

Annual Report 2005



LEMMINKÄINEN

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Year 2005



Lemminkäinen's favourable development continues

Lemminkäinen Group's net sales rose 11.9 % to EUR 1 601.7 million (1 431.3). The profit before taxes was up 19.6 % at EUR 65.9 million (55.1), the return on investment was 16.5 % (14.8) and earnings per share were EUR 2.57 (2.20). The order book grew by 29.1 % to EUR 1 011.3 million (783.4).

Most of Lemminkäinen Group's net sales growth was generated abroad. Lemcon's business volume grew and the company's profitability trend was favourable. The result for Palmberg, the Group's building contractor in Finland, was good. The Paving and Mineral Aggregates Division improved its result. The Building Materials Division did not achieve the set profitability targets. There was a substantial improvement in Tekmanni's result.

Good outlook

The economic outlook for the Finnish construction market remains stable. The construction sector as a whole will continue to grow, supported by sustained activity in building construction. Civil engineering and refurbishment contracting will also continue to grow.

Major infrastructure projects will keep the Group occupied for the next couple of years. International operations are developing favourably. The outlook for technical building services and for asphalt paving and mineral aggregate operations is favourable. Palmberg's housing production will continue at a good level.

Lemminkäinen's steady growth and favourable profitability trend have continued for a number of years. The Group's almost 30% increased order book provides a good starting point for

2006. There are grounds to expect further net sales growth and an improvement in the result.

Dividend

The Company's Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.00 (0.60) per share be paid for the 2005 accounting period.

Key figures		2005	2004	Change, %
Net sales	EUR mill.	1 602	1 431	12
Profit before taxes	EUR mill.	66	55	20
Return on investment	%	16.5	14.8	
Equity ratio	%	31.0	27.5	
Earnings per share	EUR	2.57	2.20	17
Dividend per share	EUR	1.00 ¹⁾	0.60	
Gross investments	EUR mill.	37	41	-10
Order book	EUR mill.	1 011	783	29
Average number of employees		7 912	7 479	6

1) Board of Directors' proposal to the AGM

Lemminkäinen Group

The Lemminkäinen Group operates in all sectors of the construction industry: civil engineering, building contracting, technical building services and the building materials industry.

The Group's main markets are in the Baltic Rim region. Lemminkäinen also operates in selected project export markets worldwide.

The Lemminkäinen Group's net sales in 2005 were EUR 1 601.7 million, of which exports and operations abroad accounted for 31.2 %. The average number of employees in the Group was 7 912. Lemminkäinen was founded in 1910 and its share has been listed on Helsinki Exchanges since 1989.

Other larger Group companies

Oka Oy, Kouvola

Lemminkäinen Norge AS, Fjellhamar, Norway

Rakennustoimisto Palmberg Oy, Tampere

Lemminkäinen Katto Oy,

Helsinki (1.1.2006-)

LMKVEJ A/S, Silkeborg, Denmark

Oy Konte Ab, Vaasa

Palmberg TKU Oy, Turku

Palmberg-Rakennus Oy, Oulu

Palmberg-Urakoitsijat Oy, Hyvinkää

AS Talter, Tallinn, Estonia

Rekab Entreprenad Ab, Umeå, Sweden

Lemminkäinen Betonituote Oy,

Helsinki (1.1.2006-)

Tekmanni Service Oy, Helsinki

Kvalitetsasfalt i Mellansverige Ab, Sala,

Sweden

UAB Lemminkäinen Lietuva,

Vilnius, Lithuania

Lemcon Latvija SIA, Riga, Latvia

Savocon Oy, Kuopio

Rakennusliike A. Taskinen Oy, Joensuu

ICM International Construction

Management Rt, Budapest, Hungary

Bryggnads Ab Forsström Rakennus Oy,

Kokkola

Forssan Betoni Oy, Forssa

Rakennus-Otava Oy, Jyväskylä

Lemcon Networks Oy, Helsinki

Tielinja Oy, Janakkala

Omni-Sica Oy, Helsinki

Paving and Mineral Aggregates Division

The Paving and Mineral Aggregates Division carries out contracting in the fields of asphalt paving and road improvement, milling and road marking as well as quarrying and crushing. The Division also produces ready-mix concrete and supplies environmentally sensitive geotechnical engineering products and services.

Building Materials Division

The Building Materials Division manufactures and sells a range of bituminous roofing materials, concrete-based urban environment products, precast concrete staircase units, terrazzo products, and materials used in the construction of sports facilities. The Division also imports products related to its business operations. Design, contracting and maintenance services are an important part of the Division's business.

Lemcon Ltd

Lemcon Ltd is an international project contractor that generates over a half of its net sales abroad. In Finland the company focuses on demanding civil engineering and project management contracting. In Europe, the Americas and Asia Lemcon operates as a project contractor and telecom network builder.

Oy Alfred A. Palmberg Ab

The Palmberg Group is a building contractor operating mainly in Finland but also in Central Sweden. The Group's new construction and refurbishment work encompasses competitive tender contracting as well as private-sector housing, commercial and industrial developments.

Tekmanni Oy

Tekmanni Oy's business areas are technical building services, technical facility services, industrial services, and telecommunications networks. The company provides installation, servicing and maintenance services at 30 locations in Finland. Tekmanni also has subsidiaries in St. Petersburg and Tallinn.

GROUP STRUCTURE



EUR million

	2005	2004	Change, %
Net sales	514.7	430.4	19.6
Operating profit	20.5	18.4	11.4
Net investments	26.2	24.8	5.6
Order book	130.2	124.7	4.4



31.2 %

PAVING AND MINERAL AGGREGATES DIVISION



EUR million

	2005	2004	Change, %
Net sales	100.3	95.7	4.8
Operating profit	0.6	3.1	-80.6
Net investments	0.4	2.5	-84.0
Order book	13.3	12.5	6.4



6.1 %

BUILDING MATERIALS DIVISION



EUR million

	2005	2004	Change, %
Net sales	328.8	264.5	24.3
Operating profit	15.3	11.1	37.8
Net investments	1.8	0.5	over 100
Order book	439.5	239.1	83.8



19.9 %

LEMCON LTD



EUR million

	2005	2004	Change, %
Net sales	517.3	486.4	6.4
Operating profit	28.3	29.2	-3.1
Net investments	3.3	3.8	-13.2
Order book	366.9	334.3	9.8



31.3 %

OY ALFRED A. PALMBERG AB



EUR million

	2005	2004	Change, %
Net sales	191.1	198.3	-3.6
Operating profit	6.8	2.2	over 100
Net investments	0.8	1.8	-55.6
Order book	61.5	72.7	-15.4



11.6 %

TEKMANNI OY



Lemminkäinen's strategy

Goal

Lemminkäinen's key strategic goal is the maintenance of good profitability and solidity as well as controlled growth in the Company's present business sectors. An average return on investment of 14 % over the business cycle is regarded as good profitability, and an equity ratio of 35 % is equated with good solidity.

Means

Risk management

The differing cyclical behaviour of Lemminkäinen's business sectors represents the strategic cornerstone of its group structure. For example, the civil engineering business helps to offset the effects of the building construction sector's cyclical nature. Moreover, the demand for many products in the building materials and technical building services sectors is not dependent on the cyclical nature of new construction. Cyclical fluctuations in domestic new construction are also evened out by both refurbishment contracting and operations abroad.

The Company focuses on projects for which it has sufficient resources and expertise. In addition, project risks are kept under control by not taking on individual projects of such magnitude that their failure could essentially weaken the Group's result.

Lemminkäinen continuously maintains the vigilance and responsiveness necessary to reorient, develop and adjust its business operations in the face of changing market conditions. The Company ensures this capability by employing efficient management and information systems.

Competitiveness

Lemminkäinen concentrates on business sectors with sufficiently large markets in which it commands leading or at least significant positions. Examples include asphalt paving, in which the Company is a leading actor on the Baltic Rim market; Palmberg's regional subsidiaries, which have significant positions in their local markets; and roofing contracting and tunnel excavation, in which Lemminkäinen units are leading actors in their respective fields in Finland.

Lemminkäinen avoids excessively labour-intensive business sectors where the market entry threshold and value added are particularly low.

Lemminkäinen's operations abroad are based on special expertise and the establishment of local subsidiaries capable of achieving a significant market position.

Lemminkäinen employs and actively develops special products, techniques and expertise to improve its competitiveness and to generate added value for its clients. These include special asphalts, special foundation reinforcement techniques, different kinds of excavation techniques, structural tensioning methods, and project management expertise.

Lemminkäinen's business contains vertical value-adding chains that produce internal synergies. Products are manufactured for both own use and external customers. The products of the Mineral Aggregates Unit are a typical example: not only are they used in Lemminkäinen's own asphalt paving operations and ready-mix concrete production, but they are also sold to other industry actors or end-users. Similarly, products of the Building Materials Division are sold to external customers and used in the building contracting of Palmberg and Lemcon Ltd.

There is also horizontal synergy between the Company's different business units. This enables Lemminkäinen to enhance its marketing and provide its clients with a better and more comprehensive service.

Review by the Managing Director

Lemminkäinen differs from traditional building firms in many respects. The Group operates in all areas of the construction sector, it is international, and a significant part of its business is based on servicing and maintenance.

Lemminkäinen's business portfolio

Lemminkäinen's main business areas are building construction, civil engineering contracting, the building materials industry and technical building services. It is largely thanks to this balanced business portfolio that the company has enjoyed such exceptional long-term stability. The cyclical fluctuations of individual business sectors have no significant impact on the Group as a whole.

The diversity of Lemminkäinen's businesses is a strategic choice that was made in order to ensure stability and manage risk. Housing production serves as a good example of what this means in practice. In spite of the fact that we are planning to make something like 1500 new housing starts in 2006, the volume of Lemminkäinen's private sector housing production is relatively low compared with many of our competitors. As a consequence of this, the result of this very profitable business in its own right is of no vital importance to the company. Lemminkäinen is less exposed to the downside risk of housing market disturbances than the industry generally.

Lemminkäinen internationalising rapidly

In recent years most of Lemminkäinen's growth has come from abroad. Last year the net sales share of operations abroad rose to over 31%. The company's order book suggests that this trend will continue in the years ahead.

Lemminkäinen's international operations are locally established and process-based, such as asphalt paving contracting in the Baltic Rim region, or locally established and project-based, such as the implementation of individual projects in Russia for Finnish and international clients or exports of building products and materials. In addition the company renders services to Finnish industry anywhere in the world – an area in which Lemminkäinen may be the only Finnish construction company with a proven track record of meeting its clients' needs. The growing investments of Finnish industry in Russia, China and India are fuelling demand for the company's services.

Growing importance of servicing and maintenance

Servicing and maintenance are a significant and growing part of Lemminkäinen's business. Roofing contracting is a notable example. Most of the company's roofing contracts are maintenance and repair works in which bituminous roofing materials manufactured by Lemminkäinen are used. The same goes for asphalt paving: only a fraction of the asphalt that we produce is laid on new roads and streets. Also in the technical building services sector the servicing and maintenance of existing systems constitutes a significant and growing part of the business.

Favourable outlook

I am very confident about the outlook for Lemminkäinen over the next few years and even beyond.

Lemminkäinen is a growth company. Over the past ten years the Group's net sales have grown steadily at an average annual rate of 14%. The growth has been mainly organic and it has been financed out of our own cash flow.

The prerequisites for the continuation of this favourable trend in the prevailing conditions of healthy demand are good.



Managing Director Juhani Sormaala

Thanks

I would like to thank all of Lemminkäinen's employees for their fine work and also our customers and other stakeholders for their fruitful co-operation.

A handwritten signature in blue ink, which appears to be 'Juhani Sormaala', written in a cursive style.

Paving and Mineral Aggregates Division



Head of Paving and Mineral Aggregates Division, Mr. Henrik Eklund M.Sc.(Eng.)

A new, quiet and environmentally friendly asphalt plant was opened in Turku.



The Division's net sales rose 15 % in Finland and 26 % abroad. The growth of net sales is partly explained by the higher total volume of paving works, but also by an increase in the amount of ancillary and geotechnical engineering works in the paving contracts.

Asphalt paving

Lemminkäinen produces asphalt for many purposes. Durable asphalt is a safe surface for roads and streets. For urban planners the versatility of asphalt make it an important paving material. Low-noise and dust-free asphalt is the ideal pavement for pleasant residential environments and low-maintenance market squares and car parks. Dense waterproof asphalt makes an excellent groundwater protection barrier for landfills, among other uses.

Lemminkäinen had 95 (90) asphalt production plants in service during the paving season. Of the two new asphalt plants, one started up in Turku and the other in Norway. Altogether 5.5 (4.8) million tonnes of asphalt was produced, 2.8 (2.4) million tonnes in Finland and 2.7 (2.4) million tonnes abroad.

The volume of paving works in 2005 was somewhat higher than in the previous year. The work season continued until November, which had a positive impact on the result. Significantly higher prices for oil-based products, such as bitumen and fuel oil drove up production costs.

The Paving and Mineral Aggregates Division operates in the Baltic Rim region. The Division carries out contracting in the fields of asphalt paving and road improvement, bridge waterproofing, milling and road marking as well as quarrying and crushing. The Division also produces ready-mix concrete and offers a range of environmentally sensitive geotechnical engineering products and services.

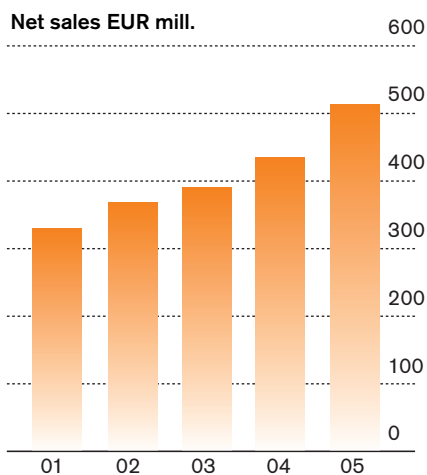


Key figures

EUR mill.	2005	2004
Net sales	514.7	430.4
Operating profit	20.5	18.4
Net investments	26.2	24.8
Employees	2 673	2 553

Net sales by business area

EUR mill.	2005	2004
Paving Unit	438.9	359.9
Mineral Aggregates Unit	72.9	68.8
Tielinja Oy	9.3	5.6
Forssan Betoni Oy	16.3	11.4
Total	514.7	430.4



The high price of bitumen has resulted in asphalt recycling technology becoming a significant competitive factor in the industry.

Price competition in paving contracting remained intense in the Nordic countries. In Finland contract prices remained low for the third consecutive year. In particular, the price level for local authority contracts fell. In Norway and Denmark the price level began to recover.

The Finnish Road Administration (Finnra) accounted for a larger proportion of Lemminkäinen's asphalt paving works than it did last year. Lemminkäinen carried out paving works for Finnra as part of the Highway 9 improvement contract, which was completed as a collaborative effort involving various business units of the Group.

The paving of Helsinki-Vantaa Airport's third runway was completed for the Civil Aviation Authority. The two-year contract included the installation of electrical wiring conduits. The volume of paving work ordered by local authorities and the private sector was maintained at the 2004 level in spite of intense competition.

In Estonia, Latvia and Lithuania, EU-funded road rehabilitation and paving contracts have increased. In Latvia the rehabilitation and paving of the Via Baltica is a large multi-year contract. In the Ukraine the paving of a ten-kilometre stretch of road between Kiev and Odessa was completed. In Russia asphalt paving at airports in Western Siberia continued with the

Nojabrsk contract. After the Nojabrsk Airport contract was completed, paving work began on a section of road between Nojabrsk and Kogalym. Both paving contracts will continue in spring 2006. The new asphalt plant in Moscow was in service for its first full work season and sales began well.

A five-year contract for the upkeep of about 530 road kilometres began in Norway. Similarly sized maintenance contracts have previously been awarded to Lemminkäinen in Denmark and Estonia.

Road marking

Tielinja Oy carries out road marking contracts using paint and thermoplastic materials. The Company also produces wear-resis-



Asphalt paving work on the streets in a new residential area of Sigulda in Latvia.

tant marking materials at its own production plant in Tervakoski.

The Finnish State is having more and more road markings carried out as contracts separate from road paving works. Road marking is nowadays a question of multi-year maintenance contracts covering wide geographical areas. In 2005 Tielinja took responsibility for the multi-year maintenance of road markings in the areas administered by Finnra's Turku and Southeast Finland road districts.

Tielinja acquired Ajomerkintä Mäki & Palmroos Oy in April 2005, merging it into the company in December. Tielinja's business was strengthened in Southern Finland, as a new location was gained in Lohja thanks to the acquisition.

Quarrying, crushing and sales of mineral aggregate

Mineral aggregate is used in all construction. Lemminkäinen quarries, crushes and sells mineral aggregate nationwide in about a hundred mineral aggregate areas and also to the contract sites of its customers.

Brisk housing construction and the major infrastructure projects currently under way in Finland kept the demand for mineral aggregate at a good level in 2005. A total of 16.0 (16.2) million tonnes of crushed aggregate was produced.

In the Vuosaari Harbour area of Helsinki over a million tonnes of stone was excavated and crushed, making room for harbour installations and providing fill for seawalls. The contract will be completed in spring 2006.

Class 1 paving aggregate was delivered to the site of Lemminkäinen's Highway 9 work site and class 1 railway track ballast was delivered to the Finnish rail company VR, which included deliveries to the construction site of the direct rail link between Kerava and Lahti. Lemminkäinen has been carrying out contracts at the Helsinki Metropolitan Area Council's

Ämmässuo landfill site in Espoo for the past fifteen years, and that unbroken spell continued in 2005 with the start of a new three-year excavation contract.

Concrete production

Forssan Betonituote Oy, a Lemminkäinen subsidiary specialising in the production of ready-mix concrete, changed its name to Forssan Betoni Oy in September 2005. Forssan Betoni Oy operates eleven production plants and is one of the biggest producers of ready-mix concrete in Finland.

Forssan Betoni Oy's net sales rose 43 % in 2005. The sustained level of brisk demand in all areas of building construction was reflected in sales of ready-mix concrete. Demand for concrete rose especially in the Tampere region, as a consequence of which a concrete production plant was transferred from Espoo to Lempäälä at the end of the year. Forssan Betoni's other fixed concrete production plants are located in Helsinki, Espoo, Tampere, Forssa, Lappeenranta, Vaasa, Punkaharju and Eurajoki. The company has special expertise in the use of mobile production plants. These plants can be used for project-specific purposes, e.g. to supply large industrial construction sites or major infrastructure projects.

The company has brought two new efficient production plants into service to supply ready-mix concrete for the fifth nuclear power plant unit under construction at Olkiluoto. These deliveries are expected to continue until 2008. Concrete was also produced for the expansion work on FinnForest's plant in Punkaharju and for the construction work on Fortum's new oil refinery in Porvoo. At the end of 2005 the company assumed responsibility for demanding concrete works at the Helsinki Metropolitan Area Council's composting station.

For the Highway 9 paving contract Lemminkäinen supplied mineral aggregates, asphalted the road and carried out the road-marking works. At over one hundred kilometres in length, the highway section between Orivesi and Jyväskylä is the longest unbroken stretch of road ever paved under a single contract in Finland.





Research and development

Lemminkäinen's Central Laboratory in Tuusula is a service unit that carries out development work, testing and technical services for the Group's various units and companies. Most of the Central Laboratory's development projects in 2005 concerned asphalt technology and bituminous products. Life-cycle thinking and general environmental awareness require the development of new products and services. New procurement procedures in the infrastructure field also require R&D input into the design of pavement structures and the improvement of material durability. The testing carried out by the Central Laboratory was expanded during 2005.

Outlook

In Finland the price level for paving contracts in the 2006 work season is expected to rise in the wake of higher raw material prices in 2005. No significant change is expected in the competitive environment, as the sector's total volume of work in 2006

Forssan Betoni Oy will supply some 250 000 tonnes of ready-mix concrete over a three year period to the construction site of Finland's new nuclear power plant unit.

will be somewhat lower than in the previous year. The decline will mainly affect government contracts because there are no significant paving works scheduled for 2006 in the State's budgeted infrastructure projects. Work volumes in the municipal sector will remain at the level established in recent years.

In Norway and Denmark the favourable price trend is expected to continue. In Sweden the competitive climate will probably continue to mirror the situation in Finland.

In the Baltic states there are major highways, such as the Via Baltica and bypasses of larger cities, in need of rehabilitation. The EU is funding these paving works, although project timing is dependent on local decision-making and the adequacy of planning resources. In Russia too the outlook for paving contracts is good.

The business outlook for Tielinja is good. The new procurement practice and the recent acquisition are expected to improve the company's position in the road marking market.

The strong building construction market will sustain demand for mineral aggregates at a good level in the coming years. The outlook for excavation and crushing contracting will improve when the State's infrastructure projects budgeted for 2007 get underway. Crushed track ballast and paving aggregate will require the European CE mark during 2006, and Lemminkäinen is taking the steps necessary for its timely introduction.

The business outlook for Forssan Betoni is good, which stems in particular from brisk demand in the building construction sector. Industrial investment in production plants as well as bridge works included in the State's infrastructure projects will support the good level of demand for ready-mix concrete.

Paving and Mineral Aggregates Division

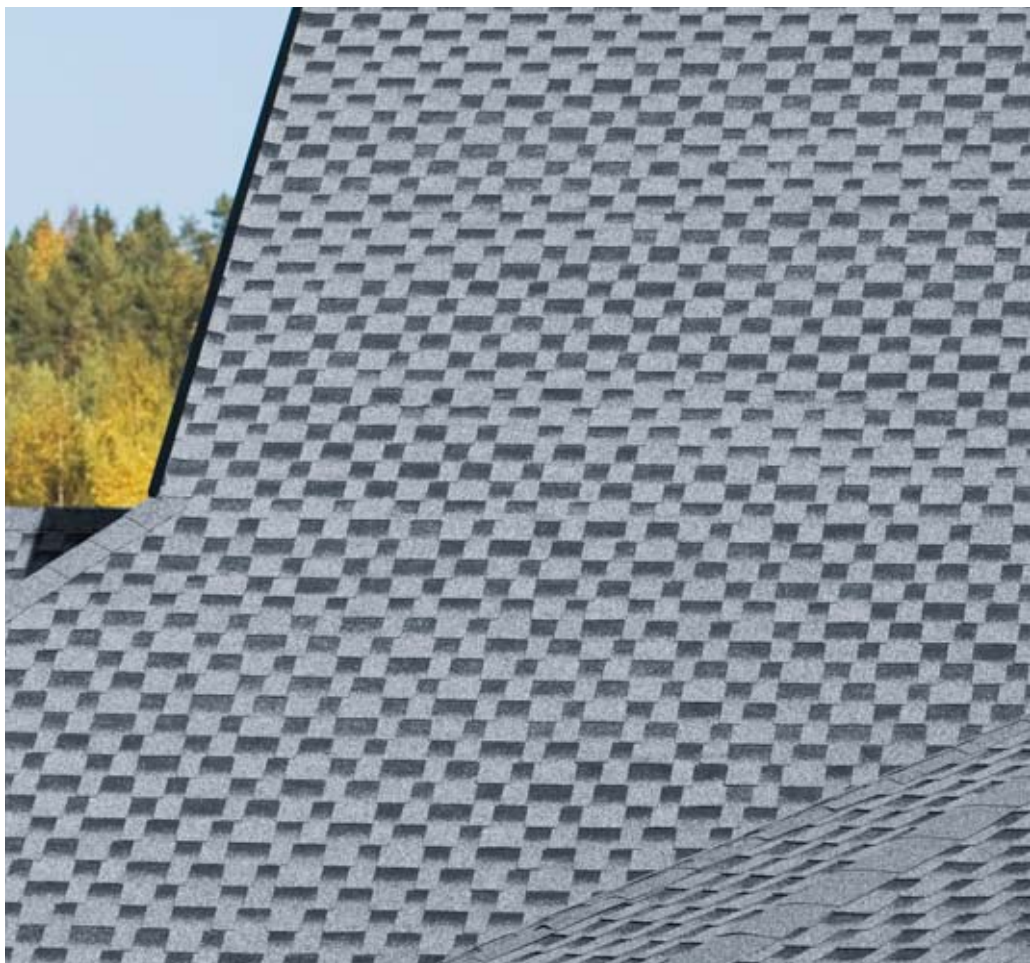
Unit / subsidiary	Net sales EUR mill.	Personnel (average)	Management
Paving Unit	438.9 (359.9)	2 185 (2 090)	Director Henrik Eklund, M.Sc. (Eng.)
Mineral Aggregates Unit	72.9 (68.8)	301 (297)	Director Juhani Innanen, B.Sc. (Eng.)
Tielinja Oy	9.3 (5.6)	38 (25)	Managing Director Harri Linnakoski, B.Sc. (Eng.)
Forssan Betoni Oy	16.3 (11.4)	43 (39)	Managing Director Antti Hujanen, B.Sc. (Eng.)
Paving and Mineral Aggregates Division	514.7 (430.4)	2 673 (2 553)	Director Henrik Eklund, M.Sc. (Eng.)

Building Materials Division



*Head of Building Materials Division,
Mr. Erkki Lönnrot B.Sc. (Eng.)*

Lemminkäinen's new Kerabit L bituminous roofing shingle was installed on the clubhouse of Kanava Golf in Vääksy. The new rectangular shingle is suitable for roofs with complex geometries.



The Building Materials Division's business covers a broad segment of the whole construction chain. The diverse range of contract sites included two shopping centres, Sello in Espoo and Jumbo in Vantaa, where staircases, roofs, floors and parking deck waterproofing systems were installed and building materials were delivered for other construction works.

The net sales of the Building Materials Division in 2005 remained at the level of the previous year. Installation and maintenance services accounted for over a half of net sales. The profitability targets set for the manufacture of bituminous roofing materials and roofing contracting were achieved. The results of the Concrete Products Unit and Omni Sica were unsatisfactory.

Bituminous roofing materials are manufactured at Lohja and concrete products at three locations. Precast concrete staircase units as well as concrete stone and floor products are produced at Tuusula. Concrete stone is produced at Orimattila, and this as well as concrete blocks at Tampere. The processing of natural stone at Viitasaari was discontinued.

There are 15 other service locations in Finland as well as offices in Tallinn and Warsaw. The service points handle both material sales and contracting works. The subsidiary ZAO Lemruf is responsible for Lemminkäinen's roof contracting in Russia.

The Building Materials Division's roofing and concrete products businesses were transferred

Lemminkäinen's Building Materials Division is a manufacturer, seller and contractor of concrete-based urban environment products, precast concrete staircase units, terrazzo products and bituminous roofing materials as well as their ancillary products and supplies. The Division also carries out tiled and sheet-metal roof contracting. In addition, the Building Materials Division manufactures, imports and distributes specialist products for roofing and urban environments as well as sports construction products ranging from track and field surfacings to spectator stands. The Division also offers design, installation and maintenance services for all the products that it manufactures and imports.

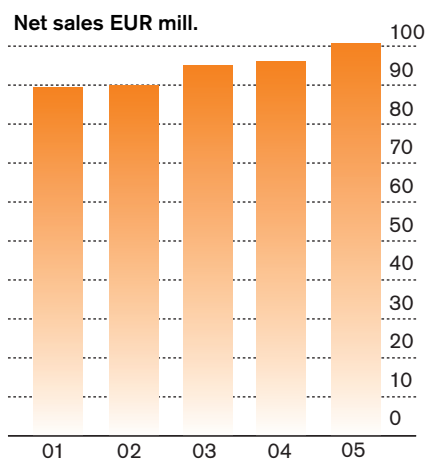


Key figures

EUR mill.	2005	2004
Net sales	100.3	95.7
Operating profit	0.6	3.1
Net investments	0.4	2.5
Employees	617	603

Net sales by business area

EUR mill.	2005	2004
Roofing Unit	63.2	59.3
Concrete Products Unit	30.7	29.2
Omni-Sica Oy	7.2	7.2
Total	100.3	95.7



at the beginning of 2006 to two newly established subsidiaries: Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy.

Roofing materials and contracting

Lemminkäinen produces bituminous roofing materials, carries out bituminous, tiled and sheet metal roof contracting works, and installs waterproofing systems on trafficked decks, bridges and foundation walls. The life-cycle concept is increasingly being taken into consideration in a wide range of services. The company's roof maintenance service is growing in importance. The service consists of a condition assessment, preventative inspection and maintenance visits, and the repair of reported defects.

The production capacity of Lohja bituminous roofing factory was almost fully utilised in 2005. Approximately 7.9 million m² of bituminous roofing were manufactured during the production season. Earlier investments in bitumen mixing capacity boosted production efficiency.

The market for sales of bituminous roofing materials has grown slightly. The competitive situation in roofing contracting was intense especially in the Helsinki metropolitan area,

stemming mainly from the low price level of bituminous roofing materials. Increased imports of roofing materials intensified price competition. Demand for tiled and sheet metal roof contracting rose. Exports of building materials went mainly to Russia, the Baltic states, Poland and Scandinavian countries.

The biggest contracts in 2005 included the 20 000 m² roof of the Lanterna shopping centre in Helsinki, extension work on the 18 300 m² roof of the Jumbo shopping centre in Vantaa. There were about 1 500 roofing contracts.



Sports construction

Omni-Sica Oy is one of Finland's leading supplier and contractor of sports-related products and systems. The company imports, sells and carries out contracting with a range of sports surfacings and underlays, spectator stands, watering systems, steel fence panels and polyurethane waterproofing systems.

Investments in building and refurbishing sports and athletics facilities continued. In Helsinki the Olympic Stadium's field was re-turfed and Mondo artificial turf was installed on the stadium's field event areas for the 2005 World Athletics Championships. Track and field surfacings were installed at venues all over Finland. Watering systems were delivered to a number of golf courses. Altogether there were about 170 contracts.

Outlook

The market situation in all of the Building Materials Division's business areas will remain unchanged. The overall market for the Division appears to be quite favourable.

In addition to private yards, Lemminkäinen's Formento stone products can be seen at the Kamppi shopping centre in Helsinki.

Concrete and natural stone products and urban environment construction

Lemminkäinen manufactures staircase and terrazzo products as well as concrete slabs, stones and outdoor furniture. In addition to material sales, the company has special expertise in urban environment construction. The installation and design services cover concrete and granite paving, wall stones, steps and cladding, and outdoor furniture and plantings.

Lemminkäinen started to manufacture precast concrete staircase units in 1954. Demand for precast concrete staircase units was reasonable in 2005. For instance, staircases were installed in the Jumbo shopping centre in Vantaa. The Kamppi shopping centre in Helsinki took receipt of the biggest single delivery of precast concrete staircase units.

Market growth in urban environment construction increased demand for contracting.

Altogether there were about 800 contracts.





NovoKid safety surfacing being installed in a park in Pukinmäki, Helsinki.

Price competition will continue to be intense both regionally and product specifically. Russian economic growth is expected to create new opportunities for both material exports and contracting in St. Petersburg and Moscow.

A pickup in the sales of building materials is expected as the volume of construction rises. The outlook for sales of roofing products will be strengthened mainly by the expansion of many hardware retail chains. In sales of urban environment products there are opportunities to strengthen the company's position in the market, for instance, with the aid of new wall stone products.

The content of services is becoming increasingly diverse. The steady growth in demand for refurbishment contracting and maintenance services is expected to continue.

Demand for urban environment products will remain steady. Industry investments in production capacity will keep the competition intense.

No significant changes are expected in demand for precast concrete staircase units, but low-density housing and apartment buildings will account for a growing proportion of deliveries.

In sports construction, demand for artificial turf fields and local exercise facilities is growing. Omni-Sica will pay more attention to technically demanding contracts that require professional skill and specialised equipment.



Roofer Janne Karjalainen at work on Kanava Golf's clubhouse in Vääksy.

Building Materials Division

Unit/subsidiary	Net sales EUR mill.	Personnel (average)	Management
Roofing Unit	63.2 (59.3)	390 (370)	Director Erkki Lönnrot, B.Sc. (Eng.)
Concrete Products Unit	30.7 (29.2)	185 (189)	Director Juhani Uljas, M.Sc. (Eng.)
Omni-Sica Oy	7.2 (7.2)	24 (26)	Managing Director Pekka Peho
Building Materials Division	100.3 (95.7)	617 (603)	Director Erkki Lönnrot, B.Sc. (Eng.)

Lemcon Ltd



*Managing Director,
Mr. Matti A. Mantere M.Sc.(Eng.)*

A 115-metre-high skyscraper is under construction in downtown Tallinn. The building will house a shopping centre, a five-star hotel and residential apartments.



The company's business is based on the Lemcon service model, which is an open, flexible and customer-focused way to implement construction projects. It has been developed to generate added value for clients' construction investments.

Lemcon's business continued to develop successfully in 2005. In fact, the company posted the best results in its history.

Civil Engineering

Lemcon is a rock, soil and foundation engineering specialist and a full-range civil engineering project contractor in Finland and Sweden. In civil engineering the company focuses on increasing the size, scope and complexity of its project undertakings. The business grew strongly in 2005.

Lemcon is a hard rock tunnelling and rock cavern construction specialist with a wealth of expertise and experience in excavation, gunniting, sealing, stabilisation and finishing works. The company is one of the leading tunnel builders in Sweden. Railway tunnels constructed in Sweden account for about a third of net sales from civil engineering works.

The biggest project undertaken in Sweden to date is the Torbacken-Hede railway tunnel. The contract is worth about EUR 55 million and will be completed by the end of 2006. Construction

Lemcon Ltd is a full-range project contractor that derives over a half of its business from international contracts. In Finland the company is a significant project management and civil engineering contractor. Lemcon has 30 years' experience of operating internationally across five continents. The company operates in Europe, the Americas and Asia as a project contractor and telecom network builder.

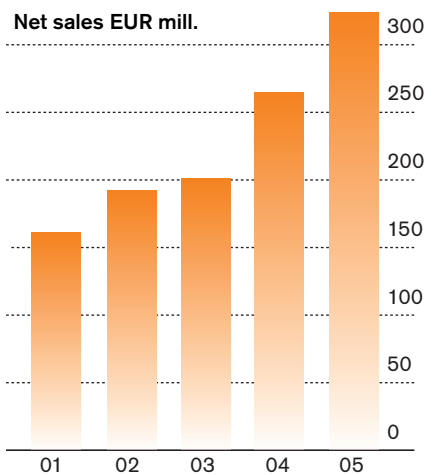


Key figures

EUR mill.	2005	2004
Net sales	328.8	264.5
Operating profit	15.3	11.1
Net investments	1.8	0.5
Employees	893	556

Net sales by business area

EUR mill.	2005	2004
Civil Engineering Unit	87.8	82.5
Project Management	194.0	156.6
Telecom network construction	47.0	25.4
Total	328.8	264.5



work on three new tunnels for Botniabana will be completed during spring 2006. In Finland the construction of the Vuosaari Harbour railway tunnel will continue until 2008.

The direct rail link between Kerava and Lahti will be completed in autumn 2006. The total value of the project management contract is EUR 330 million. The work involved laying 70 kilometres of new track and building 76 bridges. The Association of Finnish Engineers awarded Lemcon a prize for the innovativeness of the Kytömaa railway bridge that formed part of the contract.

The consortium contract for the Ring Road III improvement project was completed ahead of schedule. Construction work in the investment stage of E18 Helsinki-Turku motorway contract began between Muurla and Lohja. Lemcon's share of the consortium contract is about EUR 135 million. The highway project is being implemented according to the life-cycle model, and its maintenance and upkeep works will continue for 21 years after the road has been completed. Work on the Turku-Lieto section of Highway 9 was carried out in collaboration with the Paving and Mineral Aggregates Division of the Lemminkäinen Group. Lemcon was responsible for repairing the bridges and the road's substructures.

Lemcon specialises in demanding foundation engineering contracts. Jetted and bored piling technology is used to strengthen building foundations and deep stabilisation techniques are

employed in highway construction. Typical sites in 2005 were the strengthening of old building foundations and special contracts for industry.

Work began on the construction of the Helsinki Metropolitan Area Council's composting station at Ämmässuo in Espoo. The composting station will start up at the end of 2006. Lemcon is carrying out the project as part of an international consortium. In industrial construction work continued at the Olkiluoto nuclear power plant and at Fortum's oil refinery in Porvoo.

Project management

The international project implementation model developed by Lemcon puts the



Lemcon's biggest project to date, the Torbacken-Hede railway tunnel contract worth EUR 55 million, began on the West Coast line. The Åsan tunnel (in the photo) built by Lemminkäinen is located on the same line between Oslo and Copenhagen.

emphasis on customer-oriented services and the management of schedules and costs. The flexible project management service model easily accommodates changes and it is based on an open and confidential working relationship with the client.

Lemcon's project management business continued to be brisk in Finland during 2005. Lemcon has a well-established position in commercial, office and industrial construction. Successful integration of the design and build stages as well as the flexibility to accommodate changes are becoming more and more important in project management contracts.

Extension work on the Jumbo shopping centre in Vantaa was completed ahead of schedule. At the end of 2005 Lemcon signed a letter of intent concerning the construction of a hotel, spa and experience centre called Jumbo Park, which is to be built next to the shopping centre. Construction work on the University of Helsinki's animal hospital continued.

The project management model is also applicable to refurbishment contracting, because design and build often proceed in parallel in refurbishment contracts. The most significant refurbishment site was the City Centre building in downtown Helsinki.

The projects managed by Lemcon abroad are mainly sports and industrial construction contracts. Lemcon has permanent service locations in Tallinn, St. Petersburg, Moscow, Warsaw and Budapest. Finnish clients served by Lemcon over many years include Nokia, Elcoteq, Perlos, Savcor, UPM-Kymmene and Stora Enso.

Lemcon's many years of experience in project exports and its special expertise in arena building have strengthened the company's position in sports construction in Russia. The latest addition, a new multipurpose arena in Kazan, the capital of the Tatarstan Republic in the Russian Federation, was handed over to the client at the end of 2005. Work began on the construction of the Magnitogorsk arena in the southern Urals. The contract is worth about EUR 32 million. In the arena concept developed by Lemcon and its partners, spatial convertibility and cost effectiveness are among the most important factors.

Lemcon's business in Russia has expanded rapidly, especially in St. Petersburg. Demand for fixed-price contracts including design has increased. Newly completed production plants were handed over to Nokian Tyres and Elcoteq. Work began on the construction of an 110 000 m²

shopping centre for IKEA in St. Petersburg. The contract is worth almost over EUR 90 million. The company is also building private-sector housing in St. Petersburg. Phase II of Saint-Gobain Isover's mineral wool factory in Yegorievsk was completed.

In Estonia Lemcon is managing a skyscraper project that will house a shopping centre as well as a five-star hotel and residential apartments. The project is worth about EUR 35 million.

China is one of the biggest growth areas for Lemcon's business. Maxit's dry plaster factory in Beijing was completed. A plant producing container handling equipment in Shanghai was handed over to Kalmar of the Cargotec Group. UPM-Kymmene Corporation's new paper mill at Changshu was completed. A labelstock plant is being built for Raflatrac in the same industrial area of Changshu. The approx. EUR 40 million plant will start up at the end of 2006. A plant producing mobile phone shells will be completed for Perlos in Beijing in summer 2006.

In Hungary, Lemcon completed a third production plant for Perlos as well as a new factory project for Savcor. In Uruguay Lemcon is managing the construction of Botnia's pulp mill. Construction work began in spring 2005 and the mill will be completed in autumn 2007. The project is the biggest foreign investment ever made in Uruguay.

Telecom network construction

Lemcon Networks Ltd builds mobile phone networks and offers expert services related to the management of network construction projects. The company also provides the technical services necessary for the expansion and upkeep of existing base stations and networks.

Lemcon Networks derives most of its bu-

The ability to adjust flexibly to changes is crucial in project management contracting. Lemcon was responsible for the enlargement of the Jumbo shopping centre in Vantaa.





siness from Europe and the United States, but the company has expanded its operations in growing mobile network markets. In the Far East these growing markets include Singapore, Pakistan, Iran and Indonesia, while in South America they are Columbia, Peru, Argentina and Brazil.

In the internationalising and fast-paced environment of the telecom network and mobile phone sector the emphasis in assignments is on the management of complex projects and diverse knowledge and development of project-related technologies. For demanding telecom network projects the company has developed tools and methods that enable hi-tech expertise and project management skills to be combined. The importance of technical network services in the company's business continued to grow.

Outlook

Lemcon's order book continued to grow in 2005. At the end of the year it stood at EUR 439.5 million (239.1). The outlook for the

Lemcon has a strong position on the Russian sports construction market. At the end of 2005 a new multi-purpose arena in Kazan, the capital of Tatarstan, was handed over to the client.

company in the years ahead is good.

The growing importance of design in complex and challenging civil engineering contracts strengthens Lemcon's position in the market. There are no mega-projects like the Kerava-Lahti direct rail link and the E18 motorway on the horizon, but there will probably be a few new transport infrastructure projects starting up within the next couple of years.

Lemcon's project management business is expected to continue to be brisk. Lemcon is collaborating with industry organisations on the preparation of a contract system for the project management business. The contract system will specify detailed operating procedures and conditions and is expected to boost demand for project management services in Finland.

On the export market there are further opportunities for the project management business in the forest products and electronics sectors. The Russian market is growing, but, demand is dependent on the confidence of Western companies in the country's economic development and political stability. In addition to traditional contracting, design and build projects are becoming more prevalent in Russia.

China is the most important country for the inward investments of Lemcon's current clients, and the country therefore also offers Lemcon good opportunities for growth in Southeast Asia.

Lemcon Networks' market is global. The company aims to develop its ability to operate especially in countries where the number of mobile phone users is expected to grow. Lemcon's extensive knowledge of mobile phone technologies and its experienced multinational workforce are key business assets in complex international projects.

Lemcon Ltd

Unit / subsidiary	Net sales EUR mill.	Personnel (average)	Management
Civil Engineering Unit	87.8 (82.5)	313 (254)	Head of Unit Timo Kohtamäki, Lic. (Tech)
Project Management	194.0 (156.6)	286 (156)	Regional Director Jouko Niemonen, B.Sc. (Eng.) Export Director Jukka Posti, M.Sc. (Eng.), eMBA Export Director Klaus Tervilä, M.Sc. (Eng.)
Telecom network construction (Lemcon Networks Ltd.)	47.0 (25.4)	277 (131)	Managing Director Juha Nurmi, M.Sc. (Eng.)
Lemcon Ltd	328.8 (264.5)	893 (556)	Managing Director Matti A. Mantere, M.Sc. (Eng.)

Oy Alfred A. Palmberg Ab



*Managing Director, Mr. Risto Bono
M.Sc. (Econ.), M.Sc. (Eng.)*



*Lanterna, Finland's biggest home
furnishing centre, was completed.*

There was a further increase in the net sales share of owner-occupied housing developments compared to rental housing construction. Correspondingly, the share of competitive tender housing contracting has fallen. Demand for both commercial construction and refurbishment contracting increased.

The Palmberg Group's result was good in 2005.

The Group consists of the parent company, Oy Alfred A. Palmberg Ab, and ten subsidiaries operating regionally under their own names. The subsidiaries are Byggnads Ab Forsström Rakennus Oy, Oy Konte Ab, Oka Oy, Palmberg-Rakennus Oy, Palmberg TKU Oy, Palmberg-Urakoitsijat Oy, Rakennusliike A. Taskinen Oy, Rakennus-Otava Oy, Rakennustoimisto Palmberg Oy and Savocon Oy.

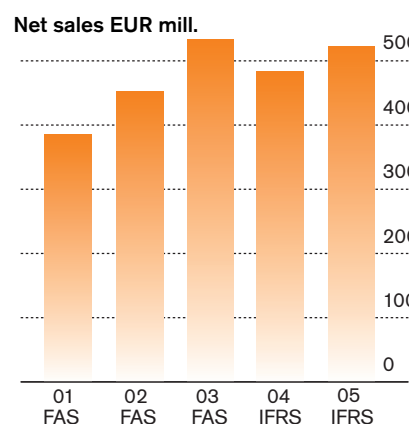
The parent company and three of its subsidiaries, Palmberg-Urakoitsijat, Oka and Konte, operate in the Helsinki metropolitan area. The Group's business volume in this area is proportionately smaller than that of other similarly sized construction companies. On the other hand, in south-east Finland and Ostrobothnia the Group's subsidiaries are among the biggest actors in their regions. Similarly, the Group's proportional share is significant in the economic regions of Tampere and Turku.

Housing developments once again accounted for over a quarter of the Group's business

The Palmberg Group is a building contractor operating mainly in Finland but also in Central Sweden. The Group's new construction and refurbishment work encompasses competitive tender contracting as well as private-sector housing, commercial and industrial developments. The Group also produces ready-mix concrete and concrete products in Ostrobothnia and North Karelia.



Key figures		
EUR mill.	2005	2004
Net sales	517.3	486.4
Operating profit	28.3	29.2
Net investments	3.3	3.8
Employees	1 984	1 890
Net sales by business area		
EUR mill.	2005	2004
Competitive tender contracting		
Housing	64.0	72.2
Other new construction	147.1	135.3
Refurbishment work	82.6	78.6
Developments		
Housing	142.6	126.6
Commercial and industrial buildings	54.3	41.6
Other business	18.1	18.3
Sales of shares and other items	8.6	13.8
Total	517.3	486.4



and commercial developments for about 10 per cent. Competitive tender contracting of new construction and refurbishment work made up the remainder.

The operations of the parent company as well as those of the subsidiaries in the Tampere and Turku regions, i.e. Rakennustoimisto Palmberg and Palmberg-TKU, were primarily concerned with housing and commercial developments. The Group's other subsidiaries still derived most of their net sales from competitive tender contracting, although the share of housing developments in their net sales has grown. Oka, which specialises in façade renovation work, operates all over southern Finland.

The number of apartments completed by the Group in its own housing developments was 1 068 (948). At the end of the 2005 accounting period, 1 313 (1 132) own development apartments were under construction. New apartments completed under competitive tender contracting totalled 926 (859), and 587 (923) apartments were under construction at the end of the accounting period.

In Helsinki a number of building contracts were completed during 2005. An 11 000 m² parking facility in Kasarmintori was handed over to the client in May. Approximately 15 000 m³ of concrete was used in the construction of the three-level parking facility. Lanterna, Finland's largest home furnishing centre with a sales floor area of 30 000 m², was handed over to the cli-

ent in November. The special requirements of the retailers and the demanding foundation structures of the building were key considerations during the project planning and implementation stages. A special feature of the Hotel Tornio refurbishment contract was that the operation of the hotel should not be interrupted during the construction period. The Arabian kotiranta housing contract carried out by Palmberg-Urakoitsijat was awarded a prize by the Association of Finnish Civil Engineers. The convertibility of the apartments and the opportunity afforded future residents to participate in the design of the dwellings, e.g. via the internet, during the construction stage were considered key merits of the projects.



Home furnishing centre Lanterna in Helsinki.

In Tampere, Rakennustoimisto Palmberg was awarded the prize for implementation of the frame and façade structures employed in the Onkiniemi residential area, which is scheduled for completion in autumn 2006. The 18 000 m² Scandic Hotel was completed in downtown Tampere. The contract involved adding a modern new building to the old property. In Oulu construction work worth about EUR 25 million began on another Scandic Hotel. The building is of a new type in Finland as a Finnkino cinema is being built in connection with the hotel. In Kotka construction work continued on a 26 000 m² shopping centre. The contract involves both new construction and refurbishment work and it is worth about EUR 52 million. In Lappeenranta Palmberg and its consortium partners began work on the construction of the Galleria shopping centre. In Sweden a section of railway track and its associated bridges are being built for Östkustbana.

Outlook

The volume of building construction grew last year by 4 %, and that growth rate is expected to remain at the same level in 2006. The low level of interest rates that has persisted for several years has supported the robust housing market and investment in commercial, office and industrial construction. Only a sharp rise in interest rates can threaten the favourable outlook for building construction.

The Palmberg Group's order book at the end of 2005 stood at about EUR 367 million. New housing starts in 2006 are expected to total 1 500 units. The shortage of building land especially in the Helsinki metropolitan area is the biggest factor inhibiting private-sector housing production. Interest in the construction of business premises is still high. The expansion of foreign retail chains into Finland is one of the factors affecting the favourable outlook. The growth of trade with Russia is increasing demand for logistics centres. Urban migration and population growth will keep the construction of public service buildings at a steady level for some years. The need to modernise family dwellings and apartment buildings will increase demand for refurbishment contracting, which is expected to remain at a good level.

An elevator system developed by Rakennustoimisto Palmberg for old apartment buildings has been awarded a petty patent, which in itself is a rare event in the construction sector. The elevator can be built on the outside of 3-4 storey apartment building. The system, which solves the so-called half-storey problem, has already been installed in the first sites. It is thought that there will be demand for the new system.



Tahko-Spa Oy's new activity centre was completed at Tahkovuori in Nilsjö.



Kemi's new courthouse.

Palmberg Group 2005

Company	Region	Net sales EUR mill.	Personnel (average)	Managing Director
Parent company				
Oy Alfred A. Palmberg Ab	Helsinki Metropolitan area	87.4 (101.7)	194 (186)	Risto Bono, M.Sc.(Eng.), M.Sc.(Econ) Regional Director Pauli Mäkelä, M.Sc.(Eng.)
Subsidiaries				
Palmberg TKU Oy	Turku, Salo and surrounding municipalities	40.9 (29.7)	133 (131)	Mikko Pirhonen, M.Sc.(Eng.)
Palmberg-Urakoitsijat Oy	Western Uusimaa	33.5 (39.9)	35 (35)	Ahti Kara, M.Sc.(Eng.)
Oka Oy	Lahti, Kymenlaakso and South Karelia	103.4(102.3)	444 (466)	Jorma Tamminen, B.Sc.(Eng.)
Rakennustoimisto Palmberg Oy	Tampere and southern central Finland	65.6 (54.0)	259 (242)	Jukka Terhonen, M.Sc.(Eng.)
Rakennus-Otava Oy	Jyväskylä and surrounding municipalities	15.6 (8.2)	65 (55)	Jussi Kari, B.Sc.(Eng.)
Oy Konte Ab	Ostrobothnia, Southwest Finland, Umeå and surrounding municipalities	75.5 (56.2)	322 (294)	Göran Pellfolk, M.Sc.(Eng.)
Byggnads Ab Forsström Rakennus Oy	Kokkola, Pietarsaari and surrounding areas	23.1 (25.5)	166 (150)	Peter Forsström, B.Sc.(Bus.)
Palmberg-Rakennus Oy	Provinces of Oulu and Lapland	36.1 (37.9)	150 (141)	Ahti Heikka, B.Sc.(Eng.)
Savocon Oy	Kuopio and surrounding areas	20.9 (16.4)	90 (69)	Martti Kankkunen, B.Sc.(Eng.)
Rakennusliike A. Taskinen Oy	Joensuu and North Karelia	19.0 (16.9)	126 (121)	Ari Laamanen, Construction Manager

Tekmanni Oy



*Managing Director,
Mr. Antero Huhta B.Sc. (Eng.)*

Tekmanni carries out installation works for clients in the forest, engineering, chemical, food and power generating industries. Building electrification and air conditioning electrical works were carried out at M-real's BCTMP mill in Kaskinen.



Tekmanni supplies a diverse range of installation, contracting, servicing and maintenance services. The company's expertise spans the whole life cycle of properties from design and construction to servicing and maintenance.

Tekmanni's result in 2005 was quite satisfactory. The business adjustments made to improve the company's profitability proved successful. The result was improved in all of the company's business areas.

Technical building services

Tekmanni's business encompasses all areas of modern technical building services, which, in addition to traditional HVAC work, are sprinkler, cooling, fire protection, telecommunications, security and automation systems. Integrated deliveries of technical building systems include installation as well as planning guidance and project management.

Demand for technical building services was steady in 2005. Tekmanni had a reasonably good level of work in the commercial building segment, even though the volume of new construction was quite minimal. The company had over 700 technical service projects under way.

Tekmanni Oy's business areas are technical building services, technical facility services, industrial services, and telecommunications networks. The company provides installation and maintenance services at 30 locations in Finland. Tekmanni's subsidiaries in Finland are Tekmanni Service Oy, Tekmanni Tampere Oy, Sähköliike Tekno Oy and Turun Rakennusputki Oy, and abroad ZAO Tekmen Spb in St. Petersburg and Tekmanni Eesti Oü in Tallinn.

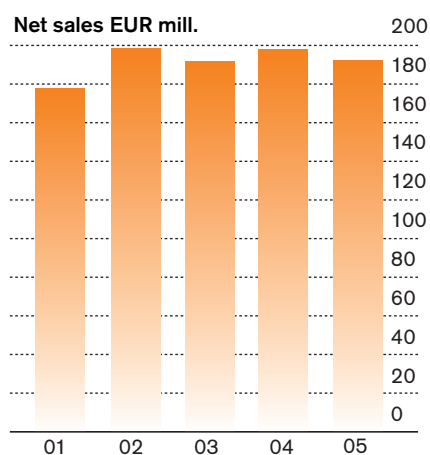


Key figures

EUR mill.	2005	2004
Net sales	191.1	198.3
Operating profit	6.8	2.2
Net investments	0.8	1.8
Employees	1 745	1 877

Net sales by business area

EUR mill.	2005	2004
Technical building services	152.1	163.1
Technical facility services	28.1	26.5
Other subsidiaries	10.9	8.7
Total	191.1	198.3



Technical facility services

The services provided by Tekmanni Service Oy include maintenance agreements for renovation and modification work of HVACE, sprinkler and fire protection systems, and expert services. The company also provides 24-hour call centre and duty services.

Tekmanni Service developed favourably and net sales rose in 2005. The overall market trend was also favourable.

The company had a number of servicing and maintenance agreements, small repair works and fixed-price projects. Tekmanni Service's key customers are commercial property owners, industry and public-sector organisations.

Industrial services

Tekmanni's industrial services include electrification, instrumentation, air conditioning and sprinkler installations as well as automation contracting concerning water supply and technical building systems. Installation works are carried out for the forest, engineering, chemical, food and power generating industries.

Demand for industrial services was good in 2005. Typical works were process and building electrification works at power plant and pulp boilers of paper and energy companies, and installation and cable works on paper machines. Process automation works were carried out at municipal wastewater treatment plants.

Telecommunications networks

Tekmanni builds and maintains cabling systems, security systems, and broadband and mobile networks. The telecommunications networks service concept includes consulting, planning, and servicing and maintenance.



Electrical fitter Jussi Varjoranta at work in M-real's Kaskinen mill.

nance of installed systems. The ability to react to the rapidly changing needs of customers is vital in information technology, telecommunications and security services.

The telecommunications networks business grew in 2005.

Local area network deliveries were made to a number of important national projects. Security and fire alarm systems were installed at several new construction and refurbishment sites. Telecom operators increased their investments in 3G networks, which boosted project deliveries of Tekmanni.

International operations

At the beginning of 2006 Tekmanni's export operations were transferred to subsidiaries in St. Petersburg and Tallinn.

In St. Petersburg Tekmanni carried out process pipe works at Elcoteq's new plant and also

supplied and installed the technical building services. The process electrification works under way at Stora Enso's Kvarnsveden paper mill in Sweden were completed. The company is also carrying out process electrification contracts at UPM's Shotton power plant in the UK and at SCA's Östrand pulp mill in Sweden.

Outlook

Tekmanni's markets look stable. In refurbishment contracting the market situation is expected to remain at least at the 2005 level. Refurbishment works on apartment buildings will increase. The growth of service outsourcing and the growing importance of technical expertise will strengthen Tekmanni's position as a producer of technical facility and industrial services.

The company's order book was EUR 61.5 million (72.7) at the end of 2005. The renewal of the company's management system and the implementation of adjustment measures had a positive effect on the business already in 2005.



Almost 6 000 sprinklers were installed in TietoEnator's office building.



Tekmanni Service Oy is responsible for the HVACE maintenance functions at Fortum's Loviisa power plant as well as for services relating to daily use and upkeep of the plant's buildings and facilities.

Tekmanni Oy

Unit / subsidiary	Net sales EUR mill.	Personnel (average)	Managing Director
Technical building services (Tekmanni Oy)	152.1 (163.1)	1 242 (1 437)	Antero Huhta, B.Sc. (Eng.)
Technical facility services (Tekmanni Service Oy)	28.1 (26.5)	363 (356)	Marcus Karsten, M.Sc. (Econ.)
Other subsidiaries	10.9 (8.7)	140 (84)	
Tekmanni Oy	191.1 (198.3)	1 745 (1 877)	Antero Huhta, B.Sc. (Eng.)

Safety and the environment

The creation of safe working conditions and a safety-conscious working atmosphere, the reduction of workplace accidents and the organisation of safety training for every employee are key aims of Lemminkäinen's safety work. Lemminkäinen's Board of Directors has approved the safety and environmental programmes observed in the Group.

Zero-accident principle

Lemminkäinen joined the Finnish Institute of Occupational Health's Zero-Accident Forum in 2005. The members of the forum seek to improve occupational safety by sharing information on good experiences in different branches of industry. Lemminkäinen applied the principles of the forum in a safety action programme completed in autumn 2005.

Industrial safety, occupational health and environmental management certificates also promote systematic safety work. The Group's management systems are mainly environmental and safety management cer-



Reducing the number of workplace accidents is one of the most important aims of Lemminkäinen's safety work.

tificates.

Expansion of safety work

The standard of Lemminkäinen's occupational safety is monitored by means of metrics generally used in the construction sector. Their use on construction sites has been increasing all the time. On-site measurements of safety are used in both building construction and civil engineering contracting. The measurements are based on observations of safety factors such as site organisation, cleanliness, protection from falling objects, lighting and waste management.

Lemminkäinen expanded its safety work in 2006. The dangerous situation reporting practice was renewed and accidents were investigated more thoroughly than in the past. The reporting and control systems were linked to an accident reporting and statistics system conforming to the Eurostat classification.

Analyses of occupational safety risks are made at each workplace and project-specifically. The risk assessments are updated whenever operational changes are made. Workplace studies made by the occupational health service are exploited when developing the work environment and management of risks at workplaces and construction sites.

Lemminkäinen's business units take part in occupational safety competitions organised in the construction sector.

Increased safety training

The safety training given to employees is wide-ranging and job-specific. This training covers risk identification, safety measurement and safety tasks specified in the management systems.

Industrial safety card training was launched in 2004. The number of employees filling out industrial safety cards was about 3 000 (approx. 1 000) in 2005. The usage of safety cards has increased quickly because Lemminkäinen is able to organise the training itself. Employees have been given training in areas such as road safety, fire work, electrical work safety and first aid. Some employees have been trained as instructors in road safety, fire work, and the measurement of safety. In 2005 Lemminkäinen organised safety training for over 1 700 employees (approx. 1 200).

Assessment of environmental effects

As a broad-based construction company and producer of building materials, Lemminkäinen exercises considerable influence in promoting the construction sector and sustainable development. The assessment and consideration of environmental effects is part of Lemminkäinen's safety work.

When the sites of old production plants are closed down or renewed, soil studies are made to determine whether there has been any soil contamination. Groundwater quality is monitored in groundwater areas and at production sites in their immediate vicinity.

The production of asphalt, the quarrying and crushing of mineral aggregate, the production of concrete and concrete products, and the manufacture of bituminous roofing materials are all operations that require an environmental permit. The environmental effects of these operations are monitored actively.

Reduced emissions

Significant investments have been made in reducing the environmental emissions of the Group's production plants. The recovery of sludge in connection with concrete production has cut emissions into watercourses and the local environment. Airborne emissions of malodorous vapours produced in the manufacture of bituminous roofing have been reduced by installing gas cleaning equipment. The construction of new asphalt plants has reduced dust and noise problems. Emissions from crushing plants have been cut by enclosing the equipment and by making use of the protection of landscape features by when siting the plants.

Attention has been paid to chemical storage methods and locations. Efforts are made to reduce chemical emissions into the environment by selecting safe products for use in the company's operations.

Energy consumption and air-borne emissions have been reduced by procuring new plant and equipment and by introducing better plant maintenance and overhaul procedures. Natural gas, fuel oil and liquefied petroleum gas are used as energy sources at production plants.

Recycling plays an important role in reducing environmental emissions. Waste materials are sorted by type and in accordance with local waste management regulations and recycling possibilities. The materials are sorted into concrete and brick waste, metals, clean wood and soils. Hazardous wastes are collected separately and delivered to appropriate handling stations.

Reclaimed asphalt pavement (RAP) is utilised in the production of recycled asphalt. RAP is also utilised in Remix recycled asphalt resurfacing and rut repair work. All the raw material and energy contained in RAP is fully recovered in recycled asphalt pavements.

Lemminkäinen is a member of the Environmental Register of Packaging PYR. Producer organisations of the packaging industry organise the utilisation of product packaging materials. How the amount of material and packaging waste can be reduced is taken into consideration in the design of product packages.

Improving safety in the construction sector

Safety issues are an important part of business decision-making in Lemminkäinen Group. Practical application of the zero-accident principle is central to the improvement of employee safety. In safety issues Lemminkäinen collaborates with other actors and organisations of the construction sector and actively participates in their joint safety development work.



The installation of protective wall elements keeps pace with the rise of the skyscraper in Tallinn. The panels prevent objects from falling and provide shielding against the wind.

Research and development

The development of operational prerequisites, quality assurance of products and services, and taking account of safety issues and environmental effects are important principles of Lemminkäinen's research and development work. The business units and subsidiaries of Lemminkäinen Group are responsible for their own research and development, a large proportion of which occurs in connection with site works and construction projects. The Central Laboratory carries out R&D at Group level.

As a result of sustained development work Lemminkäinen has created products and services that fulfil the modern principles of environmental and safety thinking. Durability is demanded at all stages of a product's life cycle from processing of its raw material to production, recycling or re-use. Reducing impacts on the environment during the different stages of construction is essential. The importance of life cycle thinking has grown in Lemminkäinen's development work.

Life cycle thinking in paving and ground engineering contract

The requirements of new civil engineering contracting practices have necessitated the development of new services and work methods. Design and project management

expertise has also been developed in road paving. In Denmark Lemminkäinen has a number of 15-year performance specified maintenance contracts. In Norway and Denmark Lemminkäinen has long-term road and street maintenance contracts. In Finland the E18 motorway between Helsinki and Turku is being constructed according to the life cycle model. The company will be responsible for the road's maintenance and upkeep for 21 years after the completion of the construction works. In the design and implementation of the paving works on Highway 9 near Turku, consideration was given to life cycle costs, performance characteristics and environmental effects.

Safe products and working methods

Lemminkäinen has focused on the design of pavements and their structures and on the assessment of durability-measurement models. Low-noise asphalt pavements as well as wear-resistant applications that stand up very well to heavy traffic loads have been developed in international research projects concerning the paving industry. Problems associated with asphalt binders and water resistance have been clarified in these studies. The new knowledge will be used in the production of even more durable pavements.

Lemminkäinen has continued with the development of dense asphalt pavement structures, which are resistant to chemicals and provide excellent protection for the local environment and groundwater resources. Both equipment and working methods have been improved in order to increase the recyclability of reclaimed asphalt pavement (RAP). New products containing RAP are being developed continuously.

Lowering the temperature of the asphalt mix has reduced environmental emissions and improved the safety of employees. New manufacturing methods and raw materials have been tried out in asphalt production. The research results obtained have been good.

Crushing equipment as well as production and measuring methods have been developed for the quarrying of mineral aggregate. Development work on class 1 mineral aggregate products continues. Lemminkäinen is prepared for the introduction during 2006 of the European CE marking required for mineral aggregate used as railway ballast and in asphalt paving mixes.

Forssan Betonituote is developing its concrete production technology. Tielinja has developed road markings that can be seen more easily in the dark and in wet conditions. Special attention



Particular attention was paid to life cycle costs, pavement performance characteristics and environmental effects in the design and construction work on Highway 9 near Turku.

has been paid to the durability of road-marking mixes.

New roofing and concrete products

Lemminkäinen has developed a new roofing shingle made of polymer-modified bitumen. New roofing shingles of various shapes and colours were added to the product range in summer 2005. The European CE marking required for bituminous sheets was introduced at the beginning of 2006. The efficiency of logistical services for roofing materials production and roofing contracting has been improved.

In development work on pre-cast concrete staircase units the research topics have included the sound insulation properties of staircases and their installation methods in low-density residential buildings. A new wall stone model was added to the range of concrete products for the urban environment. On-line selling and marketing of services for roofing and concrete products are being developed.

Omni-Sica is developing safe pavements for playgrounds and local exercise facilities as well as control systems designed for the watering of golf courses.

Development of project management

Lemcon's R&D work in the civil engineering field is concerned mainly with techniques and method management. In tunnel construction the focus was on developing a mechanical method of removing large boulders. In major infrastructure projects the emphasis was on the development of mass management software and in ground construction on a geophysical quality assurance method.

Lemcon Networks introduced a new application for the management and control of telecom network projects. Lemcon has participated in a project aimed at developing a new project management planning system. The results of the development project, which belongs to a programme of the National Technology Agency (Tekes), will now be applied in practice. Lemcon is also taking part in research projects concerning product model data. Product modelling can improve construction process efficiency as well as quality and information management. The aim is to apply product model data in the management and production control of all building construction projects. Palmberg has also been involved in new product modelling based on 3D technology.

In 2005 an elevator system developed by Rakennustoimisto Palmberg for retrofitting into old apartment blocks was granted a petty patent, which in itself is a rare event in the construction sector. The elevator can be built on the outside of 3-4 storey apartment buildings. The system, which solves the so-called half-storey problem, has already been installed in the first sites.

Tekmanni has concentrated on the areas of operational control and project management, and has developed automation, energy measurement and control systems for technical build-

ing services. Product modelling applications that can be introduced already during the design stage have been developed in the Aurora II project led by Senate Properties. Tekmanni Service studied the applicability of mobile phone technology to property maintenance control and reporting.

Active in construction sector development

The companies and units of the Group are involved in the construction sector's technology and development projects and their financing. Co-operation with universities and research institutes is close. The most notable of Lemminkäinen's collaboration partners are the National Technology Agency (Tekes) and the Confederation of Finnish Construction Industries (RT). The current Infra 2010 development programme is a joint project of actors in the civil engineering sector. The most important sectoral technology programmes and development projects concern life cycle models and measuring methods, energy systems, design systems and business models. Lemminkäinen also participates in the sector's environmental and risk assessment projects.

Facilitator and supervisor of academic theses

Lemminkäinen facilitates and supervises academic theses, mostly for bachelor's or master's degrees in engineering. The topics include technical matters as well as environmental effects and safety issues concerning construction work. Planning, productivity and economic perspectives of construction also feature among the range of topics covered.

Quality systems

In practice, almost all of Lemminkäinen's units and subsidiaries have a quality system based on the ISO 9000 standard. In recent years particular emphasis has been placed on the development of environmental management and safety systems.

Lemminkäinen has developed a new bituminous roofing shingle. Available in a range of colours, the new shingle was added to the product range in summer 2005.



Personnel

Personnel in Finland and abroad

The average number of people employed by the Lemminkäinen Group in 2005 was 7 912 (7 479). The average number of employees working in the Group's units abroad during the year was 1 965 (1 623), representing 24.8 % of all Group employees.

Lemminkäinen as an employer

Lemminkäinen is a steadily growing international company with a long history as an employer.

The many positive features associated with the company will become increasingly important in career selection and job commitment.

Lemminkäinen's corporate culture emphasises independence, responsibility, and creative thinking. The pride that Lemminkäinen's employees have in their work helps to continuously create new ways of meeting the expectations of customers.

The diversity, special expertise and international dimensions of the Group are strengths that offer employees a wide range of opportunities for career and professional development.

The established geographical business area of Lemminkäinen Group encompasses the whole of Finland and most of the countries in the Baltic Rim region. The Group does carry out individual projects all over the world on every continent.

The outlook for the construction sector is good. The attractiveness of the sector as a study and career choice continues to improve. The diverse range of projects as well as the new working methods that are being applied in them offer an opportunity to create an interesting career in the construction sector. Lemminkäinen Group enjoys a strong position as one of the sector's most interesting employers.

Active involvement in the construction sector's joint development projects and purposeful work towards raising the profile and attractiveness of the sector is a matter of growing importance for Lemminkäinen.

Personnel development anticipates future changes

The key themes for personnel development are internationalisation, the use of new project working methods, and the management and exploitation of changes in the business environment. Personnel development plans are incorporated into the business plans of the Group's companies and units.

The development of professional competence occurs mainly through on-the-job learning and training arranged by the employer. Depending on the employee and the job, personnel development plans cover basic technical education as well as training designed to broaden and deepen professional competence. Lemminkäinen encourages its employees to participate in vocational training leading to the award of a diploma. Such qualifications support career advancement and add to the diversity

of expertise in different kinds of projects.

Lemminkäinen organises its own apprentice-based training, especially for those working in building materials production, installation and maintenance. Occupational safety and protection matters are being continuously developed and taught in all personnel groups.

Supporting the expertise of employees is important at a time when new production models are being developed quickly. More and more jobs require project management skills and the ability to understand customer orientation, which is especially important in projects.

Lemcon regularly organises training designed to sharpen the project management skills of its employees. The company's projects are often international, so training includes familiarisation with different cultures. Lemcon Networks has introduced an application supporting the management of its multinational employees' competencies.

Tekmanni continued its partnership with AEL concerning its project management training programme as well as the special technical diploma awarded at the end of apprentice-based training.

The extended management training programme designed to meet the Group's own needs continued with a new course. The programme is run in partnership with Helsinki University of Technology.

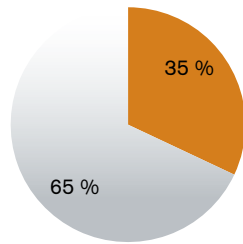
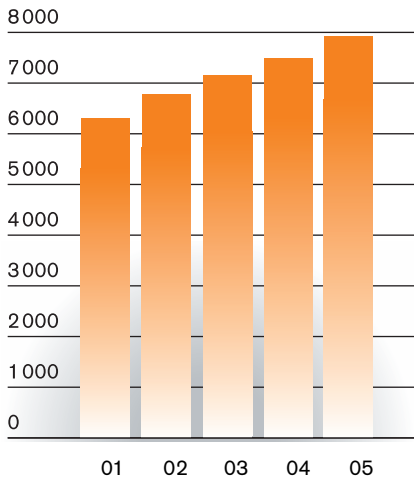
The retirement of the large post-war generation will increase the need for recruitment in the years ahead. The effects of abolishing master builder and other technician-level training on the supply of professional labour are now evident. The void left in this key profession has met with a strong reaction.

As a key construction sector employer, Lemminkäinen collaborates with colleges of different educational levels. Lemminkäinen has been able to influence the content of and materials used in the training of future recruits to the construction sector. Co-operation with colleges also provides an opportunity to recruit new employees at the work practice stage of studies. The importance of on-the-job training as a recruitment channel continues to grow, especially in building construction. Collaboration with universities includes the facilitation and supervision of undergraduate theses. Lemminkäinen takes part in the industry's development projects as well as in joint projects involving colleges and employer and employee organisations. The aim of the building and facilities service sector's Vetovoima project is

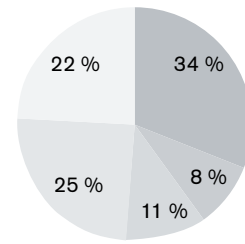


Site engineer Timo Solja on the Åskottsberget railway tunnel site in Sweden.

Personnel (average) of Lemminkäinen Group in 2005



■ Salaried staff
■ Hourly paid workers

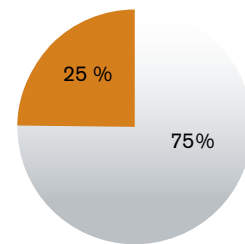


■ Paving and Mineral Aggregates Division
■ Building Materials Division
■ Lemcon Ltd
■ Oy Alfred A. Palmberg Ab
■ Tekmanni Oy



Engineer Giovanni Gorda and supervisor Yedenekachew Dessalegn on a telecom network installation site in Addis Ababa, Ethiopia.

Location



■ Finland
■ Abroad

to further improve the attractiveness of the construction sector.

Improvement of fitness for work

Lemminkäinen strives to maintain and improve its individual employee's fitness for work. The most important method is preventative work, which includes guarding against factors that threaten fitness for work, predicting risks, and timely intervention in health problems. Reducing the level of premature retirement is one goal. Occupational rehabilitation is often the best way of steering an employee suffering from health problems towards a new job.

Interest in the exercise programme that was launched in the Group three years ago has grown continuously. At the end of 2005 almost half of Lemminkäinen's employees were making use of the exercise opportunities supported by the employer, and the use of the Group's exercise services has almost quadrupled since the programme began in 2002. The outsourced exercise services function globally. Exercise campaigns have made the services well known

and employees have been encouraged to take part in exercise events. Especially employees engaged in arduous physical work were targeted as a group that should be encouraged to take regular exercise. Motivating employees to take exercise is part of personnel development as a whole.

Early rehabilitation plays an important role in the maintenance of the individual's fitness for work. Lemminkäinen has organised various rehabilitation courses since 1993. In spring 2005 the Group's occupational health service conducted a questionnaire study to determine the effectiveness of rehabilitation during the years 2003-2005. Most of the respondents felt that the rehabilitation had improved the state of their health and quality of life. Rehabilitation was found to improve the physical and psychological ability to cope with work.

Lemminkäinen's occupational health service collaborates with the employer, the National Social Insurance Institution, pension institutions and rehabilitation institutions. The occupational health services cover preventative healthcare, GP-level medical treatment and the services of specialist physicians. Occupational health services are provided to all the Group's employees nationwide on a uniform and even-handed basis. The occupational health service makes proposals for improvements in working conditions and methods, and monitors the implementation of measures in the workplace.

The effect of health guidance and the actions of the occupational health service on absences and the risk of incapacity to work is being studied in a project that was launched in 2004. The research project's first study, a symptom questionnaire sent to about 3,000 employees, was made in autumn 2004. One year later, in autumn 2005, a follow-up questionnaire was sent out to clarify the possible effects of the healthcare measures.

Lemminkäinen's alcohol abuse prevention programme was completed in spring 2005 and the Group was declared an intoxicant-free workplace.

Board of Directors' report

Construction market

The Finnish construction market continues to develop favourably. The volume of construction grew 4 % in 2005. Building construction remained brisk and grew by 4 %. The steady growth of building construction will continue in 2006. The number of new housing starts in 2005 was approximately 33 500 units, and the same level is likely to be achieved this year as well.

Industrial construction increased last year and its growth will continue in 2006. Commercial construction is also growing, whereas new office construction still remains quite minimal. Demand for refurbishment contracting remains good, with the accent on apartment building repair work.

The volume of civil engineering contracting grew also 5 %. Investments in transport infrastructure will continue to support this growth in 2006. Finnish asphalt paving volumes were slightly higher than in the previous year. The volume of underground excavations was up thanks to major infrastructure projects.

The value of the Finnish construction industry's international operations rose to about EUR 2.2 billion (1.7) in 2005. The trend was positive in all market areas of the construction companies.

Net sales and results

The net sales of Lemminkäinen Group rose 11.9 % to EUR 1 601.7 million (1 431.3), of which operations abroad accounted for EUR 499.6 million (358.6) or 31.2 % (25.1). The operating profit was EUR 72.5 million (63.9), the profit before taxes EUR 65.9 million (55.1) and the profit for the accounting period EUR 43.7 million (37.4). The return on investment was 16.5 % (14.8), the return on equity 24.5 % (21.9) and earnings per share EUR 2.57 (2.20).

The improvement in the Group's result was largely due to the significantly improved results of Tekmanni and Lemcon Ltd. The result of the Paving and Mineral Aggregates Division also improved slightly, and Palmberg's result remained good. The Building Materials Division's result fell short of the set targets.

Results and outlook by business sector

Paving and Mineral Aggregates Division

The net sales of the Paving and Mineral Aggregates Division rose to EUR 514.7 million (430.4). The Division's operating profit was EUR 20.5 million (18.4).

The total volume of asphalt paving contracting was slightly higher than in the previous year. In Finland the volume of asphalt paving was 2.8 million tonnes and in other countries altogether it was approximately 2.7 million tonnes. The exceptionally warm and dry autumn extended the contracting season and boosted production volumes to a record level. In Scandinavian countries other than Finland the price level of asphalt paving contracts has started to rise. Prices of oil and bitumen products rose significantly, but the company has been able to hedge against these price rises quite well. The outlook for Lemminkäinen's asphalt paving operations over the coming season is quite satisfactory thanks to the strong order book.

Building Materials Division

The net sales of the Building Materials Division were EUR 100.3 million (95.7). The Division's operating profit was EUR 0.6 million (3.1).

The Building Material Division's result fell short of the set targets. There is plenty of supply on the market for precast concrete staircase units, which has kept the competitive situation tight and the price level weak. Demand for roofing and urban environment contracting has remained good. The outlook for exports of roofing materials is satisfactory, but imports of roofing materials have risen.

The corporatisation of the roofing and concrete products units at the beginning of this year is one of the steps taken to improve the Division's flagging profitability.

Lemcon Ltd

The net sales of Lemcon Ltd rose to EUR 328.8 million (264.5). The company's profit before taxes improved 48 % and was EUR 16.7 million (11.3).

Lemcon's business is growing strongly and the company's profitability trend has been positive. The order book for rock engineering contracting in Finland is good, and it appears that the market situation in Sweden will remain favourable. Major infrastructure projects underway and in the pipeline will keep the order book at a reasonable level in the coming years. Work on the E18 motorway project is well underway and proceeding according to plan.

In Russia demand is brisk, notably for the construction of arenas. Kazan Hall was completed at the end of the year and work began on the construction of Magnitogorsk Arena. There was further growth in inward investment to Russia from Western countries in 2005. Forest and electronics industry investments in Asia continue to rise. The outlook for Lemcon in China is good. India is a new potential market.

The outlook for telecom network construction has remained favourable, and Lemcon Network's business has grown rapidly. The company is now operating in 19 countries in Europe, Africa, the Americas and Asia, and it employs about 600 people.

Oy Alfred A. Palmberg Ab

The net sales of Oy Alfred A. Palmberg Ab, which specialises in building contracting on the Finnish market, rose 6 % to EUR 517.3 million (486.4). Palmberg's result before taxes was EUR 25.2 million (26.0).

Low interest rates, extended loan maturities and consumer confidence in household finances sustained the good level of residential construction. The number of own residential development apartments completed by the company was 1 068 units (948). New apartments completed under competitive tender contracting totalled 929 (859). At the end of the accounting period a total of 587 (923) such apartments were under construction.

The volume of building construction rose 4 % last year, and growth is expected to be sustained at this level in 2006.

Palmberg Group's strong order book provides a good starting point for 2006. The company is expected to be able to make about 1 500 new housing starts.

Tekmanni Oy

The net sales of Tekmanni Oy were EUR 191.1 million (198.3). The company's result before taxes improved and was EUR 7.4 million (2.6).

Tekmanni's result improved in all of its business areas. The business adjustment and restructuring measures implemented last year have improved the company's competitiveness and profitability. The brisk building refurbishment market has increased the demand for technical building services. Especially plumbing and pipework modernisation work has increased. Industrial investments and the markets for technical maintenance and servicing are growing. Thanks to the industry's growth potential, the outlook for Tekmanni over the coming year is favourable.

Financing

According to the source and application of funds statement, the cash flow from business operations was EUR 59.5 million (57.4), the cash flow from investments EUR -18.3 million (-22.1) and the cash flow from financing EUR -39.3 million (-40.0). The cash flow for the review period includes dividends totalling EUR 11.1 million paid in respect of the 2004 accounting period.

Interest-bearing liabilities were EUR 264.0 million (279.5) and liquid funds were EUR 42.4 million (39.9). Interest-bearing net debt was EUR 221.6 million (239.6).

Net financing expenses were EUR 7.7 million (9.2), representing 0.5 % (0.6) of net sales. The equity ratio was 31.0 % (27.5) and gearing 102.9 % (132.4).

Transition to IFRS financial statements

The financial statements for the year ending 31 December 2005 are prepared in accordance with the International Financial Reporting Standards (IFRS). Previously, the Group's financial reporting was based on the Finnish Accounting Standards (FAS). The Group's

IFRS transition date is 1 January 2004. The IFRS opening balance sheet is prepared from the transition date. Interim financial reviews complete with comparative figures will be prepared in accordance with IFRS, commencing with the first-quarter review in 2006. The 2005 interim financial reviews and the annual financial statements for 2004 were restated in accordance with IFRS rules and published in December 2005.

Phased transition

Inventories and finance leasing have been treated according to IFRS accounting principles since the annual financial statements for 2003. The value of inventories has been incremented to include their share of the fixed costs of production, and finance leasing purchases have been recognised on the consolidated balance sheet.

Principal effects

The transition to IFRS financial statements will not affect the Company's strategies, business structure, dividend distribution policy or performance-related pay principles. The principal effects of the IFRS transition on the opening balance sheet are described in the stock exchange bulletin published on 8 June 2005. The principal effects of the IFRS transition on the 2004 and 2005 interim financial reviews are described in the stock exchange bulletin published on 7 December 2005.

Investments

Investments made in the accounting period totalled EUR 37.4 million (40.8). These investments were primarily purchases of paving, crushing and excavation equipment, production plant for building materials, and building construction equipment.

Personnel

The average number of personnel in the Group during the accounting period was 7 912 (7 479), of whom 2 750 (2 367) were salaried staff and 5 162 (5 112) hourly paid employees. The number of employees at the end of the year was 7 112 (6 783). The average number of employees working abroad during the accounting period was 1 965 (1 623), i.e. 24.8 % (21.7) of the Group's personnel.

Research and development

The Group's R&D expenses represented 0.4 % of net sales. R&D focused on technical development, operational efficiency gains, and environmental and safety issues.

Group structure

At the beginning of 2006 the Building Materials Division's roofing and concrete products operations were transferred to two newly established subsidiaries: Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy. The new companies together with Omni-Sica Oy will still make up the Building Materials Division.

Lemminkäinen Corporation increased its stake in Tekmanni Oy by making a tender offer to the minority interests and thereafter by exercising its right of redemption under the provisions of the Companies Act. As a result, Tekmanni is now a wholly owned subsidiary of Lemminkäinen Corporation. The arbitration proceedings instituted to confirm the redemption price are pending.

Order book

The Group's uninvoiced order book grew 29.1 % to EUR 1 011.3 million (783.4), of which foreign orders accounted for EUR 343.4 million (244.6).

Order book by business sector

EUR mill.	2005	2004	Change-%
Paving and Mineral Aggregates Division	130.2	124.7	4.4
Building Materials Division	13.3	12.5	6.4
Lemcon Ltd	439.5	239.1	83.8
Oy Alfred A. Palmberg Ab	366.9	334.3	9.8
Tekmanni Oy	61.5	72.7	-15.4
Total	1 011.3	783.4	29.1

One of the most significant project management contracts started during the accounting period is Botnia's new pulp mill in Uruguay. The total cost of the mill investment is about EUR 830 million.

In Russia work started on the construction of Metsä-Botnia's sawmill in Podporozhje. A multipurpose arena worth about EUR 32 million is being built at Magnitogorsk in the southern Urals. In St. Petersburg work began on the construction of a shopping centre for IKEA. The value of the project's design and construction works is about EUR 92 million.

A skyscraper project worth approximately EUR 45 million was started in downtown Tallinn. The building will house a shopping centre, hotel and 180 apartments.

The most notable construction project started in Finland during the accounting period is the Muurla-Lohja E18 motorway contract, which began in the summer. Lemminkäinen Corporation is a partner in the road company established for the project, and Lemcon is responsible for construction works as a consortium member. The value of the construction works is EUR 299 million, of which Lemcon Ltd's share is approx. EUR 135 million.

Tunnelling and civil engineering works began on the rail track section between Oslo and Gothenburg in Western Sweden. The contract is worth about EUR 55 million.

New telecom network construction projects have been started in Europe, Asia, Africa and the Americas.

Shares

Lemminkäinen Corporation's share capital is EUR 34 042 500. The nominal value of the Company's share is EUR 2.00 and the number of issued shares 17 021 250. The Company has one share class.

The average listed price of Lemminkäinen Corporation's share during the accounting period was EUR 21.74 (15.98). The year-end price of the Company's share was EUR 30.50 (15.74) and the market capitalisation EUR 519.1 million (267.9). At the end of the year the Company had 3 116 (3 589) shareholders. The trading volume was 4 610 443 shares (5 004 790).

Lemminkäinen Corporation's shares were traded in lots of 200 shares up un-

til 25 August 2005. Earlier in that month Lemminkäinen Corporation had applied to Helsinki Exchanges for a reduction in the size of its share's trading lot to 50 shares, and the change came into effect on the above-mentioned date. The purpose of the change was to improve the liquidity of Lemminkäinen's share and boost its trading volume.

Lemminkäinen Corporation and Nordea Bank Finland Plc have a liquidity providing (LP) agreement. According to the agreement Nordea Bank Finland Plc must quote both bid and offer prices for Lemminkäinen Corporation's share so that the prices do not deviate from each other by more than 4 %, calculated on the bid price. The bid and offer prices quoted by the liquidity provider must be for at least 200 shares (800 shares prior to 25 August 2005). Nordea Bank Finland Plc is obliged to quote bid and offer prices for Lemminkäinen Corporation's share in Helsinki Stock Exchange's trading system every day for at least 85 per cent of the Continuous Trading I period and also in the daily opening and closing procedures applicable to securities.

The Company is not aware of any agreements between shareholders which might markedly influence voting behaviour at meetings of shareholders.

The Board of Directors is not currently authorised to make a share issue; neither is it authorised to decide on convertible promissory notes or bonds with equity warrants.

The Board of Directors is not currently authorised to buy back the Company's own shares.

As of 31 December 2005, the members of the Board of Directors and the Manag-

ing Director held a total of 7 505 712 shares, representing 44.1% of the Company's shares and their conferred voting rights.

Decisions of the annual general meeting

The Annual General Meeting of Lemminkäinen Corporation was held on 18 March 2005. The AGM adopted the Company's financial statements for the 2004 accounting period and granted the Managing Director and members of the Board of Directors freedom from responsibility. In accordance with the Board of Directors' proposal, the AGM decided to pay a dividend of EUR 0.60 per share, i.e. a total dividend pay-out of EUR 10 212 750.00.

Messrs. Berndt Brunow, Heikki Pentti, Erkki J. Pentti, Teppo Taberman and Sakari Tamminen were elected to serve as members of the Board of Directors. The Board of Directors elected Heikki Pentti to serve as Chairman. PricewaterhouseCoopers Oy, a firm of Authorised Public Accountants, was elected to serve as the Company's Auditor.

The Managing Director of Lemminkäinen Corporation is Mr. Juhani Sormaala.

Investigations of the competition authorities

The Finnish Competition Authority (FCA) has proposed to the Market Court that a fine of EUR 68 million should be imposed on Lemminkäinen in connection with its allegations of a cartel in the asphalt paving industry. In the rejoinder submitted to the Market Court Lemminkäinen has refuted the FCA's allegations as being unfounded in all respects and has called for the Market Court to dismiss the FCA's sanction proposal in its entirety. The case is still pending in the Market Court.

Outlook

The Finnish construction market continues to develop favourably. The volume of construction is expected to grow 3-4% in 2006. The positive trend will be supported by brisk building construction, which is expected to grow 4% in 2006. Civil engineering and refurbishment contracting will also continue to grow.

The outlook for Lemminkäinen Group is good. The Group's housing production will continue at a good level, and major infrastructure project will keep the company occupied in the coming years. International operations in both current and new market areas will develop favourably. The outlook for technical building services and for asphalt paving and mineral aggregate operations is favourable. The Group's almost 30% increased order book provides a good starting point for 2006. There are grounds to expect further net sales growth and an improvement in the result.

Board of Directors' proposal for the appropriation of retained earnings

The distributable shareholders' equity shown on the consolidated balance sheet at 31 December 2005 amounts to EUR 143 539 499.98. The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, at 31 December 2005 amounts to EUR 79 005 031.80, consisting of EUR 77 055 685.20 in retained earnings from previous years and EUR 1 949 346.60 in profit for the accounting period.

The Board of Directors will propose to the Annual General Meeting that the Company pay a dividend of EUR 1.00 per share for the 2005 accounting period, i.e. a total of EUR 17 021 250.00, after which retained earnings would stand at EUR 61 983 781.80.

Helsinki, 15th February 2006

LEMMINKÄINEN CORPORATION
Board of Directors

Consolidated income statement (IFRS)

Note	EUR 1 000 1.1.2005–31.12.2005	EUR 1 000 1.1.2004–31.12.2004	
CONTINUING OPERATIONS			
NET SALES	2, 3	1 601 731	1 431 277
Other operating income	6	7 952	5 555
Increase or decrease in stocks of finished goods and work in progress		3 583	17 563
Production for own use		959	697
Use of materials and equipment		985 845	925 673
Employee benefit costs	9	335 632	308 673
Depreciation	8	34 003	31 973
Other operating expenses	7	186 286	124 897
OPERATING PROFIT		72 459	63 876
Financial expenses	11	-11 544	-12 458
Financial income	11	3 843	3 303
Share of the results of affiliated undertakings	12	1 098	361
PROFIT BEFORE TAXES		65 857	55 082
Income taxes	13	-17 384	-14 641
RESULT FOR THE ACCOUNTING PERIOD		48 473	40 441
Distribution of the result for the accounting period			
To shareholders of the parent company		43 741	37 368
To minority interests		4 732	3 073
EPS calculated from profits belonging to parent company shareholders, EUR	14		
Earnings per share		2,57	2,20
Earnings per share, diluted		2,57	2,20

The notes to the financial statements are an integral part of these financial statements. The notes may be examined on the company's website at www.lemminkainen.fi

Consolidated balance sheet (IFRS)

Note	EUR 1 000 31.12.2005	EUR 1 000 31.12.2004
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	164 400	165 418
Goodwill on consolidation	63 454	63 433
Other intangible assets	2 502	3 116
Participations in affiliated undertakings	2 752	2 599
Available-for-sale investments	8 108	6 697
Deferred tax asset	3 988	4 702
Other non-current receivables	739	109
	245 943	246 074
CURRENT ASSETS		
Inventories	223 696	212 897
Trade and other receivables	263 375	219 221
Funds	42 419	39 913
	529 490	472 032
ASSETS, TOTAL	775 433	718 106
SHAREHOLDERS' EQUITY AND LIABILITIES		
Parent company shareholders' equity		
Share capital	34 043	34 043
Share premium account	5 750	5 750
Translation difference	369	-197
Revaluation reserve	1 476	
Retained earnings	115 501	88 873
Result for the period	43 741	37 368
	200 880	165 836
Minority interest	14 579	15 174
SHAREHOLDERS' EQUITY, TOTAL	215 459	181 010
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	103 544	111 004
Non-interest-bearing liabilities		
Deferred tax liability	19 415	16 279
Pension liabilities	491	666
Provisions	4 896	4 680
Other non-current liabilities	2 475	1 085
	130 821	133 713
CURRENT LIABILITIES		
Interest-bearing liabilities	160 503	168 481
Non-interest-bearing liabilities		
Provisions	1 520	927
Accounts payable and other liabilities	267 130	233 973
	429 153	403 382
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	775 433	718 106

The notes to the financial statements are an integral part of these financial statements. The notes may be examined on the company's website at www.lemminkainen.fi

Consolidated statement of source and application of funds (IFRS)

Note	EUR 1 000 1.1.2005–31.12.2005	EUR 1 000 1.1.2004–31.12.2004
Cash flow from business operations		
Result before extraordinary items	65 857	55 082
Adjustments	32	
Depreciation according to plan	34 003	31 973
Share of the result of affiliated undertakings	-1 098	-361
Other unpaid income and expenses	1 245	135
Financial income and expenses	7 701	9 154
Other adjustments	-3 509	-2 911
Cash flow before change in working capital	104 199	93 073
Change in working capital		
Increase (-)/decrease(+) in current interest-free business receivables	-42 773	-55 693
Increase (-)/decrease(+) in inventories	-10 505	-24 638
Increase (+)/decrease(-) in current interest-free liabilities	35 636	68 228
Cash flow from operations before financial items and taxes	86 557	80 970
Interest and other financial expenses paid	-11 822	-11 398
Dividends received	1 059	1 605
Interest and other financial income received	3 807	914
Direct taxes paid	-20 117	-14 721
CASH FLOW FROM BUSINESS OPERATIONS	59 484	57 369
Cash flow from investments		
Investments in tangible and intangible assets	-27 433	-24 266
Proceeds from the sale of tangible and intangible assets	10 253	4 787
Investments in other assets	-130	-76
Proceeds from the sale of other investments	1 198	1 326
Purchases of subsidiary shares	-2 426	-5 390
Sales of subsidiary shares	202	327
Purchases of shares in affiliated undertakings		-126
Sales of shares in affiliated undertakings	25	1 308
CASH FLOW FROM INVESTMENTS	-18 311	-22 110
Cash flow from financing		
Increase (-)/decrease(+) in non-current receivables	-555	-35
Drawings of short-term loans	135 919	115 559
Repayments of short-term loans	-145 485	-77 187
Drawings of long-term loans	19 350	2 379
Repayments of long-term loans	-25 410	-26 754
Repayments of finance leasing debts	-11 945	-9 110
Dividends paid and other profit distribution	-11 136	-44 872
CASH FLOW FROM FINANCING	-39 262	-40 019
INCREASE (+)/DECREASE(-) IN CASH FUNDS	1 911	-4 761
Cash funds at beginning of accounting period	39 913	44 504
Translation difference of cash funds	595	170
CASH FUNDS AT END OF ACCOUNTING PERIOD	42 419	39 913

The notes to the financial statements are an integral part of these financial statements. The notes may be examined on the company's website at www.lemminkainen.fi

Consolidated statement of changes in equity

EUR 1 000	Share capital	Share premium account	Translation difference	Revaluation reserve	Retained earnings	Parent company shareholders' equity	Minority interest	Shareholders' equity, total
Equity according to FAS 31.12.2003	34 043	5 750			136 396	176 189	16 994	193 183
Effects of transition to IFRS								
Own building developments					-2 020	-2 020	-208	-2 228
Income taxes: deferred tax assets and tax liabilities					985	985		985
Reversal of building revaluations					-2 600	-2 600		-2 600
Pension obligations					-693	-693		-693
Landscaping provision					-642	-642		-642
Equity according to IFRS 1.1.2004	34 043	5 750			131 426	171 219	16 786	188 005
Translation difference			-197			-197		-197
Dividends paid					-42 553	-42 553		-42 553
Profit for the period					37 368	37 368	3 073	40 441
Change in minority interest							-4 685	-4 685
Equity 31.12.2004	34 043	5 750	-197		126 241	165 836	15 174	181 010
Effect of IFRS transition to opening balance 1.1.2005				1 421	-550	871		871
Adjusted shareholders' equity 1.1.2005	34 043	5 750	-197	1 421	125 691	166 707	15 174	181 881
Translation difference			803			803		803
Hedging of net investment in foreign subsidiary			-237			-237		-237
Transfer from revaluation reserve				-184		-184		-184
Change in fair value				239		239		239
Reversal of dividend liability					23	23		23
Dividends paid					-10 213	-10 213		-10 213
Profit for the period					43 741	43 741	4 732	48 473
Change in minority interest							-5 327	-5 327
Equity 31.12.2005	34 043	5 750	369	1 476	159 242	200 880	14 579	215 459

The notes to the financial statements are an integral part of these financial statements. The notes may be examined on the company's website at www.lemminkainen.fi

Parent company income statement (FAS)

	Note	EUR 1 000 1.1.2005–31.12.2005	EUR 1 000 1.1.2004–31.12.2004
NET SALES	1.1	346 930	312 306
Increase (+) or decrease (-) in stocks of finished goods and work in progress		-1 108	-1 015
Production for own use		577	152
Other operating income	1.2	3 870	2 899
Materials and services	1.3	173 382	168 884
Personnel expenses	1.4	90 512	80 710
Depreciation	1.5	11 533	12 204
Other operating expenses		65 714	36 831
OPERATING PROFIT		9 128	15 712
Financial income and expenses	1.6	-4 659	-3 994
PROFIT BEFORE APPROPRIATIONS AND TAXES		4 469	11 718
Appropriations	1.7	-412	3 974
Direct taxes	1.8	-2 107	-4 494
PROFIT FOR THE ACCOUNTING PERIOD		1 949	11 198

The notes may be examined on the company's website at www.lemminkainen.fi

Parent company balance sheet (FAS)

	Note	EUR 1 000 31.12.2005	EUR 1 000 31.12.2004
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	2.1 2.1.1	1 898	3 114
Tangible assets	2.1.2	65 557	67 034
Holdings in group undertakings	2.1.3	173 767	173 595
Holdings in affiliated undertakings	2.1.3	293	293
Other investments	2.1.3	4 511	5 060
		246 027	249 097
CURRENT ASSETS			
Inventories	2.2 2.2.1	31 783	31 769
Non-current receivables	2.2.2	674	34
Current receivables	2.2.3	37 029	47 363
Investments	2.2.4		3 000
Cash in hand and at banks		8 649	5 768
		78 135	87 933
		324 162	337 030
LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	2.3	34 043	34 043
Share premium account		5 675	5 675
Retained earnings		77 056	76 213
Profit for the accounting period		1 949	11 198
		118 722	127 128
APPROPRIATIONS			
	2.4	9 898	9 486
LIABILITIES			
Deferred tax liability	2.5 2.5.1	1 811	1 869
Non-current liabilities	2.5.2	20 604	27 232
Current liabilities	2.5.3	173 127	171 316
		195 542	200 417
		324 162	337 030

The notes may be examined on the company's website at www.lemminkainen.fi

Parent company statement of source and application of funds (FAS)

	EUR 1 000 1.1.2005–31.12.2005	EUR 1 000 1.1.2004–31.12.2004
Cash flow from business operations		
Result before extraordinary items	4 469	11 718
Adjustments		
Depreciation according to plan	11 533	12 204
Financial income and expenses	4 659	3 994
Other adjustments	-2 618	-2 058
Cash flow before change in working capital	18 043	25 858
Change in working capital		
Increase (-)/decrease(+) in current interest-free business receivables	-39	-2 127
Increase (-)/decrease(+) in inventories	-15	900
Increase (+)/decrease(-) in current interest-free liabilities	2 310	1 448
Cash flow from operations before financial items and taxes	20 299	26 078
Interest and other financial expenses paid	-6 512	-5 864
Dividends received	64	340
Interest and other financial income received	1 754	1 233
Direct taxes paid	-1 411	-2 709
CASH FLOW FROM BUSINESS OPERATIONS	14 195	19 077
Cash flow from investments		
Investments in tangible and intangible assets	-10 071	-7 569
Proceeds from the sale of tangible and intangible assets	3 283	3 427
Investments in other assets	-100	-8
Proceeds from the sale of other investments	1 304	702
Purchases of subsidiary shares	-173	-15 343
CASH FLOW FROM INVESTMENTS	-5 756	-18 791
Cash flow from financing		
Increase (-)/decrease(+) in non-current receivables	-640	19
Change in group receivables/liabilities	17 928	9 627
Drawings of short-term loans	110 500	112 000
Repayments of short-term loans	-115 214	-96 326
Drawings of long-term loans		11 642
Repayments of long-term loans	-10 918	-10 342
Dividends paid	-10 213	-42 553
CASH FLOW FROM FINANCING	-8 557	-15 934
INCREASE (+)/DECREASE (-) IN CASH FUNDS	-119	-15 647
Cash funds at beginning of accounting period	8 768	24 415
CASH FUNDS AT END OF ACCOUNTING PERIOD	8 649	8 768

Accounting principles and notes to the financial statements

The accounting principles and notes to the parent company and consolidated financial statements of Lemminkäinen Corporation may be examined on the company's website at www.lemminkainen.fi

Economic trends and financial indicators

	IFRS 2005 EUR mill.	IFRS 2004 EUR mill.	FAS 2004 EUR mill.	FAS 2003 EUR mill.	FAS 2003 EUR mill. Pro Forma ¹⁾	FAS 2002 EUR mill.	FAS 2001 EUR mill.
Net sales	1 601.7	1 431.3	1 533.5	1 359.0		1 255.8	1 116.5
Exports and operations abroad	499.6	358.6	358.6	289.3		249.0	202.5
% net sales	31.2	25.1	23.4	21.3		19.8	18.1
Operating profit	72.5	63.9	58.6	48.8		56.7	69.7
% net sales	4.5	4.5	3.8	3.6		4.5	6.2
Profit before extraordinary items	65.9	55.1	49.5	41.5		48.5	61.7
% net sales	4.1	3.8	3.2	3.1		3.9	5.5
Profit before taxes	65.9	55.1	49.5	41.8	41.5	48.5	61.7
% net sales	4.1	3.8	3.2	3.1		3.9	5.5
Profit for the accounting period	43.7	37.4	32.1	22.4	22.1	29.5	55.1
% net sales	2.7	2.6	2.1	1.7	1.6	2.3	4.9
Non-current assets ²⁾	245.9	246.1	235.9	242.0	198.4	209.3	197.8
Inventories	223.7	212.9	198.9	179.4	175.9	163.1	145.2
Financial assets	305.8	259.1	308.5	252.7	251.8	215.5	212.6
Shareholders' equity	200.9	165.8	165.6	176.2	175.9	205.5	195.0
Minority interests	14.6	15.2	15.5	17.0		14.8	10.5
Interest-bearing liabilities	264.0	279.5	222.2	224.1	175.4	119.8	138.6
Interest-free liabilities	295.9	257.6	340.0	256.9	257.9	247.8	211.5
Balance sheet total	775.4	718.1	743.3	674.1	626.1	587.9	555.6
Return on equity, % ³⁾	24.5	21.9	18.9	12.7		15.4	31.4
Return on investment, %	16.5	14.8	14.8	13.3	14.2	17.1	23.0
Equity ratio, %	31.0	27.5	30.3	34.0	37.1	44.9	41.7
Gearing, %	102.9	132.4	100.7	93.0	67.8	36.7	44.1
Interest-bearing net liabilities	221.6	239.6	182.3	179.6	130.9	80.7	90.7
Gross investments ⁴⁾	37.4	40.8	40.8	37.2		48.7	94.0
% net sales	2.3	2.9	2.7	2.7		3.9	8.4
Order book 31.12.	1 011.3	783.4	783.4	593.0		567.9	440.7
Number of employees	7 912	7 479	7 479	7 167		6 773	6 311

¹⁾ Prior to 2003 inventories and finance leasing are treated in accordance with the old accounting principles.

²⁾ Non-current assets in FAS financial statements include only fixed assets and investments.

³⁾ The EUR 15.2 million tax refund that is recognised as income in the 2001 accounts weakens the comparability of this indicator.

⁴⁾ Includes finance leasing purchases since 2003.

Formulae for calculation of financial indicators

RETURN ON INVESTMENTS, %

Profit before extraordinary items + interest expenses
and other financial expenses x 100

Balance sheet total - interest-free liabilities

(average for accounting period)

RETURN ON EQUITY, %

Profit before extraordinary items - income taxes x 100

Shareholders' equity + minority interests

(average for accounting period)

EQUITY RATIO, %

Shareholders' equity + minority interests x 100

Balance sheet total - advances received

GEARING, %

Interest bearing liabilities - investments - cash in hand and at banks x 100

Shareholders' equity + minority interests

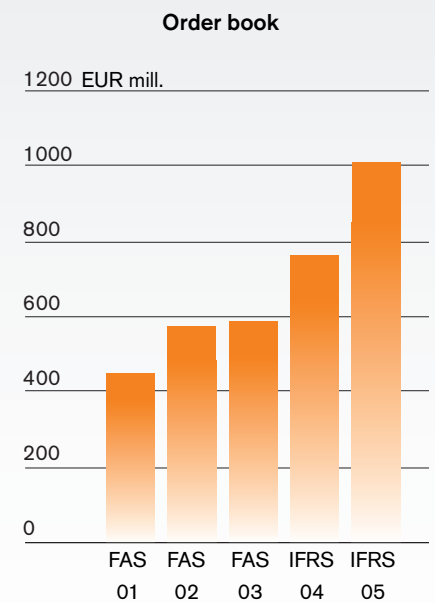
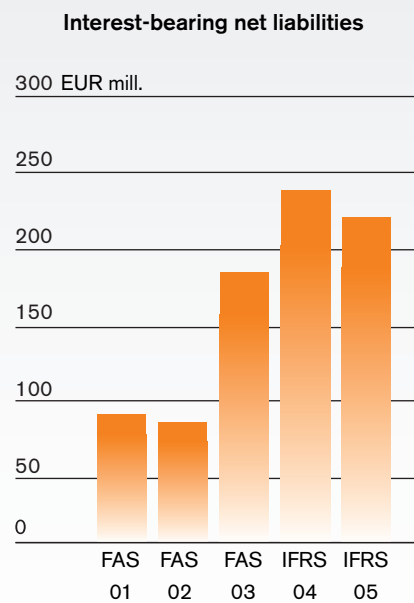
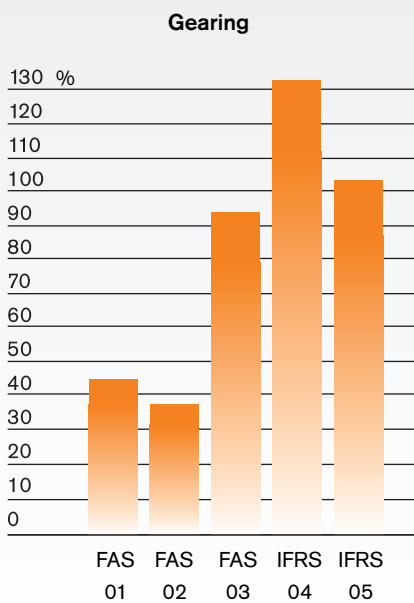
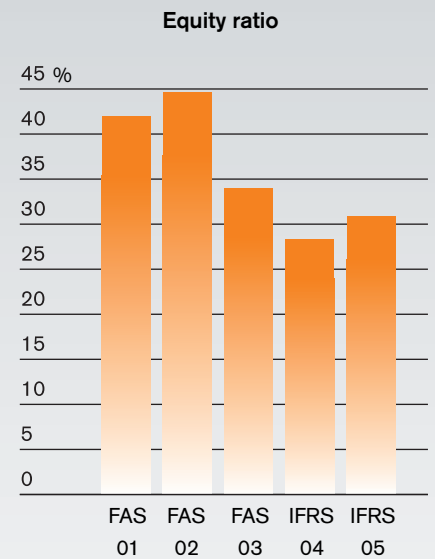
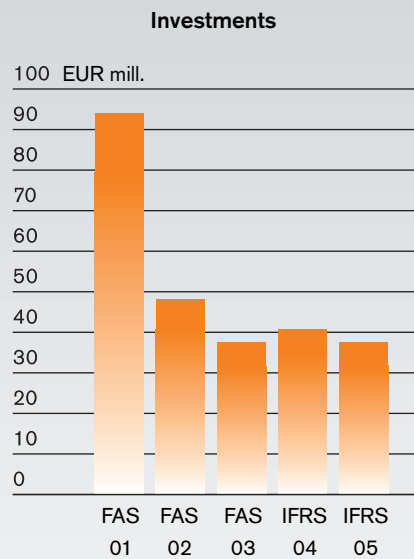
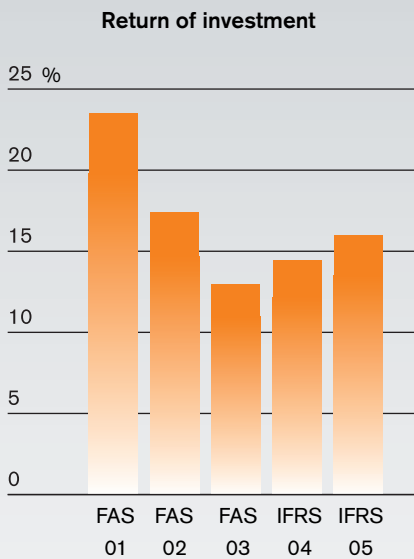
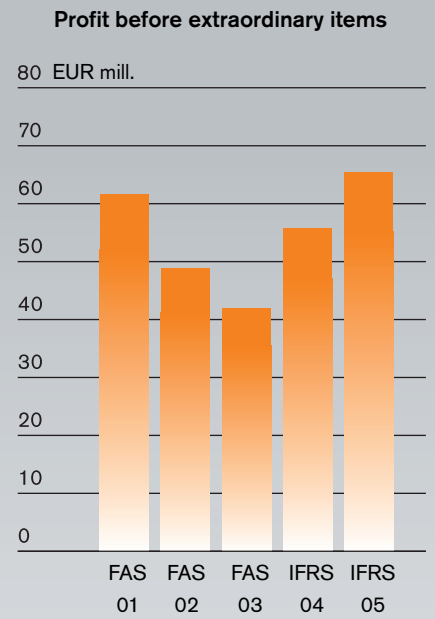
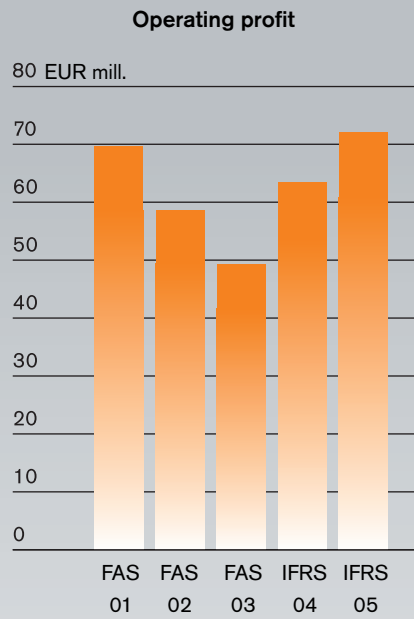
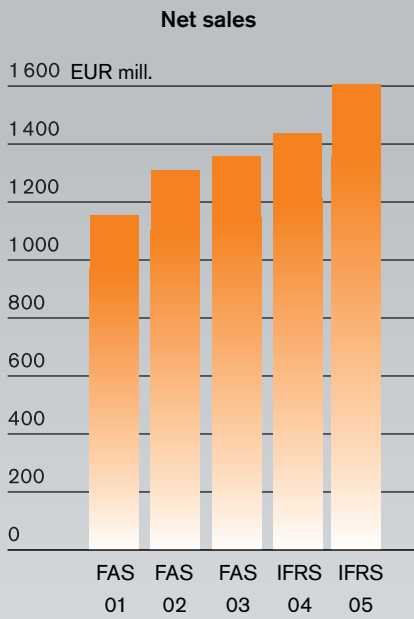
INTEREST-BEARING NET DEBT

Interest-bearing liabilities - investments - cash in hand and at banks

EMPLOYEES

Sum of monthly employee totals

Number of months in accounting period



Shares and shareholders

The Company's share capital is EUR 34 042 500. The nominal value of the Company's share is EUR 2.00 and the number of issued shares 17 021 250. The Company has one share class.

Lemminkäinen Corporation's shares are included in the book entry system for securities. The Company's share is listed on Helsinki Exchanges.

The average listed price of Lemminkäinen Corporation's share during the accounting period was EUR 21.74 (15.98). The year-end price of the Company's share was EUR 30.50 (15.74) and the market capitalisation EUR 519.1 million (267.9). At the end of the year the Company had 3 116 (3 589) shareholders. The trading volume was 4 610 443 shares (5 004 790).

Lemminkäinen Corporation's shares were traded in lots of 200 shares up until 25 August 2005. Earlier in the same month Lemminkäinen Corporation applied to Helsinki Exchanges for a reduction in the size of its share's trading lot from 200 shares to 50 shares, and the change came into effect on 25 August 2005. The purpose of the change was to improve the liquidity of Lemminkäinen's share and boost its trading volume.

Lemminkäinen Corporation and Nordea Bank Finland Plc have a liquidity providing (LP) agreement. According to the agreement Nordea Bank Finland Plc must quote both bid and offer prices for Lemminkäinen Corporation's share so that the prices do not deviate from each other by more than 4 per cent, calculated on the bid price. The bid and offer prices quoted by the liquidity provider must be for at least 200 shares (800 shares prior to 25 August 2005). Nordea Bank Finland Plc is obliged to quote bid and offer prices for Lemminkäinen Corporation's share in Helsinki Stock Exchange's trading system every day for at least 85 per cent of the Continuous Trading I period and also in the daily opening and closing procedures applicable to securities.

The Company is not aware of any agreements between shareholders which might markedly influence voting behaviour at meetings of shareholders.

The Board of Directors is not currently authorised to make a share issue; neither is it authorised to decide on convertible promissory notes or bonds with equity warrants.

The Board of Directors is not currently authorised to buy back the Company's own shares.

As of 31st December 2005, the members of the Board of Directors and the Managing Director held a total of 7 505 712 shares, representing 44.1% of the Company's shares and their conferred voting rights.

Major shareholders, 31st December 2005

	Number of shares	% of total stock
Heikki Pentti	3 813 956	22.41
Erkki J. Pentti	3 673 956	21.58
Olavi Pentti	3 673 953	21.58
HSS/Skandinaviska Enskilda Banken Ab	933 162	5.48
Varma Mutual Pension Insurance Company	508 000	2.98
Nordea Bank Finland Plc.	488 162	2.87
Tukinvest Oy	201 600	1.18
Placeringsfonden Aktia Capital	196 816	1.16
Etera Mutual Pension Insurance Company	159 600	0.94
OP-Arvo Osake - Sijoitusrahasto	110 000	0.65
EQ Pikkujättiläiset / EQ Fund Management Company	90 000	0.53
Ilmarinen Mutual Pension Insurance Company	80 000	0.47
Placeringsfonden Aktia Secura	80 000	0.47
Svenska Handelsbanken Ab (Publ), Filialverksamheten i Finland	53 346	0.31
Matti Jääsalo	49 000	0.29
Total, 15 largest	14 111 551	82.91

Owner groups, 31st December 2005

	Number of shareholders	% of shareholders	Number of shares	% of total stock
Households	2 768	88.83	13 059 794	76.73
Financial and insurance institutions	30	0.96	2 053 707	12.07
Public corporations	13	0.42	770 700	4.53
Companies	209	6.71	730 686	4.29
Non-profit organisations	85	2.73	361 863	2.13
Foreign owned	11	0.35	33 235	0.20
In joint accounts			11 265	0.07
Total	3 116	100.00	17 021 250	100.00
Nominee-registered	8		1 490 971	8.76

Share ownership distribution, 31st December 2005

Number of shares per shareholder	Number of shareholders	% of shareholders	Number of shares	% of total stock
1-100	654	20.99	40 630	0.24
101-500	1 561	50.10	418 358	2.46
501-1 000	453	14.54	357 849	2.10
1 001-5 000	329	10.56	709 017	4.17
5 001-10 000	63	2.02	454 525	2.67
10 001-50 000	42	1.35	967 055	5.68
50 001-100 000	4	0.13	303 346	1.78
100 001-500 000	5	0.16	1 156 178	6.79
500 001-	5	0.16	12 603 027	74.04
In joint accounts			11 265	0.07
Total	3 116	100.00	17 021 250	100.00
Nominee-registered	8		1 490 971	8.76

Share-issue-adjusted financial indicators

	IFRS 2005 EUR	IFRS 2004 EUR	FAS 2004 EUR	FAS 2003 EUR	FAS 2003 EUR Pro Forma	FAS 2002 EUR	FAS 2001 EUR
Earnings per share (EPS) ²⁾	2.57	2.20	1.89	1.30		1.73	3.23
Equity per share	11.80	9.74	9.73	10.35	10.33	12.07	11.46
Dividend per share	1.00 ¹⁾	0.60	0.60	2.50		3.00	1.10
Dividend to earnings ratio, % ²⁾	38.9	27.3	31.8	192.2		173.4	34.0
Effective dividend yield, %	3.3	3.8	3.8	14.7		18.8	8.5
Price/earnings ratio (P/E)	11.9	7.2	8.3	13.1		9.2	4.0
Share price							
mean	21.74	15.98	15.98	17.39		15.23	12.86
lowest	15.75	13.00	13.00	13.40		13.00	11.00
highest	30.61	19.55	19.55	20.90		17.00	13.90
at end of accounting period	30.50	15.74	15.74	17.00		16.00	13.00
Market capitalisation, mill.	519.1	267.9	267.9	289.4		272.3	221.3
Shares traded, 1000	4 610	5 005	5 005	2 193		960	460
% of total	27.1	29.4	29.4	12.9		5.6	2.7
Issue-adjusted number of shares							
average for the period, 1000	17 021	17 021	17 021	17 021		17 021	17 021
at end of period, 1000	17 021	17 021	17 021	17 021		17 021	17 021

¹⁾ Board of Directors' proposal to the AGM

²⁾ The EUR 15.2 million tax refund that is recognised as income in the 2001 accounts weakens the comparability of these indicators. The application of IAS 32 and 39 in 2004 would not have had a significant effect on earnings per share.

Formulae for calculation of financial indicators

EARNINGS PER SHARE

Profit before extraordinary items and taxes

- income taxes - minority interests

Share-issue-adjusted average number of shares

SHAREHOLDERS' EQUITY PER SHARE

Shareholders' equity

Share-issue-adjusted number of shares at the end of period

DIVIDEND PER SHARE

Dividend for the accounting period

Share-issue-adjusted number of shares at the end of period

DIVIDEND TO EARNINGS RATIO, %

Dividend for the accounting period x 100

Profit before extraordinary items - taxes - minority interest

EFFECTIVE DIVIDEND YIELD, %

Dividend per share x 100

Final share quotation

P/E RATIO

Final share quotation

Earnings per share

MEAN SHARE PRICE

(share-issued-adjusted)

Trading value of total share turnover

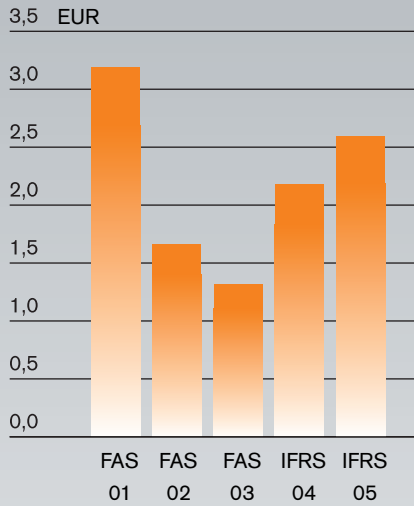
Share-issue-adjusted number of shares traded during the period

MARKET CAPITALISATION

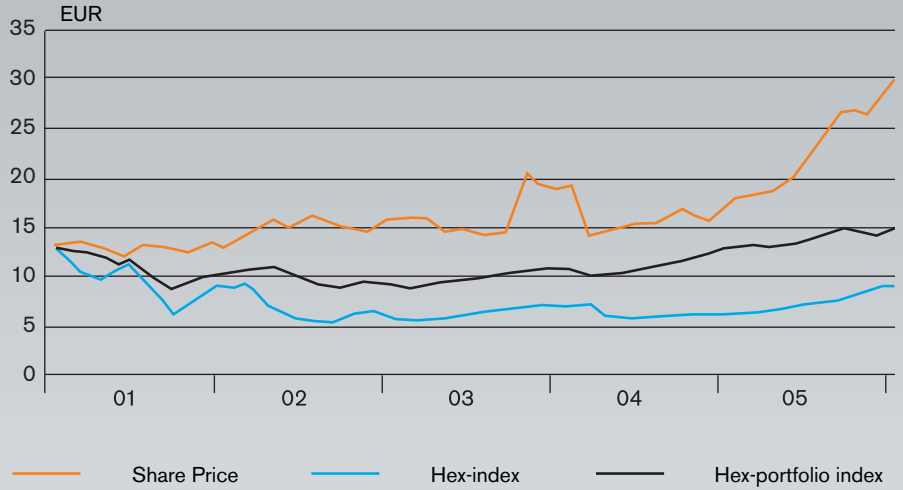
Number of shares x final share quotation

SHARES AND SHAREHOLDERS

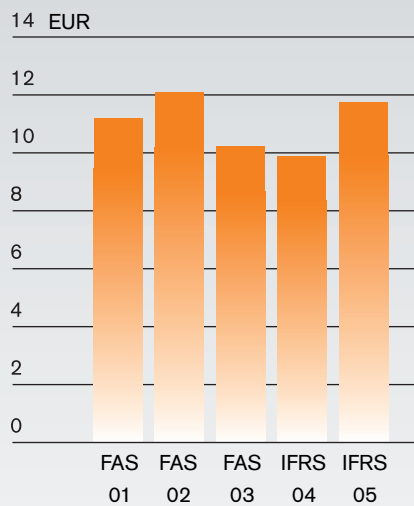
Earnings per share



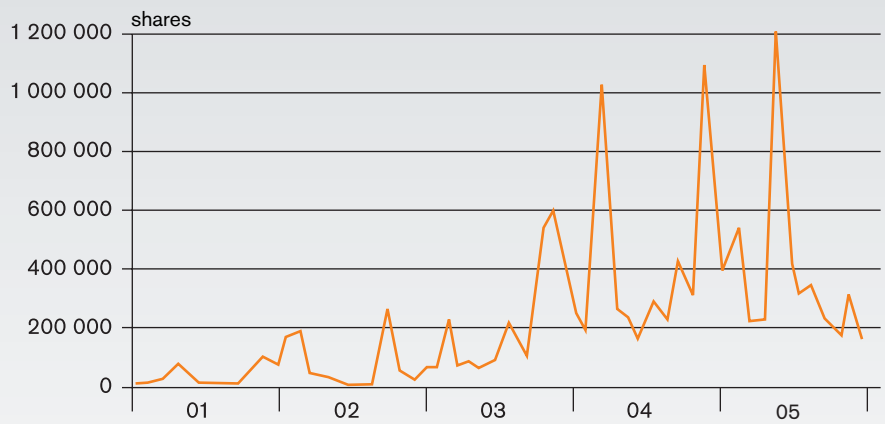
Share price trend



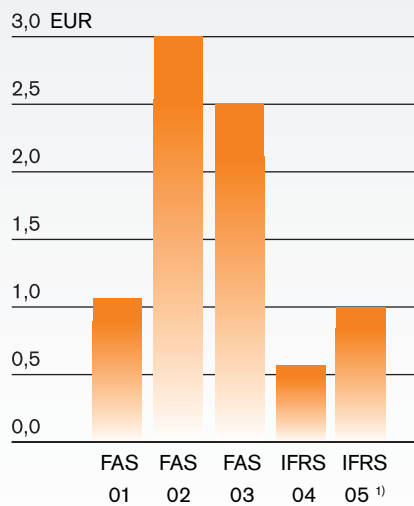
Shareholder's equity per share



Share trading



Dividend per share



¹⁾ Board of Directors' proposal to the AGM.

Board of Directors' proposal for the appropriation of retained earnings

The distributable shareholders' equity shown on the consolidated balance sheet at 31 December 2005 amounts to EUR 143 539 499.98. The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, at 31 December 2005 amounts to EUR 79 005 031.80, consisting of EUR 77 055 685.20 in retained earnings from previous years and EUR 1 949 346.60 in profit for the accounting period.

The Board of Directors will propose to the Annual General Meeting that the Company pay a dividend of EUR 1.00 per share for the 2005 accounting period, i.e. a total of EUR 17 021 250.00, after which retained earnings would stand at EUR 61 983 781.80.

Helsinki, 15th February 2006

Heikki Pentti
Erkki J. Pentti

Teppo Taberman
Sakari Tamminen

Berndt Brunow
Juhani Sormaala
Managing Director

Auditors' Report

To the shareholders of Lemminkäinen Corporation

We have audited the accounting records, the financial statements and the administration of Lemminkäinen Corporation for the period 1.1. – 31.12. 2005. The Board of Directors and the Managing Director have prepared the report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that include parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration of the parent company.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of administration is to examine that the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies' Act.

Consolidated financial statements

In our opinion the consolidated financial statements give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding distributable funds is in compliance with the Companies' Act.

Helsinki, 2nd March 2006

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

Parent Company Board of Directors

Erkki J. Pentti

- Born 1948
- Graduate in business studies
- Non-independent Member of the Board of Directors since 1975
- Managing Director of Tahko-Chalet Oy
- Owns 3 673 956 Lemminkäinen Corporation shares

Heikki Pentti

- Born 1946
- B.Sc. (Econ.)
- Chairman of the Board of Directors since 1994
- Non-independent Member of the Board of Directors since 1969
- Managing Director of Lemminkäinen Corporation 1983-1993
- Member of the Board of Directors of Myllykoski Oyj
- Owns 3 813 956 Lemminkäinen Corporation shares

Sakari Tamminen

- Born 1953
- M.Sc. (Econ.)
- Independent Member of the Board of Directors since 2003
- Managing Director of Rautaruukki Oyj since 2004
- Deputy Managing Director of Rautaruukki Oyj 2003
- Occupied executive positions in Metso Oyj, Rauma Oy and Rauma-Repola Oy, 1987-2003
- Member of the Board of Directors of SanomaWSOY Oyj, the Confederation of Finnish Industries EK, Technology Industries of Finland and the Stock Exchange Foundation
- Chairman of the Board of the Association of Finnish Steel and Metal Producers
- Owns 400 Lemminkäinen Corporation shares



Berndt Brunow

- Born 1950
- B.Sc. (Econ.)
- Independent Member of the Board of Directors since 2002
- Managing Director of Oy Karl Fazer Ab since 2002
- Over 20 years of experience in executive positions in the forest industry both in Finland and abroad
- Member of the Board of Directors of UPM Kymmene Corporation, Oy Nautor Ab and Cloetta Fazer AB (publ.)
- Owns 10 000 Lemminkäinen Corporation shares

Teppo Taberman

- Born 1944
- M.Sc. (Econ.)
- Vice Chairman of the Board of Directors since 1998
- Independent Member of the Board of Directors since 1997
- Professional board member and economic advisor since 1995
- Twenty years of experience in the banking industry, including deputy managing directorships in two different banks.
- Member of the Board of Directors of Perlos Corporation, Oy Rettig Ab, Ingman Group Oy Ab, Larox Oyj, Paloheimo Oy and SKS-Tekniikka Oy
- Owns 2 000 Lemminkäinen Corporation shares

Shareholdings as of 31st December 2005

Management of Lemminkäinen Group

Juhani Sormaala

- Born 1950
- M.Sc. (Eng.), B.Sc. (Econ.)
- Managing Director of Lemminkäinen Corporation 1994
- Managing Director of Oy Alfred A. Palmberg Ab, 1986-1993
- Development Director of Lemminkäinen Corporation, 1985-1986
- Group employee since 1981
- Member of the Board of Directors of the Confederation of Finnish Construction Industries (RT)
- Member of the Supervisory Board of Tapiola Mutual Insurance Company
- Chairman of the Board of Directors of Lemcon Ltd, Oy Alfred A. Palmberg Ab, Tekmanni Oy, Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy.
- Owns 5 400 Lemminkäinen Corporation shares

Jukka Ovaska

- Born 1950
- Graduate in business studies
- Finance Director since 1994
- Group employee since 1979
- Member of the Board of Directors of Lemcon Ltd, Oy Alfred A. Palmberg Ab, Tekmanni Oy, Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy.
- Owns 900 Lemminkäinen Corporation shares

Erkki Lönnrot

- Born 1954
- Construction engineer
- Head of the Building Materials Division since 2002
- Managing Director of Lemminkäinen Katto Oy since 2005
- Head of the Roofing Unit, 1999-2002
- Contracting Manager, 1993-1998
- Group employee since 1980
- Member of the Board of Directors of Lemminkäinen Betonituote Oy
- Owns 500 Lemminkäinen Corporation shares

Matti A. Mantere

- Born 1945
- M.Sc. (Eng.)
- Managing Director of Lemcon Ltd since 1992
- Lemminkäinen Corporation
Head of the Building Division, 1987-1991
Export assignments, 1977-1987
Group employee since 1975
- Member of the Board of Directors of Oy Alfred A. Palmberg Ab
- Does not own any Lemminkäinen Corporation shares

Risto Bono

- Born 1942
- M.Sc. (Eng.), M.Sc. (Econ.)
- Managing Director of Oy Alfred A. Palmberg Ab since 1994
- Director of Oy Alfred A. Palmberg Ab, 1990-1993
- Deputy Managing Director of Continental Air Conditioning International, Belgium, 1985-1991
- Confederation of Finnish Construction Industries (RT), Member of the Board of Directors of the Building Construction Section
- Member of the Board of Directors of Lemcon Ltd and Tekmanni Oy
- Owns 3 000 Lemminkäinen Corporation shares

Antero Huhta

- Born 1947
- B.Sc. (Eng.)
- Managing Director of Tekmanni Oy since 2000
- Rakennustoimisto A Puolimatka Oy/NCC Oy
Head of Building Production, 1989-2000
Line manager, 1986-1989
- Member of the Board of Directors of the Technical Building Services Association and LVI-TU ry
- Member of the Board of Directors of Oy Alfred A. Palmberg Ab
- Owns 1 400 Lemminkäinen Corporation shares

Henrik Eklund

- Born 1961
- M.Sc. (Eng.)
- Head of the Paving and Mineral Aggregates Division since 2005
- Lemcon Ltd, Export Director, 2001-2004
- Lemminkäinen Construction Ltd, Project Planning Manager, Project Manager, Regional Manager 1995-2000
- Group employee since 1989
- Member of the Board of Directors of the Finnish Asphalt Association
- Does not own any Lemminkäinen Corporation shares

Corporate governance

Lemminkäinen's values

Profitable business. The primary objective of business is profitability. Only by conducting business profitably can the interests of shareholders, employees and other stakeholder groups be safeguarded.

Satisfied customers. Lemminkäinen wishes to forge and maintain good and long-lasting relationships with customers. The Company systematically surveys and analyses not only the needs of its customers but also their satisfaction with its products and services.

Employee wellbeing. The professional competence of Lemminkäinen's employees is maintained and developed through continuous training, job rotation and other HR programmes. Particular attention is paid to fitness for work as well as occupational health & safety issues.

Environmentally responsible construction. Lemminkäinen wishes to act as an expert in environmentally responsible construction.

Group structure

There are five business sectors in the Lemminkäinen Group. The business operations of the Parent Company are divided into the Paving and Mineral Aggregates Division and the Building Materials Division. The subsidiaries Lemcon Ltd, Oy Alfred A. Palmberg Ab and Tekmanni Oy each operate in their own business sectors.

At the beginning of 2005 the roofing and concrete product businesses of the Building Materials Division were transferred to two new subsidiaries: Lemminkäinen Katto Oy and Lemminkäinen Betonituote Oy, respectively.

Board of Directors of the Parent Company

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

There were five members serving on the Board of Directors in 2005. They were Messrs. Berndt Brunow, Erkki J. Pentti, Heikki Pentti, Teppo Taberman and Sakari Tamminen. Messrs. Berndt Brunow, Teppo Taberman and Sakari Tamminen were independent of the Company and its significant shareholders.

The Board of Directors elects its Chairman and Vice Chairman from among the members. In 2005 Mr. Heikki Pentti served as the Chairman and Mr. Teppo Taberman as the Vice Chairman.

Lemminkäinen Corporation's Board of Directors generally meets once a month. There were 13 board meetings in 2005 and the overall attendance rate of the board members was 91 per cent.

The Board of Directors handles matters in accordance with its order of business and decides on important matters of principle and issues with far-reaching consequences for the Group. The Board of Directors makes decisions in accordance with its mandate in the Articles of Association on matters such as expansion into new business areas and the discontinuation of old businesses. The Board of Directors approves the budgets of Group companies as constituent parts of the Group's budget, and makes investment and financing decisions that are important for the Group. In addition, the Board of Directors decides on the content of the Group's environmental, insurance and other key policies.

The Board of Directors appoints and dismisses the Managing Director as well as his/her immediate subordinates. It decides on the salary, fees and other benefits received by the Managing Director and his/her immediate subordinates. The Board of Directors also decides on the principles of the Group's incentive pay schemes.

As the number of members serving on the Board of Directors is small and the Board meets often, it is well able to handle the tasks relating to supervision, appointments and remuneration that belong to its own order of business. For this reason it is not regarded as being necessary at the present time to establish committees to prepare these matters for presentation to the Board of Directors.

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

The fees payable to board members are decided at a general meeting of shareholders. In 2005 the Chairman was paid a fee of EUR 11 000 per month and the board members each received a fee of EUR 2 000 per month.

The Board of Directors made regular internal self-assessments of its work.

Managing Director

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

Sormaala has served as the Company's Managing Director since 1994.

The Managing Director is entitled to retire on reaching 60 years of age. As a consequence of the supplementary pension insurance provided by the Company, his pension at that time will be 60 per cent of his pensionable salary as defined in the Employee's Pensions Act.

In 2005 the Managing Director was paid a total of EUR 408 129, which included a performance-related reward of EUR 61 437.

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

Other executives and the governance of subsidiary groups

Lemminkäinen's senior management comprises the Managing Director, the Finance Director and the heads of the business sectors, i.e. the Head of the Paving and Mineral Aggregates Division, the Head of the Building Materials Division, and the managing directors of Lemcon Ltd, Oy Alfred Palmberg Ab and Tekmanni Oy. The heads of the business sectors and the Finance Director are operatively direct subordinates of Lemminkäinen Corporation's Managing Director. The Company has no separate management body at Group level.

The members of the boards of directors of Lemminkäinen's subsidiaries are executives employed in the Group. The managing directors of Lemminkäinen's major subsidiaries (Lemcon Ltd, Oy Alfred Palmberg Ab and Tekmanni Oy) act as presenters in meetings of their respective boards of directors, which are all chaired by Lemminkäinen Corporation's Managing Director. The managing directors of these major subsidiaries each serve as a member on the board of directors of at least one of the other major subsidiaries. No separate remuneration is paid to employees of the Group in respect of subsidiary board membership.

Performance-related pay scheme

The Company does not have any current option plan or other incentive schemes linked to share price performance.

Lemminkäinen Group's performance-related pay scheme for senior management comprises an annual reward based on the Company's result and a long-term commitment incentive based on the creation of economic value added. Lemminkäinen's Board of Directors confirms the parameters of the performance-related pay scheme annually. The result-based annual reward can be a maximum of 30% of annual salary. The commitment incentive reward can be a maximum of six month's salary.

Internal control, risk management and internal audit

Internal control

The Group's businesses and treasury management are controlled by means of efficient planning and supervisory systems, unit-specific reporting systems and internal audits. Most of the Company's management and operating systems are documented and/or certificated. The functionality of the systems as well as their observance are monitored not only internally but also by the certification organisations.

Risk management

Lemminkäinen's risks are divided into six categories: market risks, project risks, financing risks, credit loss risks, environmental risks, and accidents and damage.

Market risks

The most significant of Lemminkäinen's market risks is the cyclical nature of new construction. This risk is managed by structural means and operational preparedness. Unlike most other construction companies, the structure of the Lemminkäinen Group is such that only about a half of its business sectors are sensitive to the cyclical nature of domestic building construction. Operationally, the Group counters market risks by maintaining the flexibility and responsiveness necessary to adjust quickly to changing market conditions.

Project risks

Building contracting is essentially a risky business. The building contractor is always exposed to the risk of estimated contract costs being exceeded. This risk is managed in three ways.

Firstly, business is oriented so that the average contract size is quite small. The net sales generally annually from even the biggest of Lemminkäinen's contracts will not exceed about 5 % of the Group total in any given year. This means that the failure of an individual contract cannot have a major impact on the Group's result. Secondly, Lemminkäinen is selective when deciding on the projects for which it will submit tenders. The Company does not tender for projects when it does not possess the necessary resources or previous experience. Thirdly, special attention is continuously paid to project management and its development.

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

Financing risks

All significant corporate or business acquisitions are evaluated critically from the perspectives of their cash flow and impact on the balance sheet. The Group hedges against Interest rate and foreign exchange risks in the conventional ways. The maturities of seasonal credit stemming from the nature of Lemminkäinen's business are short, while those of other borrowings are mostly long. Receivables denominated in foreign currencies and the share capital of foreign subsidiaries are hedged.

Credit losses

Lemminkäinen's credit losses have always been minimal in relation to the scale of the Group's operations. The main risks in this respect are associated with business in Russia. As a general rule, construction projects in Russia are only undertaken against receipt of advance payments. If a credit risk is accepted exceptionally, the amount permitted is always predetermined.

mined in relation to the expected margin on the project in question.

Environmental risks

The environmental risks associated with the Group's businesses are analysed in advance. Risk assessment and risk management are part of the Group's normal operations. Environmental risks are minimised by reducing emissions and by improving the safety of storing and handling oils and other chemicals. The management of environmental affairs and the effects of the Group's operations on the environment are continuously monitored by means of internal reviews and control programmes.

Accidents and damage

The Group's fixed assets are insured against damage or loss in accordance with the insurance policy approved annually by the parent company's Board of Directors. Owing to the accident-prone nature of construction work, special attention is continuously paid to the development of industrial health & safety.

Internal audit

The Company's internal audit function assists the Board of Directors to discharge its supervisory responsibility. The Board of Directors approves the internal auditing procedures and the annual audit plan. The internal audit function is subordinate to the Board of Directors and operates under the supervision of the Managing Director. The internal audit function reports its findings to the Chairman of the Board of Directors and to the Managing Director, and presents its report to the Board of Directors biannually.

The primary task of the internal audit function is to examine and assess Lemminkäinen Group's risk management as well as the efficiency and functionality of the units' internal controls. The internal audit function must check to ensure that financial information is correct and adequate, that the operating policies, regulations and guidelines are followed, that reporting and quality systems are observed, that assets are protected from losses, and that resources are used economically and efficiently. The internal audit function also acts as an expert in development projects associated with its field, and carries out special investigations at the behest of the Board of Directors or senior management.

Auditors

Lemminkäinen Corporation's auditors for the 2005 accounting period were Authorised Public Accountants PricewaterhouseCoopers Oy, with Jan Holmberg, A.P.A. as the Chief Auditor.

In 2005 Lemminkäinen Corporation's auditors were paid EUR 514 034 for their audit work and EUR 530 507 in consulting fees.

Insider administration

Lemminkäinen Corporation observes insider guidelines based on regulations of the Security Markets Act currently in force, the standards of the Finnish Financial Supervision Authority, and insider rules drawn up by HEX Helsinki Exchanges, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries (EK). The latest up-date of Lemminkäinen's insider guidelines was made on 1st January 2006.

Lemminkäinen's public insiders are Lemminkäinen Corporation's board members, Managing Director and assigned Chief Auditor. In addition certain management personnel are defined by the Company as insiders subject to the disclosure obligation. They are Lemminkäinen Corporation's Finance Director, the Head of the Paving and Mineral Aggregates Division, the Head of the Building Materials Division, and the managing directors of Lemcon Ltd, Oy Alfred A. Palmberg Ab, and Tekmanni Oy.

Lemminkäinen keeps a permanent company-specific register of persons who regularly receive inside information because of their position and duties either as employees of the company or as outsiders contracted to work for the company on the basis of some other agreement. In total there are about 50 persons defined as permanent insiders of the Lemminkäinen Group.

The period preceding the publication of interim financial reviews and the annual financial statement bulletin during which the company's permanent insiders may not trade in the company's issued securities, i.e. the so-called closed window, is 21 days, including the day of publication.

Information on Lemminkäinen Corporation's public insiders may be viewed on the NetSire system maintained by the Finnish Central Securities Depository Ltd and on the company's website at www.lemminkainen.fi

Observance of recommendation on management and governance systems

Lemminkäinen Corporation observes the recommendation of HEX Helsinki Exchanges, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers on the management and governance systems of listed companies, which came into force on 1st July 2004.

Information for shareholders

Annual General Meeting

The Annual General Meeting of Lemminkäinen Corporation will be held at 3.00 p.m. on Friday, 17th March 2006 at the Palace Hotel, 10th floor, Eteläranta 10, Helsinki.

The items on the agenda of the Annual General Meeting will be as specified in §11 of the Articles of Association.

Shareholders representing approximately 65 % of the voting rights in the Company have announced that they will propose and recommend to the AGM

- that the number of board members be confirmed as five,
- that members of the Board of Directors, i.e. Messrs. Berndt Brunow, Heikki Pentti, Erkki J. Pentti, Teppo Taberman and Sakari Tamminen, be re-elected to serve for the next term of office, and
- that fees of EUR 2 200 per month be paid to the members of the Board of Directors and EUR 11 000 per month be paid to the Chairman of the board.

The above-mentioned shareholders have also announced that they will propose and recommend to the AGM that Authorised Public Accountants PricewaterhouseCoopers Oy be elected as the Company's Auditor and that the Auditor be paid a fee as per the invoice presented for auditing services.

Shareholders registered on the Company's list of shareholders kept by the Finnish Central Securities Depository Ltd as of 7th March 2006 shall be entitled to attend the Annual General Meeting.

Any shareholder whose shares have not been transferred to the book entry system for securities shall also be entitled to attend the Annual General Meeting, provided that the shareholder was recorded on the Company's share register before 28th October 1994. In this case the shareholder shall present at the AGM his/her share certificate or some other evidence that the ownership right has not been assigned to a book entry account.

Shareholders wishing to attend the AGM must inform the Company by 2 p.m. on Tuesday, 14th March 2006 at the latest. Notice of intention to attend the meeting may be given by telephoning Maritta Laitinen (+358 2071 53303). Written notices may be mailed to Lemminkäinen Corporation, Maritta Laitinen, P.O. Box 23, 00241 Helsinki, or sent by fax (+358 9 148 2129), or e-mailed to maritta.laitinen@lemminkainen.fi

Notices of intention to attend the AGM must be received before the deadline stated above. Any instrument of proxy must also be submitted to the Company by the same deadline.

Copies of the financial statements will be available for inspection at the Company's head office at Esterinportti 2, 00240 Helsinki from 9th March 2006. Copies of the financial statements will be sent to shareholders upon request.

Proposal for the appropriation of retained earnings

The Board of Directors will propose to the Annual General Meeting that on the basis of the confirmed balance sheet a dividend of EUR 1.00 per share, i.e. a total of EUR 17 021 250.00, be paid for the accounting period 1st January – 31st December 2005. The dividend will be paid to shareholders recorded on the Company's list of shareholders kept by the Finnish Central Securities Depository Ltd on the record date, i.e. 22nd March 2006. The dividend payment date will be 29th March 2006.

Financial reporting

In addition to its annual report, Lemminkäinen Corporation will publish the following financial reports in 2006:

15th February 2006
Bulletin on financial statements for the 2005 accounting period

10th May 2006
Interim financial review,
1st January – 31st March 2006

9th August 2006
Interim financial review,
1st January – 30th June 2006

8th November 2006
Interim financial review,
1st January – 30th September 2006

Bulletin on financial statements and the interim financial reviews will be published in Finnish and English on the company's website:
www.lemminkainen.fi

The annual report will be published in Finnish and English, and mailed to the Company's registered shareholders. The annual report will also be available from the Company's head office and it may be examined on the company's website.

Financial reports can be ordered from the Company's information services by phone: +358 2071 53511 or by e-mail: library@lemminkainen.fi

Contact information

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www.kvalitasfalt.se
www.forssanbetoni.fi
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www.jakobeton.fi
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www.rakennusotava.fi
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