17.6	-10.9	34.5
To non-controlling interest	0.0	0.0	0.9

3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	3/2012	3/2011	12/2011
Non-current assets			
Tangible assets	210.0	176.2	207.2
Goodwill	86.0	84.7	85.7
Other intangible assets	20.9	15.8	18.7
Investments	14.7	14.7	15.3
Deferred tax asset	26.8	23.4	19.4
Other non-current receivables	4.7	5.9	4.8
Total	363.1	320.8	351.0
Current assets			
Inventories	489.4	404.3	448.5
Trade and other receivables	336.6	334.0	407.3
Income tax receivables	5.8	14.6	5.6
Cash funds	98.6	24.7	30.4
Total	930.4	777.7	891.8
Assets, total	1,293.5	1,098.5	1,242.8
Shareholders' equity and liabilities			
Share capital	34.0	34.0	34.0
Share premium account	5.7	5.8	5.7
Hedging reserve	-0.9	-1.0	-0.9
Fair value reserve		0.1	
Invested unrestricted equity reserve	63.6	63.1	63.2
Hybrid bond	69.1		
Translation differences	3.8	2.4	1.4
Retained earnings	245.1	220.7	210.6
Profit/loss for the period	-20.1	-11.7	34.7
Equity attributable to shareholders of the parent company	400.3	313.4	348.7

Non-controlling interest	1.5	2.2	1.7
Shareholders' equity, total	401.9	315.6	350.4
Non-current liabilities			
Deferred tax liabilities	23.8	17.4	21.7
Pension liabilities	3.9	0.6	3.9
Financial liabilities	183.7	141.4	194.6
Provisions	6.0	2.6	6.2
Other liabilities	2.9	3.9	3.2
Total	220.4	165.9	229.7
Current liabilities			
Financial liabilities	220.7	253.2	237.0
Provisions	7.5	6.4	7.5
Accounts payable and other liabilities	440.0	348.2	416.4
Income tax liabilities	3.1	9.2	1.8
Total	671.3	617.0	662.7
Liabilities, total	891.6	782.9	892.4
Shareholders' equity and liabilities, total	1,293.5	1,098.5	1,242.8

4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1-3/ 2012**	**1-3/ 2011**	**1-12/ 2011**
Profit/loss before taxes	-24.2	-30.0	34.6
Depreciation and impairment on goodwill	5.9	5.1	38.1
Other adjustments	0.1	-0.9	2.0
Cash flow before change in working capital	-18.2	-25.8	74.6
Change in working capital	58.6	-8.8	-61.1
Financial items	-4.8	-2.3	-16.5
Direct taxes paid	0.0	-1.3	-4.2
Cash flow from operating activities	35.7	-38.3	-7.1
Cash flow provided by investing activities	2.7	29.5	43.3
Cash flow used in investing activities	-7.8	-10.0	-60.5
Change in non-current receivables	0.2	1.3	2.3
Drawings of loans	116.5	88.6	515.7
Repayments of loans	-148.4	-71.9	-478.9
Hybrid bond	69.1		
Dividends paid	0.0	-0.6	-10.8
Cash flow from financing activities	37.5	17.4	28.4
Change in cash funds	68.1	-1.3	4.0
Cash funds at beginning of period	30.4	26.3	26.3
Translation difference of cash funds	0.0	-0.3	0.0
Cash funds at end of period	98.6	24.7	30.4

5) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR mill.	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 1.1.2011	34.0	5.8	-1.5	0.0	63.1		2.2	221.6	5.1	330.3
Profit/loss for the accounting period								-11.7	0.0	-11.7
Translation difference							0.2			0.2
Cash flow hedge			0.5							0.5
Change in fair value				0.0						0.0
Comprehensive income, total			0.5	0.0			0.2	-11.7	0.0	-10.9
Direct entries, acquisition of non-controlling interest								-0.8		-0.8
Change in non-controlling interest									-2.3	-2.3
Dividend distribution									-0.6	-0.6
Transactions with owners, total								-0.8	-2.9	-3.8
Shareholders' equity 31.3.2011	34.0	5.8	-1.0	0.1	63.1		2.4	209.0	2.2	315.6

EUR mill.	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 1.1.2011	34.0	5.8	-1.5	0.0	63.1		2.2	221.6	5.1	330.3
Profit/loss for the accounting period								34.7	0.9	35.6
Translation difference							-0.8			-0.8
Cash flow hedge			0.6							0.6
Change in fair value				0.0						0.0
Comprehensive income, total			0.6	0.0			-0.8	34.7	0.9	35.3
Direct entries, acquisition of non-controlling interest								-1.1		-1.1
Change in non-controlling interest									-3.3	-3.3
Transfers between funds		-0.1			0.1					
Dividend distribution								-9.8	-1.0	-10.8
Transactions with owners, total		-0.1			0.1			-11.0	-4.2	-15.2
Shareholders' equity 31.12.2011	34.0	5.7	-0.9		63.2		1.4	245.3	1.7	350.4

EUR mill.	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 1.1.2012	34.0	5.7	-0.9		63.2		1.4	245.3	1.7	350.4
Profit/loss for the accounting period								-20.1	0.0	-20.0
Translation difference							2.4			2.4
Cash flow hedge			0.1							0.1
Comprehensive income, total			0.1				2.4	-20.1	0.0	-17.5
Direct entries, acquisition of non-controlling interest								0.0		0.0
Change in non-controlling interest									0.0	0.0
Recognition of share-based incentive scheme					0.4					0.4
Contingent shares returned to the company								-0.3		-0.3
Dividend distribution									-0.2	-0.2
Transactions with owners, total					0.4			-0.3	-0.2	-0.1
Hybrid bond						69.1				69.1
Shareholders' equity 31.3.2012	34.0	5.7	-0.9		63.6	69.1	3.8	225.0	1.5	401.9

6) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR mill.	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
Net sales	328.0	659.0	748.8	550.0	316.3
Operating income and expenses	-343.5	-640.9	-684.7	-519.7	-339.1
Depreciation	5.9	9.3	13.8	9.9	5.1
Impairment on goodwill			0.1		
Share of the results of associates	-0.2	0.4	1.5	0.2	-0.2
Operating profit/loss	-21.6	9.2	51.7	20.6	-28.0
Financial expenses	9.9	7.5	11.0	6.5	5.4
Financial income	7.3	1.3	4.8	1.9	3.4
Profit/loss before taxes	-24.2	3.0	45.6	16.1	-30.0
Income taxes	4.2	-3.0	-10.6	-3.8	7.1
Profit/loss from continuing operations	-20.0	-0.1	35.0	12.3	-23.0
Profit/loss from discontinued operations					11.3
Profit/loss for the accounting period	-20.0	-0.1	35.0	12.3	-11.7
Distribution of the profit/loss for the accounting period					
To shareholders of the parent company	-20.1	-0.5	34.6	12.3	-11.7
To non-controlling interest	0.0	0.5	0.4	0.0	0.0

EPS calculated from profit/loss attributable to parent company shareholders					
From continuing operations	-1.02	-0.03	1.76	0.63	-1.16
From discontinued operations					0.57
Total	-1.02	-0.03	1.76	0.63	-0.59

7) SEGMENT INFORMATION

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, non-current assets, inventories and trade receivables.

The segment information reported to management 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 and warranty provisions. In segment reporting to management, finance leasing arrangements are treated as ordinary rental agreements, which deviate from the accounting principles of IFRS financial statements. Associated companies are combined in segment reporting in proportion to ownership share using the line-by-line method. In IFRS financial statements associated companies are combined by the equity method. In segment reporting, intersegment sales are not allocated to segments, owing to their minimal magnitude, and are not reported to management.
From the beginning of 2012, Lemminkäinen's business operations are organised into four business sectors: International Operations, Building Construction, Infrastructure Construction and Tecnical Building Services.

INTOPS= International operations
BLDCO = Building Construction
INFRA = Infrastructure Construction
TECBS = Technical Building Services
OTHER = Other operations
ELIM = Group eliminations
SEGM = Segments total
RECON = Reconciling items
TOTAL = Group total, IRFS

EUR mill. **1-3/2012**	**INTOPS**	**BLDCO**	**INFRA**	**TECBS**	**OTHER**	**ELIM**	**SEGM**	**RECON**	**TOTAL**
Net sales	104.0	124.1	66.6	60.5	7.9	-34.8	328.4	-0.4	328.0
Depreciation	1.5	0.0	3.4	0.2	0.8		6.0	-0.1	5.9
Operating profit/loss	-15.8	-1.0	-3.9	0.8	-2.0		-21.8	0.2	-21.6

The reconciling items for net sales comprise EUR -0.3 million from the equity share treatment of associated companies.

The reconciling items for operating profit comprise EUR -0.1 million in personnel expenses, EUR 0.3 million from the IFRS treatment of finance leasing and EUR 0.1 million from the equity share treatment of associated companies.

EUR mill. 1-3/2011	INTOPS	BLDCO	INFRA	TECBS	OTHER	ELIM	SEGM	RECON	TOTAL
Net sales	72.4	143.8	65.1	52.0	6.5	-19.1	320.6	-4.3	316.3
Depreciation	1.2	0.1	3.1	0.2	0.7		5.2	-0.1	5.1
Operating profit/loss	-13.3	-4.3	7.1	0.4	-3.6		-13.8	-14.2	-28.0

The reconciling items for net sales comprise EUR -0.5 million from the equity share treatment of associated companies and discontinued operations EUR -3.8 million.

The reconciling items for operating profit comprise EUR 0.1 million in personnel expenses, EUR 0.2 million from the IFRS treatment of finance leasing, EUR 0.3 million from the equity share treatment of associated companies and EUR 0.4 million in other closing entries and discontinued operations EUR -15.3 million.

NET SALES EUR mill.	1-3/ 2012	1-3/ 2011	1-12/ 2011
International operations	104.0	72.4	809.8
Building Construction	124.1	143.8	720.9
Infrastructure Construction	66.6	65.1	596.2
Technical Building Services	60.5	52.0	239.9
Other operations	7.9	6.5	31.0
Group eliminations	-34.8	-19.1	-90.4
Segments total	328.4	320.6	2,307.4
Reconciling items	-0.4	-4.3	-33.3
Group total, IFRS	328.0	316.3	2,274.1

OPERATING PROFIT/LOSS EUR mill.	1-3/ 2012	1-3/ 2011	1-12/ 2011
International operations	-15,8	-13.3	42.2
Building Construction	-1.0	-4.3	9.4
Infrastructure Construction	-3.9	7.1	30.9
Technical Building Services	0.8	0.4	2.8
Other operations	-2.0	-3.6	-16.6
Segments total	-21.8	-13.8	68.8
Reconciling items	0.2	-14.2	-15.3
Group total, IFRS	-21.6	-28.0	53.5

NET SALES, QUARTERLY EUR mill.	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
International operations	104,0	246.9	302.7	187.8	72.4
Building Construction	124.1	221.1	177.6	178.4	143.8
Infrastructure Construction	66.6	153.2	226.8	151.1	65.1
Technical Building Services	60.5	68.7	63.1	56.1	52.0
Other operations	7.9	8.8	8.3	7.4	6.5
Group eliminations	-34.8	-23.4	-24.7	-23.2	-19.1
Segments total	328.4	675.3	753.8	557.7	320.6
Reconciling items	-0.4	-16.3	-5.0	-7.7	-4.3
Group total, IFRS	328.0	659.0	748.8	550.0	316.3

OPERATING PROFIT/LOSS, QUARTERLY EUR mill.	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
International operations	-15,8	11.3	27.3	16.9	-13.3
Building Construction	-1.0	7.6	2.4	3.7	-4.3
Infrastructure Construction	-3.9	-4.1	21.6	6.3	7.1
Technical Building Services	0.8	1.5	2.0	-1.1	0.4
Other operations	-2.0	-5.9	-3.6	-3.5	-3.6
Segments total	-21.8	10.5	49.7	22.4	-13.8
Reconciling items	0.2	-1.3	2.0	-1.8	-14.2
Group total, IFRS	-21.6	9.2	51.7	20.6	-28.0

ASSETS EUR mill.	3/2012	3/2011	12/2011
International operations	293.6	212.1	304.0
Building Construction	368.6	373.5	418.1
Infrastructure Construction	166.9	163.0	158.8
Technical Building Services	34.8	32.2	35.2
Other operations	42.9	48.4	50.8
Segments total	906.7	829.1	966.9
Assets unallocated to segments and Group eliminations, total	386.8	269.4	275.9
Group total, IFRS	1,293.5	1,098.5	1,242.8

8) ECONOMIC TRENDS AND FINANCIAL INDICATORS

	3/2012	3/2011	12/2011
Return on equity, rolling 12 months, %[1)]	7.2	4.9	10.5
Return on investment, rolling 12 months, % [1)]	9.5	8.6	10.8
Operating profit, % of net sales	-6.6	-8.9	2.4
Equity ratio, %	34.2	32.6	30.8
Gearing, %	76.1	117.2	114.5
Interest-bearing net debt, EUR million	305.8	369.9	401.2
Gross investments, EUR million (incl. leasing purchases)	11.4	9.5	84.0
Order book, EUR mill.	1,625.4	1,471.7	1,400.4
- of which orders outside Finland, EUR mill.	613.9	445.7	482.5
Average number of employees	7,438	7,363	8,421
Employees at end of period	7,477	7,576	7,929
Net sales, EUR mill.	328.0	316.3	2,274.1
- of which operations outside Finland, EUR mill.	103.4	71.9	780.3
% of net sales	31.5	22.7	34.3

1) Includes the effect of discontinued operations

9) SHARE-SPECIFIC INDICATORS

	3/2012	3/2011	12/2011
Earnings per share, EUR	-1.02	-0.59	1.77
Equity per share, EUR	20.37	15.95	17.75
Dividend per share, EUR			0.50
Dividend to earnings ratio, %			28.3
Market capitalisation, EUR mill.	380.4	517.4	367.8
Share price at end of period, EUR	19.36	26.34	18.72
Trading volume during period, 1,000 shares	133	890	3,367
Number of issued shares	19,650,176	19,644,764	19,644,764
Weighted average number of shares over the period	19,646,970	19,644,764	19,644,764
Own shares in possession	509		

10) GUARANTEES AND CONTINGENT LIABILITIES

EUR mill.	3/2012	3/2011	12/2011
Securities for own commitments			
Bonds pledged as security	0.0	0.0	0.0
Deposits		0.1	
Total	0.0	0.1	0.0
Guarantees			
On behalf of associated companies	20.3		20.3
On behalf of others	13.3	47.2	18.9
Total	33.7	47.2	39.2
Bonds pledged as security			
On behalf of others	0.1	0.1	0.1
Minimum lease payments of irrevocable lease agreements			
One year or less	13.0	13.9	13.0
Over one year but no more than five years	30.3	30.1	30.8
Over five years	12.4	16.0	13.4
Total	55.7	60.0	57.2
Purchase commitments of investments	10.9	8.2	7.2
Derivative contracts			
Forward foreign exchange contracts			
Nominal value	71.8	50.7	71.0

Fair value	-0.1	0.1	-0.8
Interest rate swap contracts			
Nominal value	34.3	56.6	35.7
Fair value	-1.5	-1.9	-1.6
Commodity derivatives			
Volume, mill.	18,300	21,350	7,600
Nominal value	9.4	9.1	3.5
Fair value, €	0.7	1.4	0.2

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.

11) LEGAL PROCEEDINGS

In 2009, the Supreme Administrative Court (SAC) ordered Finnish asphalt industry companies to pay an infringement fine for violations of the Act on Competition Restrictions.

At the end of March 2012, a total of 40 claims for damages brought by municipalities and one by the Finnish state (Finnish Transport Agency) were pending against Lemminkäinen and other asphalt industry companies in the District Court. The claimants contend that restrictions of competition have caused them damages. The total amount of damages sought from Lemminkäinen is currently about EUR 123 million. The total amount of claims has risen by approximately EUR 6 million after certain claimants changed their claims – some sought increased damages, while others sought less. The claims presented in the statements of claim differ from each other as regards their amounts and grounds.

The ruling rendered by the SAC in 2009 as it stands does not mean that Lemminkäinen or the other asphalt industry companies actually caused any damages to their asphalt clients. The ruling does not concern the individual contracts that the claimants cited in support of their claims. Nor does the ruling concern the pricing of individual contracts. The SAC has not investigated the contention that inflated prices have been charged for the contracts.

Lemminkäinen's initial position is that the claims for damages are without foundation. The claims will be processed in the order and schedule set by the District Court. Preparatory sessions for the trial began in January 2012, but a more detailed process and ruling schedule is currently not yet available.

No provisions have been made in respect of the claims of the municipalities and the Finnish Transport Agency that are pending in the District Court.

Lemminkäinen will provide information on the proceedings in its interim reports or in separate releases, as necessary.