

ANNUAL REPORT 2001



LEMMINKÄINEN

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YEAR 2001



Lemminkäinen has about 17 % share of the Norwegian asphalt paving market. Paving work in progress on Highway E6 near Oslo.

YEAR OF GROWTH

The net sales of the Lemminkäinen Group rose 16 % and were EUR 1 116.5 million (964.6). The net sales growth was mainly attributable to the acquisition of Tekmanni Oy in October 2000 and the purchase of Icopal a/s's asphalt and mineral aggregate operations in Denmark and Norway. The later transaction affected Lemminkäinen's net sales and result from April 2001.

INTERNATIONALISED ASPHALT PAVING BUSINESS

The acquisition of Icopal Roads in Denmark and Norway significantly strengthened Lemminkäinen's position in the asphalt paving markets of the Baltic Rim region, making it the second biggest paving contractor in the Nordic countries. Lemminkäinen now has a 20 % share of the Danish paving market and about 17 % share

of the Norwegian market, and the Company employees over 500 people in these countries. About 50 % of Lemminkäinen's asphalt paving operations are now located outside Finland.

IMPROVED EARNINGS

Lemminkäinen's result before taxes improved 33 % and was EUR 61.7 million (46.4). The Group's operating profit rose 39 % to EUR 69.7 million (50.2). The improvement in earnings was due to the performance of the Paving and Mineral Aggregates Division, Lemminkäinen Construction Ltd and Tekmanni Oy.

CHANGING BUSINESS ENVIRONMENT

The strong growth of the Finnish construction market that had lasted

for a number of years came to an end, dropping to less than 1 % in 2001. The construction market is expected to develop moderately, though future growth is now subject to more uncertainty than in past years.

Several years of steady growth and favourable earnings development have left Lemminkäinen reasonably well placed to meet the challenges of the current year. Lemminkäinen's net sales may not grow at last year's rate, but the Company still has every chance of turning in another good result this year.

DIVIDEND

The Company's Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.10 (0.84) per share be paid for the 2001 accounting period.

KEY FIGURES		2001	2000	Change, %
Net sales	EUR million	1 117	965	16
Profit before taxes	EUR million	62	46	33
Return on investment	%	23.0	20.7	
Equity ratio	%	41.7	36.9	
Earnings per share	EUR	3.23	1.72	88
Dividend per share	EUR	1.10 ¹⁾	0.84	31
Gross investments	EUR million	94	72	30
Order book	EUR million	441	451	-2
Average number of employees		6 311	4 487	41

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 manufacture of building materials and related contracting.

The Group's main markets are in the Baltic Rim region.

Lemminkäinen is the second biggest asphalt paving contractor in the Nordic countries and operates in selected project export markets worldwide.

The Lemminkäinen Group's net sales in 2001 were EUR 1 116.5 million, of which exports and operations abroad accounted for 18 %. Profit before taxes was EUR 61.7 million. The average number of employees in the Group was 6 311. Lemminkäinen was founded in 1910 and its share has been listed on Helsinki Exchanges since 1991.

GROUP STRUCTURE



OTHER LARGER GROUP COMPANIES

Oka Oy, Kouvola
Lemminkäinen Norge AS, Fjellhamar, Norway
Oy Konte Ab, Vaasa
Lemminkäinen A/S, Silkeborg, Denmark
Rakennustoimisto Palmberg Oy, Tampere
Palmberg-Urakoitsijat Oy, Hyvinkää
Palmberg-Rakennus Oy, Oulu
Palmberg TKU Oy, Turku
Kvalitetsasfalt i Mellansverige Ab, Sala, Sweden
Rakennus-Otava Oy, Jyväskylä
Byggnads Ab Forsström Rakennus Oy, Kokkola
Savocon Oy, Kuopio
Omni-Sica Oy, Helsinki
Lemcon Networks Ltd, Helsinki
Forssan Betonituote Oy, Forssa
Tielinja Oy, Janakkala

LEMMINKÄINEN CORPORATION

PAVING AND MINERAL AGGREGATES DIVISION

The Division produces asphalt, recycled asphalt macadam and specialist paving. It carries out contracting in the fields of road paving, milling and road marking as well as quarrying and crushing. The Division also produces ready-mix concrete and mineral aggregates as well as environmental geotechnology products and services.

BUILDING MATERIALS DIVISION

The Division manufactures and imports a range of building products, and carries out contracting related to these materials. The main product groups are bituminous roofing materials, pre-cast concrete and natural stone products, and materials used in the construction of sports facilities.

LEMMINKÄINEN CONSTRUCTION LTD

Lemminkäinen Construction Ltd is an international building project and telecommunications network contractor. In Finland the company is a leading civil engineering contractor specialising in rock engineering, foundation construction and major infrastructure projects. The company is also well known as a builder of production plants, office buildings and sports facilities.

OY ALFRED A. PALMBERG AB

The Palmberg Group is a building contractor operating nationwide in Finland. Palmberg's business areas include competitive tender contracting of both new and refurbishment work as well as private-sector housing, commercial and industrial developments.

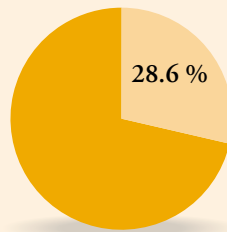
TEKMANNI OY

Tekmanni Oy operates in the fields of technical building and facility services, industrial installations and maintenance, and telecommunications network construction. Commercial, industrial, public and residential apartment buildings are typical construction and maintenance sites. The company's telecommunications network contracting services include the construction of base stations and city networks.

EUR million

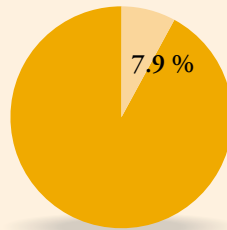
	2001	2000	Change, %
Net sales	326.7	233.0	40.2
Operating profit	36.6	25.6	43.0
Net investments	64.8	23.6	174.6
Order book	47.0	42.9	9.6

% of Group net sales



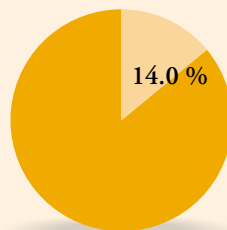
EUR million

	2001	2000	Change, %
Net sales	89.9	87.2	3.1
Operating profit	5.4	5.2	3.8
Net investments	2.0	1.7	17.6
Order book	13.1	12.3	6.5



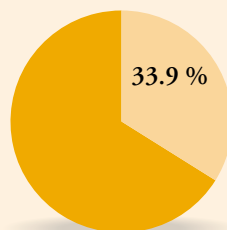
EUR million

	2001	2000	Change, %
Net sales	160.3	165.0	-2.8
Operating profit	10.5	4.9	114.3
Net investments	0.8	2.4	-66.7
Order book	124.7	107.1	16.4



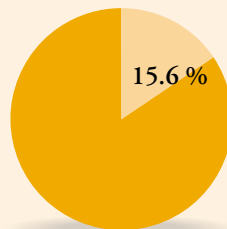
EUR million

	2001	2000	Change, %
Net sales	387.5	452.8	-14.4
Operating profit	12.4	14.7	-15.6
Net investments	2.7	7.7	-64.9
Order book	177.4	217.5	-18.4



EUR million

	2001	2000	Change, %
Net sales	178.0	139.9	27.2
Operating profit	6.0	4.9	22.4
Net investments	1.2	0.5	140.0
Order book	78.5	71.2	10.3



LEMMINKÄINEN'S STRATEGY

GOAL

Lemminkäinen's key strategic goal is the maintenance of good profitability and solvency as well as controlled growth in the Company's present business sectors. An average return on investment of 15 % over the business cycle is regarded as good profitability, and an equity ratio of 40 % is equated with good solvency.

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 one of the leading actors 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.

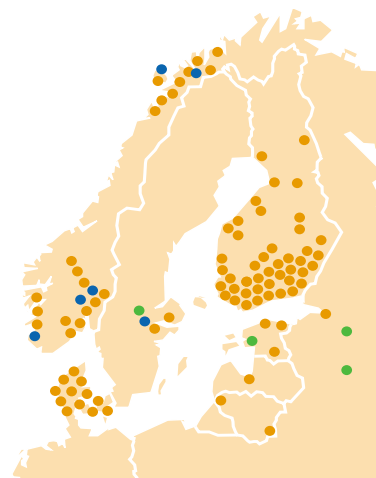
Lemminkäinen avoids excessively labour-intensive business sectors where the market entry threshold and value added are particularly low.

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 Lemminkäinen Construction 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.



- Asphalt plant
- Mobile asphalt plant
- Crushing plant

The acquisition of Icopal Roads' asphalt paving and mineral aggregate businesses significantly increased Lemminkäinen's operations in the Nordic countries. In addition to the locations shown on the map, the Company has 25 crushing plants in Finland.

REVIEW BY THE MANAGING DIRECTOR

GROWTH AND PROFITABILITY

Lemminkäinen's improving earnings trend has continued for the seventh straight year. Over the same period the Group's net sales have tripled at an average annual rate of 17 %. The construction sector's sustained upswing from an exceptionally low level has undoubtedly been a factor in the background to this growth. Even so, Lemminkäinen's growth has been well above the industry average and the Group's profitability has been representative of the very best in the sector. Also by international standards Lemminkäinen has enjoyed a good measure of success.

The Group's net sales in 2001 rose 16 % to EUR 1 117 million. The profit before taxes items improved 33 % and was EUR 62 million – the best result in the company's history. Most of the net sales growth came from acquisitions. With the exception of the domestic building contractor Palmberg, all of the Group's main business sectors improved their earnings. Palmberg's net sales and result declined slightly owing to weakened demand and planning delays affecting certain important projects.

STRATEGIC CONSISTENCY

Lemminkäinen's strategy, which is based on the management of risks and the improvement of competitiveness by structural means, has proven to be effective. The acquisition of the technical building services contractor Tekmanni Oy at the end of 2000, and the purchase of Icopal a/s's asphalt paving operations in Denmark and Norway at the beginning of 2001 were both made in accordance with this strategy.

Demand for technical building and facility services is growing more quickly than other segments of the construction sector, and it is not directly dependent on the cyclical nature of domestic building construction. There is clear synergy between Tekmanni and Lemminkäinen's other businesses. Tekmanni is one the leading Finnish companies in its field.



Managing Director Juhani Sormaala

The Icopal deal ensured Lemminkäinen's position as one of the leading asphalt paving contractors in the Baltic Rim region. As expected, integration of the acquired businesses into Lemminkäinen's international paving and mineral aggregate operations has required a great deal of hard work, but good progress has been made. Also in this case both the acquirer and the acquired have had something to learn from each other.

CONTINUOUS R&D

Continuous R&D is the hallmark of a healthy company. In Lemminkäinen most of the development work is carried out in connection with production by the same people who will apply the results in practice. I am delighted to report that significant developments and improvements were achieved during the review year in areas such as products and methods, personnel matters, administrative systems, quality, industrial safety, and environmental issues. In my opinion the growth of Lemminkäinen's human and other intangible capital has been on the same level as the growth in our business volume.

MARKET CHANGES

The boom in domestic building construction that had lasted for a number of years came to an end when the engine of that growth, the telecom-

munications and electronics industry, no longer required any additional building space. This was also reflected quickly in the demand for private-sector housing. The change in the market occurred abruptly during the early summer.

The volume of building construction in 2002 is expected to be only slightly lower than last year. The forecast is largely based on a number of favourable general indicators such as low inflation, low interest rates, further migration to growth centres, and the confidence of households in their own finances and in the prospects of general economic recovery.

Forecasts of steady demand for refurbishment work, urban environment construction and sports-related construction as well as expectations of increased investments in road construction all bode well for Lemminkäinen. Road building and repaving appropriations are also expected to rise in Denmark and Norway, as their present level is not sustainable in the long run.

The overall outlook for Lemminkäinen in 2002 is reasonably good, although there are more factors of uncertainty than we have become accustomed to in recent years. The growth of the Group's net sales is likely to slow down.

THANKS

Lemminkäinen has fared well in favourable business conditions. The Company's ability to react to changing market conditions has been purposefully maintained and developed. I would like to thank Lemminkäinen's personnel for their fine work and also our other stakeholder groups for their co-operation and confidence.

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

Lemminkäinen is the asphalt paving market leader in Finland and the second biggest in the Nordic countries. The paving of Helsinki-Vantaa Airport's third runway was the most important contract of the year.



PAVING AND MINERAL AGGREGATES DIVISION

The Paving and Mineral Aggregates Division produces asphalt, recycled asphalt macadam and specialist paving. It carries out contracting in the fields of road paving, milling and road marking as well as quarrying and crushing. The Division also produces ready-mix concrete and mineral aggregates for resale, as well as environmental geotechnology products and services.



Head of Paving and Mineral Aggregates Division Mr. Matti Kokko, B.Sc.(Eng.)

The Division's net sales were EUR 326.7 million (233.0). Net sales in Finland rose 2 % to EUR 204.3 million (200.4). Net sales from operations abroad were up 275 % at EUR 122.4 million (32.6). Exports accounted for 37 % (14) of the Division's net sales.

The reason for the growth in net sales from operations abroad was the acquisition of Icopal Roads' asphalt and mineral aggregate operations. This acquisition boosted Lemminkäinen's share of the Danish and Norwegian markets.

The Division's operating profit was EUR 36.6 million (25.6). The average number of employees in 2001 was 2 044 (1 369).

ASPHALT PAVING AND ROAD MARKING

Lemminkäinen's 90 production plants produced 3.9 million tonnes (2.7) of asphalt in the Baltic Rim region. The Company is the market leader in Finland and the second biggest in the Nordic countries. The growth in volume occurred abroad, mainly in Norway and Denmark.

The net sales of the Paving Unit were EUR 268.4 million (174.9), of

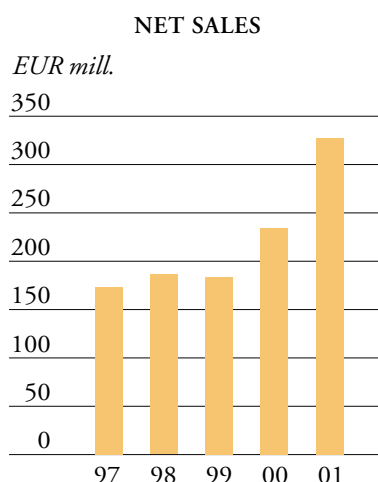
which operations abroad accounted for 45 % (18).

In Finland the prolonged downward trend in public road paving volumes came to an end. On the other hand, orders from local authorities and the private sector fell slightly due to the unfavourable development of building construction.

In Finland Lemminkäinen's asphalt production volumes remained at the previous year's level. The most important contracts included the paving of Helsinki-Vantaa Airport's third runway and a repair contract at Oulu Airport. Sales of paving-related ancillary products as well as environmental geotechnology products and services continued to grow. The biggest contract in the latterly mentioned business area was the construction of Joutseno landfill composting depot.

The acquisition of Icopal Roads in March 2001 gave Lemminkäinen a significant foothold in the Norwegian paving market and strengthened its position in Denmark. The price level in Denmark and Norway was healthier than in the previous year, but the Danish business suffered due to slacker general demand. In Sweden, paving contracting was expanded

NET SALES BY BUSINESS AREA		
<i>EUR mill.</i>		
	2001	2000
Asphalt paving and road marking	271.6	178.8
Mineral aggregates and ready-mix concrete	63.8	63.0
Internal invoicing	- 8.7	- 8.8
Total	326.7	233.0



PAVING AND MINERAL AGGREGATES DIVISION

into new areas and new products were introduced.

In Estonia the price level of paving contracts was depressed in many places, but the order book for 2002 is better than usual thanks to the company winning a number of large contracts. In Latvia, sales grew largely on the back of good demand in the private sector. In Lithuania the company succeeded in increasing sales in the Vilnius and Klaipeda economic areas. In Russia the most important contract was the asphalt paving of Omsk airport in western Siberia.

The average number of employees in 2001 was 1 598 (934). The Head of the Unit is Mr. Matti Kokko, B.Sc. (Eng.).

The net sales of Lemminkäinen's road marking contractor, Tielinja Oy, were EUR 3.2 million (3.9), of which operations abroad accounted for 50 % (34). The most important export contracts were road marking works carried out for the national road administrations of Sweden and Estonia. The Managing Director of Tielinja Oy is Mr. Harri Linnakoski, B.Sc. (Eng.).



The runway at Oulu Airport was repaired in September 2001.

MINERAL AGGREGATES AND READY-MIX CONCRETE

Demand for mineral aggregates was exceptionally good at the beginning of the year, but it peaked in the summer and especially in the late autumn was lower than in the previous year.

There were two significant reasons for the decline in demand.

Crushing orders from the Road Administration were down by several million tonnes and mineral aggregate deliveries associated with building construction fell as a consequence of reduced activity in that sector. The industry's overcapacity and the efforts of foreign-owned companies to increase their market shares kept the price level depressed all year.

A total of 13.9 million tonnes (13.6) of crushed aggregate was produced and the net sales from mineral aggregate operations were EUR 55.5 million (55.9). The average number of employees in 2001 was 303 (295).

The most important mineral aggregate projects included crushing contracts for the Lapland Road District as well as mineral aggregate deliveries to various rail track centres, Pori Airport and the Highway 2 construction site.

The Head of the Mineral Aggregates Unit is Mr. Juhani Innanen, B.Sc.(Eng.).

A new environmentally friendly asphalt plant was opened in Helsinki.



Production volumes of ready-mix concrete fell especially in Helsinki Metropolitan Area and other growth centres as a consequence of the decline in building construction. The price level of ready-mix concrete was depressed. In spite of these adverse factors, Forssan Betonituote Oy exceeded its production and net sales figures for the previous year.

Forssan Betonituote acquired full ownership of Itä-Suomen Valmisbetoni Oy during the review year, and the company was reorganised to better meet future requirements. The company's capacity was almost fully utilised. The most important contract in 2001 was the delivery of concrete to Tornio steel mill.

Forssan Betonituote produced 166 000 m³ (105 000) of concrete and its net sales were EUR 8.3 million (6.8). The Managing Director of the company was Mr. Jari Stenberg up to 31st August 2001 and Mr. Antti Hujanen, B.Sc.(Eng.), thereafter.

RESEARCH AND DEVELOPMENT

Lemminkäinen's Central Laboratory performed development work and technical services for the Group's various units and companies. Most of the Central Laboratory's development work was related to asphalt technology, with the main focus on different types of pavements, structures suitable for groundwater protection applications, and the reuse of contaminated soil. The average number of employees in 2001 was 14 (13). The Head of R&D is Mr. Lars Forstén, M.Sc.(Eng.).

POSITIVE OUTLOOK

The rise in domestic road paving volumes that began in 2001 is expected to continue in the years ahead. The demand situation in the paving industry has been abnormally low in the Baltic Rim region. However, there are now signs that the industry's markets are recovering in the Nordic

and Baltic countries. In Russia the developing economy holds out hope for growth in the asphalt paving business.

The demand for mineral aggregates and ready-mix concrete closely follows changes in the volume of building construction. The major road and rail track building projects that are now starting will raise demand in both business areas.

Forssan Betonituote Oy supplied concrete to the site of Helsingin Energia's cold store at Salmisaari. The facility is part of a larger contract being carried out by Lemminkäinen Construction Ltd for the energy company.



Lemminkäinen is Finland's leading roofing contractor. Bituminous roofing was installed on Lidl's distribution warehouse in Janakkala.



BUILDING MATERIALS DIVISION

Lemminkäinen Corporation's Building Materials Division manufactures bituminous roofing materials, concrete-based urban environment products, precast concrete stair units, and terrazzo flooring. The Division also imports building boards and products used in the construction of sporting facilities and urban environments. A design and installation service covering all of these products enables Lemminkäinen to provide its customers with turnkey solutions.

All of the Division's production plants and most of its contracting services are certificated to the ISO 9000 standard. Environmental management systems have been prepared for the Division's various operations and their certification is currently in hand. The threatening shortage of qualified labour has been addressed by focusing on training. Amongst other initiatives, Lemminkäinen has been actively involved in organising professional training for potential recruits.

The capacity utilisation rate of production plants and contracting was high, but delivery times were still kept short. The Division's production plants are located in Tuusula, Orimattila, Lohja, Viitasaari and Myrskylä.

The net sales of the Building Materials Division were slightly up the previous year at EUR 89.9 million (87.2). The Division's operating profit remained at the previous year's level and was EUR 5.4 million (5.2).

NET SALES BY BUSINESS AREA

<i>EUR mill.</i>	2001	2000
Roofing	54.0	55.0
Concrete products	27.1	25.5
Sports construction	8.8	6.7
Total	89.9	87.2

The average number of employees in the review year was 646 (654).

ROOFING MATERIALS AND CONTRACTING

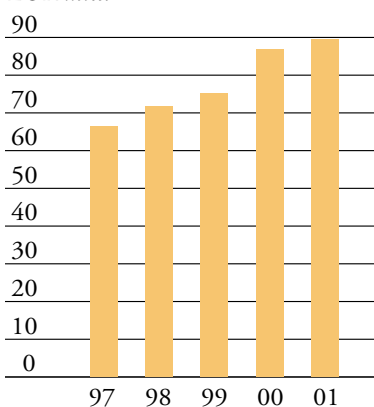
Lemminkäinen is Finland's leading roofing contractor. The Roofing Unit has 15 locations in Finland as well as service points in Tallinn and St. Petersburg, enabling material sales and contracting throughout Finland and its neighbouring countries.

EUR mill.

	2001	2000
Net sales	89.9	87.2
Operating profit	5.4	5.2
Net investments	2.0	1.7
Employees	646	654

NET SALES

EUR mill.



Head of Building Materials Division Mr. Ari Junttila, M.Sc.(Eng.)

The Lohja bituminous roofing factory was modernised in the 1990s to raise efficiency and quality, and to improve the environmental friendliness and safety of production. Gas cleaning equipment was installed in the autumn to minimise process odours by recovering and recycling the hydrocarbon compounds contained in the plant's waste gases. Dust emissions have been minimised and site traffic significantly reduced thanks to earlier investments.

A three-year training project came to an end during the autumn at the Lohja factory. As a result of this project the first maintenance professionals completed their training. The first roofer's course was arranged in collaboration with the labour authorities and a vocational training school in order to recruit new roofing workers. A continuation course is planned for this spring. Those employees of the Roofing Unit who completed the training course for waterproofing system fitters were presented with professional certificates.

Sales of roofing materials developed positively: in spite of a general market decline, sales were up both in Finland and abroad. The most important export markets for roofing materials were Russia, Sweden, South

BUILDING MATERIALS DIVISION

Korea and Norway. The capacity utilisation rate of the Lohja factory was almost optimal during the production season, and there were no problems with the operation of the production plant.

The main products of the Roofing Unit are bituminous and tiled roofs, but its services cover all kinds of roofing work. Altogether about 1.2 million square metres of roof surface were completed during the contracting season. The most important contracts included the head offices of Nokia Corporation and Radiolinja in the Keilalahti district of Espoo and Gigantti's warehouse in Lappeenranta. The Roofing Unit was recognised when the Finnish Roofing Association selected the clay tile roof of Laune church in Lahti, which Lemminkäinen had completed in 2001, as Roof of the Year.

Competition in roofing contracting was fierce throughout the whole season.

The net sales of the Roofing Unit were EUR 54.0 million (55.0). The average number of employees in 2001 was 391 (393). The Head of the Unit is Mr. Ari Junttila, M.Sc.(Eng.).



Lemminkäinen has been manufacturing stairs for over 90 years. Ville Tuunanen assembling a precast stair unit.

CONCRETE AND NATURAL STONE PRODUCTS AND URBAN ENVIRONMENT CONSTRUCTION

Sales of pre-cast concrete stair units dropped by more than 10 % from the year 2000 level due to the reduced volume of building construction. However, demand at the end of the year had stabilised at the year-end level of the previous year. Production resources were adjusted

to bring them into line with demand.

A number of terrazzo and natural stone contracts were completed in 2001. Among the most important of these were the Iso Omena and Mylly shopping centres in Espoo and Raisio, where a considerable amount of terrazzo and limestone flooring was laid.

Urban environment construction increased considerably from the level of the previous year, and sales of urban environment products made of concrete grew by 5 %. The use of natural stone in urban environment construction has increased especially in town and city centres. The high quality of Lemminkäinen's work on Tilketori square in the Malmi suburb of Helsinki was singled out for particular praise by the city's building office. Significant intra-Group collaborations included the Monikonpuro contract in Espoo with Lemminkäinen Construction Ltd and works begun in the autumn in the centre of Raahen with the Paving Unit.

The enlargement of the open-air display area for urban environment products in Tuusula was completed

A natural stone wall built for Helsinki's Islamic congregation.



in the spring. Lemminkäinen's urban environment products were also prominently displayed at the Marketanpuisto exhibition in Espoo. Palmberg's subsidiary Oy Kokkobe Ab made a successful start to its sales of Lemminkäinen's urban environment products in Ostrobothnia.

The net sales of the Concrete Products Unit were EUR 27.1 million (25.5). The average number of personnel in 2001 was 196 (207). The Head of the Unit is Mr. Juhani Uljas, M.Sc.(Eng.).

SPORTS CONSTRUCTION

Omni-Sica Oy is primarily a specialist importer, supplier and contractor of sports-related products and systems. The range of products and contracting services offered by the company's includes sports surfacings and underlays, spectator stands, watering systems, fences and waterproofing systems.

Investments in sport and athletics have increased significantly in Finland in recent years. Omni-Sica Oy has strengthened its position as Finland's leading supplier and con-

tractor of sports surfacing systems. The company's contracting capacity was fully utilised in the 2001 season.

Deck coating contracting for the shipbuilding industry began in the spring of 2001. The first deck coatings were made at Masa Yards' Turku shipyard on the Eagle III cruise ship. A movable spectator stand was also installed in the ship's ice hall auditorium.

Sports construction will continue to be brisk in 2002. The use of more environmentally friendly and solvent-free products and methods in sports field surfacing will increase in the future. The company has already begun to study these products and their applications.

The company's net sales were EUR 8.8 million (6.7). The average number of employees in 2001 was 38 (26). The Managing Director of the company is Mr. Pekka Peho.

OUTLOOK FOR THE COMING SEASON

Most of the Division's businesses are directly tied to the development of construction generally, and no sig-

nificant change in the cyclical state of the sector is anticipated during 2002.

The outlook for the Roofing Unit in 2002 is somewhat uncertain, as the expected decline in new construction will impact on the roofing market and depress the price level. However, the volume of refurbishment work is expected to be higher than last year, increasing the demand for roofing contracting in this sector. The outlook for the Unit's export markets is still good, and efforts will be made to further boost exports in 2002. Sales of pre-cast concrete stair units are directly tied to new construction, and their production is expected to fall slightly. On the other hand, demand for urban environment products is forecast to continue growing, and full capacity utilisation is expected throughout the production season.

The number of sports construction projects will grow strongly. Omni-Sica Oy's order book already reaches long into the summer, promising continued growth for the company and a favourable outlook for the season.

Laune church's clay tile roof, which was built by Lemminkäinen in 2001, was chosen as Roof of the Year.



The world's first four-boom datajumbo drilling rig is operated by drillers Hannu Kuivalainen and Martti Kauppinen.



LEMMINKÄINEN CONSTRUCTION LTD

Lemminkäinen Construction Ltd specialises in international construction projects. Over the past thirty years the company has gained experience from projects on five continents. In recent years the main focus of the company's business has been in Europe, but with the growth of its telecom network operations the importance of the Far East and last year America has also grown. Lemcon Networks Ltd is the company's subsidiary specialising in network-related operations. In Finland, Lemminkäinen Construction Ltd has consolidated its position as a civil engineering contractor and as a project management company in industrial, office and sports construction.

The year under review was a successful one for the company. The net sales of Lemminkäinen Construction Ltd were EUR 160.3 million (165.0) and its operating profit EUR 10.5 million (4.9). The average number of employees in 2001 was 459 (497), of whom 294 (326) were salaried staff.

CIVIL ENGINEERING

Net sales from civil engineering contracting were EUR 56.5 million (62.7).

The Civil Engineering Unit offers a full range of civil engineering services in Finland and abroad. The demand for these services as a whole remained quite good throughout the year, although there were wide variations between different sectors. The company further strengthened its position as a specialist contractor of rock engineering and foundation building works. In spite of tensions on

the civil engineering market, the result for the unit remained good.

Significant works carried out during the year included the repair of a 20-kilometre-long section of the Päijänne water supply tunnel, construction of Botniabanan AB's railway tunnel in Sweden, jet grouting reinforcement of the foundations of the National Theatre in Helsinki, and compression pile reinforcement of the foundations of a commercial block in



Managing Director of Lemminkäinen Construction Ltd, Mr. Matti A. Mantere, M.Sc.(Eng.)

Turku city centre. Larger project entities included underground parking facilities in Helsinki, Tampere and Turku, and a direct railway line between the cities of Kerava and Lahti in Southern Finland.

The Kelukoski power plant project was completed in Sodankylä during the autumn.

The average number of employees in 2001 was 258 (289). The Head of the Unit is Mr. Timo Kohtamäki, Lic.(Tech.).

PROJECT MANAGEMENT

Net sales from project management contracting were EUR 88.3 million (102.3).

Nokia Corporation has been Lemminkäinen Construction Ltd's most important project management client for a number of years. Construction of production and R&D facilities for Nokia has provided the company with work both in Finland and elsewhere in Europe. The review year was a successful one for project management contracting at home and abroad. Experience gained from demanding construction projects for the telecommunications and electronics industry has been successfully utilised in other areas too.

NET SALES BY BUSINESS AREA

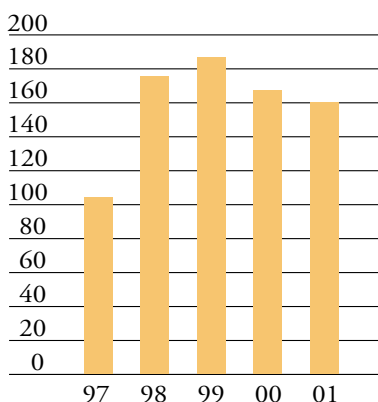
<i>EUR mill.</i>	2001	2000
Civilengineering	56.5	62.7
Project management	88.3	102.3
Telecom Network Const.	15.5	
Total	160.3	165.0

EUR mill.

	2001	2000
Net sales	160.3	165.0
Operating profit	10.5	4.9
Net investments	0.8	2.4
Employees	459	497

NET SALES

EUR mill.



LEMMINKÄINEN CONSTRUCTION LTD

The most important project in Finland was Nordea's new office building in Helsinki. Phase I of the project was completed and phase II started during the review year. Other major projects included Foster Wheeler's bio-power plant in Äänekoski and Finland's first Bauhaus home-improvement centre in Vantaa. Sports construction projects included golf courses and sports arenas. Saku Hall was completed in Tallinn and construction work began on a large multipurpose hall in Hamburg.

The focus in exports remained on Europe. In Germany, work began on two projects for Nokia, one of which, an R&D centre in Ulm, will be completed this spring. In Poland and Hungary production facilities were built for Elcoteq. Stora Enso's paper mill construction project in Belgium, which began at the end of the year, is the latest in a series of mill construction projects managed by Lemminkäinen since the early 1980s. No major projects have yet begun in Russia or the Baltic States, although there are now more potential investors than earlier. In Russia a few minor projects were carried out for international clients. In China the company was involved in the construction of



Lemminkäinen Construction Ltd's contract for Nordea's office building in the Vallila district of Helsinki was chosen as Environmental Project of the Year.

Nokia's biggest mobile phone plant. Projects are also underway in Vietnam.

The average number of project management personnel in 2001 was 146 (194). Domestic operations and sports construction are the responsibility of Mr. Jouko Niemonen, B.Sc.(Eng.). Mr. Henrik Eklund,

M.Sc.(Eng.) is responsible for project management exports.

TELECOM NETWORK CONSTRUCTION

Net sales from telecom network construction were EUR 15.5 million (In the year 2000 comparable net sales were included in those of the Project Management Unit).

Lemminkäinen Construction Ltd has engaged in telecom network construction since 1996. At the end of the year 2000 these operations were transferred to Lemcon Networks Ltd, a subsidiary set up especially for that purpose.

The geographical and operational scope of telecom network construction grew in 2001. Projects were carried out in eight different countries in the Far East, Europe and the Americas. The size of the contracts varied from consultancy assignments to turn-key projects, and the content of works covered the whole spectrum of mobile phone network construction from design to the installation

The geographical and operational scope of telecom network construction grew in 2001. Projects were carried out in countries as far afield as Brazil.



and start-up of base stations.

Lemcon Networks has collaborated with many other companies operating in the sector all over the world. In the summer the company signed an agreement with the US company NorthStar Communications Group concerning the construction of wireless networks in the United States.

The number of telecom network project employees grew in 2001 and was about 200 at the end of the year (the number of employees in 2000 is included in the figure for the Project Management Unit). The employees are of about 20 different nationalities; less than a third of them are Finns.

The Managing Director of Lemcon Networks Ltd is Mr. Juha Nurmi, M.Sc. (Eng.).

FUTURE OUTLOOK

Despite the likelihood of less favourable market conditions, Lemminkäinen Construction Ltd's good order book and strong market position give the company a reasonably good starting point for the current

year. The company's order book at the end of 2001 was EUR 124.7 million (107.1).

The market situation for civil engineering looks slightly weaker than in 2001. Fewer new projects are in hand than in the previous year. The market situation will also be significantly influenced by the reorganisation of the Finnish Road Administration (Finnra), which has already led to a considerable increase in both the size of contracts and the responsibilities of contractors. The Finnish Road Enterprise has won 80 % of the big turn-key projects put out to tender, which has increased competition for contracts in the traditional size class. Already at the end of 2001 this unhealthy competition was reflected in the financial difficulties experienced by smaller civil engineering contractors. On the other hand, the effects of the change process currently underway have not been entirely negative for the sector. Larger entities have been accompanied by new contact forms such as

full-liability contracts and project management construction.

Good preconditions exist for project management contracting both in Finland and abroad. However, the reduction in investments by Nokia Corporation represents a significant change in the demand situation. The experience gained from Nokia contracts coupled with expertise in different fields will enable the company to continue serving both Finnish and international clients as a construction partner.

The outlook for telecom network construction is good. The first 3G projects have begun in Europe and Asia. A number of 2.5/3G projects will be carried out in North and South America over the next few years. In 2002 Lemcon Networks will strive to develop and expand its operations mainly in its present market areas.

The construction of multipurpose halls continued. Saku Hall in Tallinn was completed in September 2001.



Palmberg Group's Oka Oy is one of the biggest building contractors in southeast Finland. Surveyor Matti Ravantti on the site of Kouvola's new court house and police building.



The Palmberg Group's business area is building construction, which includes competitive tender contracting of both new building and refurbishment work as well as private-sector housing, commercial and industrial developments. In addition to this, the subsidiary Oy Konte Ab operates as a building contractor in the Umeå region of Sweden and two others manufacture ready-mix concrete and concrete products in Ostrobothnia.



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

The Palmberg Group consists of the parent company, Oy Alfred A. Palmberg Ab, and its nine regionally operating subsidiaries. The number of subsidiaries grew by one during the review year, when Palmberg acquired a majority stake in the Turku-based company TKU-Rakenus Oy. At the same time it was decided that the company would merge with the Group's Southwest Finland Unit to form Palmberg TKU Oy. The Group's subsidiaries also have three other actively operating subsidiaries.

The Group's net sales were EUR 387.5 million (452.8), representing

a 14.4 % decrease in business volume. The value of the order book at the end of the accounting period fell to EUR 177.4 million (217.5). The group's operating profit was EUR 12.4 million (14.7).

The net sales of the Palmberg Group in the metropolitan area are proportionately smaller than those of other similarly sized construction companies. Especially in southeast Finland and Ostrobothnia the

Group's subsidiaries are among the biggest actors in their field. The Group's proportional share is significant in the Tampere area as well.

The operations of the parent company in the metropolitan area are primarily concerned with own housing and commercial developments, whereas the subsidiaries derive most of their net sales from contracting. Oka Oy, which specialises in façade renovation work also and operates all over southern Finland, is the exception to Palmberg's regional organisation.

The results of all of the Group's units were at least satisfactory, with the exception of the Tampere-based subsidiary Rakennustoimisto Palmberg Oy, which once again made a loss. Its losses stem from misappropriation of funds that first came to light towards the end of the previous year. The full extent of this misconduct was not determined until during 2001.

The number of own residential development apartments completed by the Group was 752 (718). At the end of the accounting period, 456 (718) own development apartments were under construction. New apartments completed under competitive tender contracting totalled 1 124

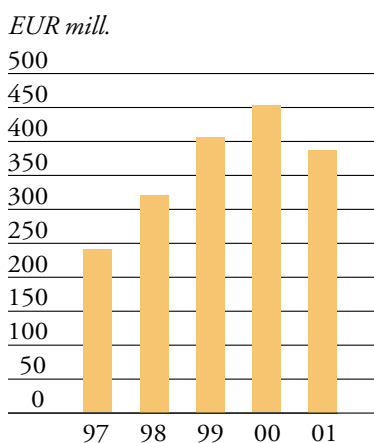
NET SALES BY BUSINESS AREA

EUR mill.	2001	2000
Competitive tender contracting		
Housing	69.6	82.5
Other new const.	92.9	103.7
Refurbishment work	60.0	57.5
Developments		
Housing	59.8	87.8
Commercial and industrial buildings	44.3	39.2
Other business	9.1	10.6
Sales of shares and other items	51.8	71.3
Total	387.5	452.8

EUR mill.

	2001	2000
Net sales	387.5	452.8
Operating profit	12.4	14.7
Net investments	2.7	7.7
Employees	1 522	1 584

NET SALES



(1 691), and 824 (1 081) apartments were under construction at the end of the accounting period.

The average number of employees in the Group during the accounting period was 1 522 (1 584), of whom 501 (487) were salaried staff.

OUTLOOK FOR 2002

The demand for new building construction is expected to decline generally in 2002. This is likely to occur primarily in the commercial and office building sector. Lower interest rates, continuing migration to growth centres, good incomes development and resilient household confidence support a satisfactory outlook for residential construction. The number of new starts may even rise. Public-sector housing production is expected to decline generally, but in this case too the situation may change if the proposed amendments to loan terms are implemented. The building refurbishment market is likely to continue growing steadily. This growth will embrace small-scale repair work as well as larger building conversion or refurbishment contracts for housing companies, especially comprehensive façade renovation projects.



Palmberg has built four housing blocks and a parking facility at Kivenlahti in Espoo.

Tougher price competition is expected in competitive tender contracting. If contract prices do fall, most of the reduction will be due to lower input prices but it may also mean that margins have been cut.

The Palmberg Group's own housing developments are expected

to remain at or slightly below the 2001 level. This is not due to any demand factors but to the scarcity of suitable building land. The introduction of Finland's new land use and construction laws, among other factors, has turned out to be a bigger-than-expected obstacle to securing or changing the urban planning status of land owned by the Group. In particular, progress through the different stages of the appeals procedure is much slower than had been anticipated.

Moreover, planning issues concerning a number of commercial and office building sites have held up the commencement of work. However, it is expected that it will be possible to make a start on some of these delayed sites in 2002. This will, of course, depend on how the demand situation develops in the early months of the year.

Larsmo school and dental clinic was completed in 2001.



MOST IMPORTANT COMPLETED CONTRACTS

- Stella Business Park – IV and final phase, Espoo, 10 000 m²
- Nokia Peltola, phase II, Oulu (consortium), 6 800 m²
- Orbis Oy's office building, Vantaa, 9 000 m²
- Tohtoritalo building extension, Turku, 8 000 m²
- Tambest Group's production facilities and office building, Pirkkala, 6 250 m²
- Kainuu Brigade's central warehouse, Kajaani, 67 000 m³
- Larsmo school and dental clinic, 5 400 m²
- Alholma power plant, Pietarsaari (consortium)
- Refurbishment of Örnköldsvik Hospital, Sweden
- 108-unit rental building for VVO, Tampere

MOST IMPORTANT CONTRACTS IN PROGRESS

- Portaali Business Park's office building (10 600 m²) and AV college (6 200 m²), Helsinki (consortium)
- Trivium Business Park, phase I, Turku (consortium), 8 600 m²
- Nokia Peltola, phase III, Oulu (consortium), 8 500 m²
- Refurbishment of Ahlström Oyj's head office, Helsinki
- Kouvola court house and police building, 17 000 m²
- Vaasa police building, 13 000 m²
- Kouvola logistics centre, 15 000 m²
- Finnöo school and day-care centre, Espoo, 7 300 m²
- Sanoma Oy's printing hall building, Vantaa, 52 500 m³
- Foster Wheeler Energia Oy's power plant, Äänekoski (consortium)

- Refurbishment of Kannelmäen Kiinteistöt Oy's 163-unit apartment block, Helsinki
- 110-unit rental building for Tapiola Insurance Group, Tampere

PALMBERG GROUP

Company	Region	Net sales EUR mill.	Personnel (average)	Managing Director Regional Director
PARENT COMPANY				
Oy Alfred A. Palmberg Ab		84.8 (114.0)	265 (322)	Risto Bono, M.Sc.(Eng.), M.Sc.(Econ.)
Metropolitan Area Unit	Helsinki metropolitan area			Regional Director Pauli Mäkelä M.Sc.(Eng.)
Southwest Finland Unit ¹⁾	Turku, Salo and surrounding municipalities			Regional Director Mikko Pirhonen M.Sc.(Eng.)
SUBSIDIARIES				
Palmberg TKU Oy ²⁾	Turku, Salo and surrounding munic.	9.1 (5.9)	20 (20)	Mikko Pirhonen M.Sc.(Eng.)
Palmberg-Urakoitsijat Oy	Western Uusimaa	37.8 (32.0)	34 (36)	Ahti Kara M.Sc.(Eng.)
Oka Oy	Lahti, Kymenlaakso and S-Karelia	94.0 (93.6)	389 (321)	Jorma Tamminen B.Sc.(Eng.)
Rakennustoimisto Palmberg Oy	Tampere and southern central Finland	40.6 (59.9)	211 (304)	Jukka Terhonen M.Sc.(Eng.)
Rakennus-Otava Oy	Jyväskylä and neighbouring munic.	15.0 (15.2)	61 (55)	Jussi Kari B.Sc.(Eng.)
Oy Konte Ab ³⁾	Ostrobothnia, Southwest Finland, projects in Sweden	53.4 (51.8)	253 (254)	Göran Pellfolk M.Sc.(Eng.)
Byggnads Ab Forsström Rakennus Oy ⁴⁾	West coast region	19.1 (26.9)	145 (121)	Peter Forsström B.Sc.(Bus.)
Palmberg-Rakennus Oy	Provinces of Oulu and Lapland	31.2 (48.3)	99 (120)	Ahti Heikka B.Sc.(Eng.)
Savocon Oy	Kuopio and surrounding areas	12.7 (11.1)	65 (51)	Martti Kankkunen B.Sc.(Eng.)

1) Oy Alfred A. Palmberg Ab acquired a majority interest in TKU-Rakennus Oy on 31st October 2001, whereupon the functions of the Southwest Finland Unit and TKU-Rakennus Oy merged to form Palmberg TKU Oy.

2) Figures for the whole accounting period 1st January – 31st December 2001.

3) Also includes the Swedish company Rekab Entreprenad Ab.

4) Also includes Ab Jakobe Oy and Oy Kokkobe Ab.

Tekmanni won a major air-conditioning contract for the Iso Omena shopping centre in Matinkylä. Fitter Afrim Krasniqi checks the cleanliness of a ventilation duct.



Tekmanni Oy offers the full range of technical building and facility systems and services as well as solutions and services related to telecommunications networks and industrial installations and maintenance. Tekmanni's service network covers the whole of Finland from about 30 different locations. The company resumed exports to Russia and the Baltic States during the review year.



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

The review year was a good one for Tekmanni. The company's net sales were EUR 178.0 million (139.9), and its operating profit was EUR 6.0 million (4.9). The growth of net sales was above the industry average. The value of the order book at the end of the accounting period was EUR 78.5 million (71.2). The average number of employees in the company during 2001 was 1 640 (1 416), of whom 378 (325) were salaried staff.

Tekmanni's business management project proceeded to phase II, during which the financial administration systems already in service will be linked to new material control systems. Work began on up-grading the quality management system certified to the ISO 9002 standard to meet the requirements of the new ISO 9001 standard.

NET SALES BY BUSINESS AREA

EUR mill.

	2001	2000
Technical building serv.	123.7	100.7
Technical facility serv.	19.8	11.4
Industrial installations	32.2	24.9
Telecom. networks	1.8	2.5
International operations	0.5	0.4
Total	178.0	139.9

TECHNICAL BUILDING SERVICES

The company offers the full range of technical building services. During the review year Tekmanni strengthened its position as a full-service supplier of HVACE, sprinkler, cooling, fire protection, telecommunications, security, data and automation systems. An energy measurement system developed by Tekmanni for business premises was added to the com-

pany's service concept. The most important projects of the Technical Building Services unit were carried out in commercial and office buildings.

The value of the Finnish market for technical building services remained at the year 2000 level and was about EUR 2.9 billion. The building refurbishment market developed more favourably than new construction.

Tekmanni's Technical Building Services unit grew strongly. Its net sales were EUR 123.7 million (100.7). Refurbishment work accounted for about 40 % of net sales.

TECHNICAL FACILITY SERVICES

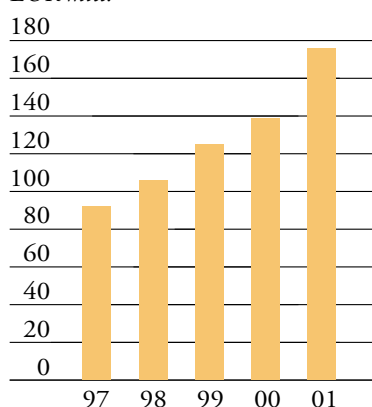
The Technical Facility Services unit specialises in servicing and maintaining the technical services of existing buildings and facilities on the basis of comprehensive maintenance agreements that support clients in the life-cycle management of their buildings and facilities. The unit also carries out modernisation and conversion works on existing technical systems. During the review year the unit introduced new expert services focusing on the condition assessment of technical systems.

EUR mill.

	2001	2000
Net sales	178.0	139.9
Operating profit	6.0	4.9
Net investments	1.2	0.5
Employees	1 640	1 416

NET SALES

EUR mill.



The unit expanded its business to six new locations during the review year. The main aim in customer relations was to make maintenance agreements, taking account of the facility's entire life cycle, on the basis of partnership.

The net sales of the Technical Facility Services unit rose 76 % to EUR 19.8 million (11.4).

INDUSTRIAL INSTALLATIONS AND MAINTENANCE

The key services of the Industrial Installations and Maintenance unit are process electrification and automation installations. The unit provides services to meet the needs of the forest, basic metals, chemical, food and power production industries.

Industrial investments were at a high level during the review year, especially in the forest industry. In the chemicals and power production industries the emphasis was on process modernisation.

Tekmanni increased its market share in industrial process electrification and automation installations. Business efficiency was improved thanks to the quality management system and the TEK-PRO project management system developed by the company.



Tekmanni supplied the sprinkler system for the Mylly shopping centre in Raisio. The company also carried out the building's electrical contract.

The net sales of the Industrial Installations and Maintenance unit were EUR 32.2 million (24.9). Net sales are expected to develop favourably also in 2002.

TELECOMMUNICATIONS NETWORKS

The services of the Telecommunications Networks unit include LANs for individual facilities, industrial networks, city networks and nation-

wide networks. Tekmanni delivers GSM, GPRS and UMTS base stations complete with equipment spaces and link installations.

In outdoor network deliveries Tekmanni's biggest contracts were related to expansions of GSM networks. In base station construction the company switched from turnkey deliveries to different types of system deliveries and installation contracts.

The indoor network market grew over 10 %. Growth was as big in all segments of the market: data transfer networks, fire protection, burglar alarm, access control and CCTV systems. Tekmanni developed its operations as an integrator of different telecommunications and security systems.

INTERNATIONAL OPERATIONS

The timing of Tekmanni's export start-up was most opportune. The Russian market recovered as expected, and the St. Petersburg subsidiary had a full order book all year. In addition to St. Petersburg, Tekmanni has subsidiaries in Moscow, Tallinn and Vilnius.

Boiler electrification and instrumentation works were carried out for Jämsänkosken Voima Oy.



OUTLOOK

The technical building services market is likely to remain at last year's level in 2002. Tekmanni's order book is the biggest in the company's history, and the starting points for the current year are good. Tekmanni's Technical Building Services unit is expected to maintain the market position that it has achieved. As commercial and office building declines, the unit's services will be oriented more towards refurbishment work.

This year Tekmanni will focus on technical facility services and industrial installations and maintenance. The growth of refurbishment work will also open up new markets for technical facility services. The outsourcing of facility maintenance services will increase.

The outlook for the industry is good. No major projects are expected in the forest sector, but the forest industry will continue its paper machine rebuilds in 2002. Investments in new power plants and in the basic metals industry will also continue.

Telecommunications network construction is currently going through a transitional stage, as nationwide fixed network construction has come to almost complete halt. The switch to UMTS construction will not gather momentum until the second half of 2002.

The outlook for Tekmanni's exports to Russia has improved and the order book is growing.

LAST YEAR'S BIGGEST CONTRACTS

Technical building services

- Airport Plaza Business Park, Vantaa; full installation of technical services
- Iso Omena shopping centre, Espoo; air conditioning
- High Tech Center, Helsinki; plumbing and electrical works
- P-Turku car parking facility, Turku; HVACE and sprinkler works
- Dynamo Business Park, Tampere; full installation of technical services

Technical facility services

- High Tech Center, Helsinki; maintenance contract
- Construction Establishment of Finnish Defence Administration; Tikkakoski; electrical and IT installations

Telecommunications networks

- Telia; Expansion of GSM network
- Fortum Oyj, Loviisa nuclear power plant; modernisation of fire alarm system

Industrial installations and maintenance

- Oy Alholmens Kraft Ab, Pietarsaari; bio-power plant; HVAC works
- Finforest Oy, Punkaharju mill; electrification
- Fortum Oyj, Sköldvik refinery; modernisation works

International operations

- BAT-Rothmans tobacco factory, St. Petersburg; HVAC contract

Tekmanni carried out the plumbing and electrical works for the fifth office building of Helsinki's High Tech Center. Partnership with HTC continues in system maintenance.



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 dependent on 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 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 suffi-

cient 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 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 storage and handling of oils and other chemicals. The management of environmental affairs and the effects of the Group's operations on the environment are continuously mon-

itored by means of internal checks 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.

ENVIRONMENT

Environmental issues have been embraced as an essential aspect of management, production and customer service in the Lemminkäinen Group's business units. This commitment is demonstrated by the development of the Group's business systems to meet the requirements of the ISO 14001 environmental management system, by improvements in risk management, and by investments in environment protection.

Environmental management and safety systems have been developed in connection with quality management or business systems, and they cover most of Lemminkäinen's operations. The ISO 14001 environmental management certificate and the OHSAS 18001 occupational health and safety certificate were awarded to the Group's asphalt paving operations in Finland during the accounting period. An environmental management system conforming to ISO 14001 was also brought into use in civil engineering contracting and in bituminous roofing production. Systems development work is currently underway in building construction operations and in the Concrete Products Unit.

ENVIRONMENTALLY FRIENDLY ASPHALT

Finland's first covered asphalt plant equipped with bituminous vapour recycling equipment was brought into service during the review year. The new plant releases less dust, noise and odours into the environment. Covered mineral aggregate stores that cause less dust were also brought into use at the asphalt plant.

The use of reclaimed pavement in the production of recycled asphalt mixes was further increased. Lemminkäinen produced about 1.5 million m² of Remix recycled asphalt pavements in 2001. In the production of recycled asphalt all the raw material and energy content of the

reclaimed pavement can be fully utilised.

Lemminkäinen stepped up the processing of contaminated soils. A mobile mixing plant was developed to treat soils contaminated with both heavy metals and oils before their final disposal.

Lemminkäinen was recognised when its Paving Unit won the first prize in an environmental protection and safety competition organised by the Finnish Asphalt Association.

ODOURS AND WASTES UNDER CONTROL

Environmental investments intended to minimise production plant emissions were completed. Bituminous odour that had disturbed residents living near Lohja roofing factory was brought under control by installing flue gas cleaning equipment. Vaporous bitumen is now recovered and reused in the process.

Following the start-up of the process water plant at Sammonmäki concrete products factory, design work began on landscaping of the old sludge area. Environmental protection standards at Lemminkäinen's roofing and concrete product factories have been improved by procuring equipment for waste management and spillage containment basins for bulk chemicals.

Lemminkäinen's product packaging and materials importing operations are members of the Environmental Register of Packaging PYR Ltd, through which the organisation and implementation of product packaging recycling is assigned to producer organisations of the packaging industry.

SYSTEMATIC APPROACH TO ENVIRONMENTAL ISSUES

Lemminkäinen Construction Ltd's environmental management and environmental protection procedures conforming to ISO 14001 were

linked to the company's business systems. The preparation of environment management plans for projects was incorporated into the process already at the project planning stage. Environmental protection on site requires actions such as waste sorting and the control of waste volumes and costs. The introduction of new equipment enabled the use of environmentally friendly oils in rock engineering works. The company's environmental protection work was recognised when its Nordea office building contract was selected as the Environmental Project of the Year.

Palmberg's environmental protection procedures in building construction and materials procurement were linked to its quality management systems. Site-specific environmental plans that take greater account of environmental risks include measures to reduce and control waste volumes and emissions. On-site environmental protection is also supported by the company's procurement procedures.

Tekmanni Oy introduced a life-cycle model to the calculation of technical building system and product costs.

ENVIRONMENTAL TRAINING

The focus of environmental training for the Group's personnel is on environmental risk management as well as the development and introduction of environmental management systems. Most of the environmental training takes place in connection with safety and quality training.

OPEN DISCUSSIONS WITH STAKEHOLDERS

Environmental issues related to the Company's operations are dealt with openly in co-operation with different stakeholders. Meetings with residents were arranged at the Company's production plants and in the vicinity of rock engineering and excavation sites.

RESEARCH AND DEVELOPMENT



The focus of Lemminkäinen's R&D is on the performance characteristics of asphalt pavements. Laboratory technician Janne Junnilainen with an asphalt sample.

The companies and business units of the Lemminkäinen Group are independently responsible for their own research and development, most of which occurs in connection with different construction projects. The Central Laboratory supports these independent efforts by carrying out R&D at Group level. Lemminkäinen's R&D input represents, on average, 0.4 % of the Group's net sales. Almost all of the business units have certificated ISO 9000 quality management systems. Environmental management and/or safety systems are being prepared in many units, and the first of these have already been certificated.

BENEFITING CUSTOMERS AND THE ENVIRONMENT

Many of Lemminkäinen's R&D projects in 2001 had environmental themes. Environmental risks or pollution were studied and environmental protection products and services were developed. A number of projects concerning the service life

and life cycle of products were underway in 2001.

Lemminkäinen maintains close contact with vocational schools offering training in the construction field. The aim of this collaboration is to ensure the future supply of professionally qualified personnel and to open up an important recruitment channel.

The high level of activity maintained over recent years in traditional technical development work continued in 2001. The aim of this work is to ensure the Lemminkäinen's products, methods and services remain productive, competitive and interesting for customers.

Most of Lemminkäinen's R&D work is performed in close collaboration with customers. Test building and on-site trials are an important part of development work. Many of the Group's business units have taken part in the sector's joint research projects, e.g. different technology programmes of the National Technology Agency (TEKES).

SILENT ASPHALT, HARD STONE

The internationalisation of Lemminkäinen's asphalt paving operations has strongly influenced R&D. Synergy for business operations and between products and services has been sought through benchmarking studies and research collaboration. Finland gained a new product from Denmark: Confalt – a very resilient composite pavement. Efforts are made to exploit Lemminkäinen's expertise in polymer-modified bitumen technology and environmental protection structures in the Group's asphalt paving companies abroad. New noise-reducing pavement structures are also being developed.

Mineral aggregate processing capacity and technology has been developed to produce durable and hard stone for asphalt and railways. Road marking services have been improved by developing new products such as profile markings.

NEW PRODUCTS

The life cycle and service life of bituminous roofs have been clarified in

different studies. Also the possibilities of recycling old bituminous roofing and the wastes of the roofing material factory has been studied.

New natural stone and concrete products were developed for wall and cladding applications. New flexible surfacings were developed for tennis courts, playgrounds and ship decks, and new polyurethanes that are water soluble and safe to handle were tried out in sports surfacing products.

HIGH-TECH TUNNELS

The most significant development work in rock engineering concerned drilling technology for tunnel excavations. The world's first four-boom datajumbo drilling rig came into service in summer 2001. Its introduction was preceded by production technology development work lasting about a year. Shotcrete and its production technology were improved to meet stricter quality requirements.

The R&D focus in foundation construction has been on the development of a deep-stabilisation machine. In addition, piling technologies and techniques have been developed for repair works in connection with projects.

The Project Management Unit



Lemminkäinen is studying and developing new types of low-noise asphalt pavements. The Head of R&D, Lars Forstén, examines the pavement of a test road.

has taken part in the "Healthy House" programme and its associated pilot project. The whole concept of developing and building multi-purpose halls has been formulated in the so-called Arena project. Project management contracting has been developed with the aid of academic dissertations and other studies. These studies have often been done with clients, e.g. Nokia Corporation, in connection with practical construction projects.

MORE EFFICIENT BUILDING CONSTRUCTION

Palmberg and Lemminkäinen's Building Materials Division have both improved their capabilities in electronic commerce and the use of project databanks. Palmberg has taken part in a concrete construction programme led by the Finnish Association of Construction Product Industries. The material usage and quality of concrete moisture control in industrialised concrete construction, and the degree of prefabrication have all been developed in the programme. The company also participated in a refurbishment quality assurance project.

Tekmanni Oy has been developing a fully integrated project management tool. The company's own project management system has been brought into service. In addition, life cycle calculation models have been developed for technical building services and work on their production has begun.

Lemminkäinen's Central Laboratory actively participates and assists in the R&D work of the Group's units. It also carries out product development assignments and tests.

Bitumen research is an important aspect of product development work on asphalt pavements and bituminous roofing materials. Laboratory technician Outi Tihonen at work.



PERSONNEL



Toni Heiskanen and Niko Ahlfors make bituminous roofing materials at Lemminkäinen's Lohja factory.

Achievement of the Group's goals is supported by personnel development. The availability of professional and motivated personnel has worsened in some of the Group's business sectors. The construction sector lacks appeal and this is reflected in the number of applicants for training. Lemminkäinen supports the expertise and fitness-for-work of its existing personnel, and is actively engaged in recruiting young people studying at different vocational schools.

The emphasis in personnel development is on vocational training that leads to the award of a diploma. Business management training continues on a sector-specific basis. The information systems of the personnel administration function include training and expertise registers.

The organisational functionality is measured by means of work atmosphere and opinion surveys of the personnel and customers. The development needs highlighted by these surveys is taken in consideration in organisational development plans.

RECRUITMENT

The focus in recruitment is on young people studying or completing their studies at vocational schools. A network of contacts has been build up with such schools that meet the needs of the Group's business sectors in different parts of the country. Work guidance counsellors and initiators have been trained for the Group's different business sectors. Efforts are being made to develop the field's diplomas and teaching to meet pres-

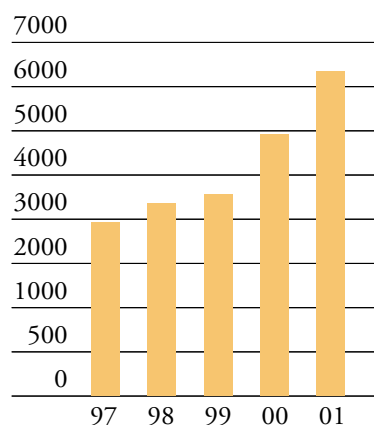
ent-day needs and demand. The biggest improvement has been the opportunity to specialise in the asphalt field at vocational schools offering training for drivers of construction vehicles.

FITNESS-FOR-WORK

Various events maintaining the fitness-for-work of employees and supporting their early rehabilitation from illness or injury were arranged during the review year. About 200 employees from different personnel groups took part in these events, which was well supported by the Social Insurance Institution and a number of pension insurance companies. More fitness-for-work events will be arranged in the future.

The physical exercise behaviour of all the employees was analysed by means of a questionnaire survey. The results of this survey were used to prepare an employee exercise programme, which will be introduced in spring 2002. The study was conducted in collaboration with the Finnish Fitness Sports Association

PERSONNEL (AVERAGE)



and received significant support from Ilmarinen Mutual Pension Insurance Company and LEL Employment Pension Fund.

VOCATIONAL TRAINING

The emphasis in vocational training is on studies that lead to the award of a diploma. Experts from the Group's different fields have made an important contribution to the development of new professional diplomas both as curriculum planners and as course instructors. The fruits of this work include vocational diplomas in the fields of civil engineering and roofing contracting.

The study group at Lohja factory completed a vocational maintenance diploma in accordance with earlier diploma systems. The Palmberg Group's site personnel at different locations began studies leading to vocational and special vocational diplomas for building production staff.

FUNCTIONAL ORGANISATION

Feedback on organisational functionality was gathered using financial indicators, customer satisfaction surveys and internal values. All the units of the Group used this approach to analyse their own operations. The

method has become a functional organisational development tool. The results were examined with the personnel of each organisation and key development areas were defined on the basis of the results. The procedure will be repeated at intervals of 1-2 years, depending on the needs of the organisation.

PERSONNEL DEVELOPMENT

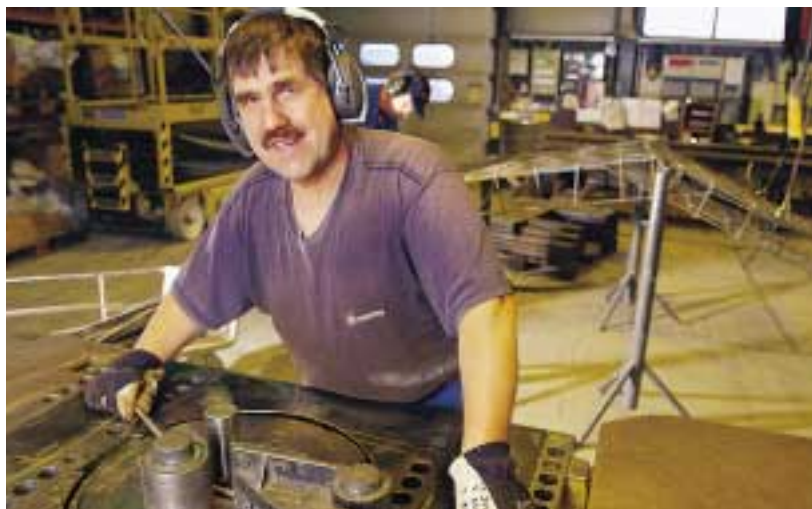
Personnel development is based on the needs of the individual or the needs of the business. The needs of the individual are analysed in connection with personal development discussions. About a hundred managers received training during the year with the aim of making this practice systematic. Training and expertise files were created to support development and the management of resources.

Leadership development programmes were carried out business specifically, mainly in the Paving Unit and in Tekmanni Oy. Altogether about 300 employees took part in these programmes.



Laboratory technician Airi Leikas tests the chippings of a bituminous sheet membrane in the Company's Central Laboratory.

Paavo Kruut makes pre-cast concrete stair units at the Tuusula factory.



BOARD OF DIRECTORS' REPORT

CONSTRUCTION MARKET

The strong growth of the Finnish construction market that had lasted for a number of years came to an end, dropping from 6 % in the previous year to less than 1 % in 2001.

The volume of building construction fell slightly. The volume of housing production declined over 10 % last year and the number of new housing starts was about 29 000. Commercial and office building also followed the downward cyclical trend, whereas the building volume of new starts in industrial and warehouse construction was about 15 % up on the previous year. There was also a marked increase in construction for the public services sector.

The volume of civil engineering contracting remained unchanged. The volume of asphalt paving contracting in Finland was flat at the previous year's level, whereas total demand for crushed aggregate fell 5-10 %. The volume of rock engineering work remained at the good level of the previous year.

There was a marked rise in billing for construction exports to just under EUR 700 million. In particular, the recovering Russian construction market boosted the foreign sales of Finnish building companies.

NET SALES AND PROFITS

The net sales of the Lemminkäinen Group rose 16 % and were EUR 1 116.5 million (964.6), of which operations abroad accounted for EUR 202.5 million (117.6) or 18 % (12). The improvement in the Group's result continued. The operating profit was EUR 69.7 million (50.2), the profit before taxes EUR 61.7 million (46.4) and the profit for the accounting period EUR 55.1 million (29.3). The return on investment was 23.0 % (20.7), the return on equity 31.4 % (19.9) and earnings per share EUR 3.23 (1.72).

The profit for the accounting period was improved in part by the annulment of Lemminkäinen Corporation's reassessed taxation for the year 1990 and the inclusion of a EUR 15.2 million tax rebate in the income statement of the parent company. Denying the Finnish tax authorities leave to appeal, the Supreme Administrative Court upheld Helsinki Administrative Court earlier ruling in favour of Lemminkäinen.

The net sales of the Paving and Mineral Aggregates Division were EUR 326.7 million (233.0). The Division's operating profit improved and was EUR 36.6 million (25.6). The growth in net sales was mainly due to the acquisition of Icopal Roads, which resulted in the Division's net sales from exports and operations abroad rising to EUR 122.4 million (32.6), i.e. 37 % (14) of total net sales. In addition to the new asphalt paving markets, the favourable earnings trend was influenced by improved cost effectiveness and higher sales of ancillary asphalt paving products and geotechnical products.

The acquisition of Icopal Roads' asphalt paving and mineral aggregate operations in Denmark and Norway has affected the net sales and result for the accounting period since the beginning of April. The first-quarter loss of these operations, which stems from their seasonal nature, is not included in the Division's result. Goodwill amounting to EUR 37.5 million arising from the Icopal transaction will be written off over 20 years, as the yield expectations of the acquisition are good also in the long term.

The net sales of the Building Materials Division rose slightly to EUR 89.9 million (87.2). The Division's operating profit remained flat at the previous year's level and was EUR 5.4 million (5.2). Sales of bituminous roofing materials and urban environment products rose, whereas demand for precast concrete stair units declined with the fall-off in building construction activity.

The net sales of Lemminkäinen Construction Ltd fell slightly to EUR 160.3 million (165.0). The company's operating profit improved markedly and was EUR 10.5 million (4.9). At the end of 2000 Lemminkäinen Construction Ltd set up Lemcon Networks Ltd, a subsidiary specialising in telecom network construction, to join its traditionally strong civil engineering and project management contracting businesses. Both the volume and scope of telecom network construction grew strongly in 2001. Lemcon Networks Ltd's net sales were EUR 15.5 million.

The net sales of Oy Alfred A. Palmberg Ab, which specialises in building contracting on the Finnish

market, fell to EUR 387.5 million (452.8). Palmberg's operating profit was also down on the previous year at EUR 12.4 million (14.7). The number of new private-sector housing starts was lower than in 2000, mainly due to the scarcity of suitable building plots. The number of own residential development apartments completed by the company was 752 units (718). New apartments completed under competitive tender contracting totalled 1 124 (1 691).

The technical building services contractor Tekmanni Oy was consolidated into the Lemminkäinen Group in October 2000. The company's net sales in 2001 were EUR 178.0 million (45.1) and its operating profit EUR 6.0 million (1.8). Tekmanni's full-year net sales in 2000 were EUR 139.9 million and its operating profit EUR 4.9 million. Goodwill of EUR 28.4 million from the Tekmanni acquisition will be written off over 10 years.

INVESTMENTS

The Group's gross investments in fixed assets were EUR 94.0 million (72.4). The above-mentioned acquisitions in Denmark and Norway accounted for most of the investment total. The remaining investments were primarily targeted at paving, crushing and excavation equipment, production plant for building materials, and building construction equipment.

The company sold its head office building for EUR 19.3 million.

ORDER BOOK

The value of the Group's uninvoiced orders at the end of the accounting period was EUR 440.7 million (451.1), of which operations abroad accounted for EUR 66.4 million (37.9). The increase in orders from abroad was primarily attributable to the acquisition of Icopal Roads.

FINANCING

According to the source and application of funds statement, the cash flow from business operations was EUR 81.2 million (23.4) and the cash flow before financing EUR 25.1 million (-44.5). The net increase in outstanding loans was EUR 18.0 million (47.3) and interest-bearing liabilities at the end of the accounting period were EUR 138.7 million (120.6). Investments were

financed partly by selling equipment and contract receivables to finance companies. The increase in outstanding loans occurred mainly in the Danish and Norwegian subsidiaries and in the local currencies of these companies. Liquid funds were EUR 48.0 million (33.1) and interest-bearing net debt EUR 90.7 million (87.5). Net financing expenses were EUR 8.0 million (3.8), representing 0.7 % (0.4) of net sales. Dividends totalling EUR 14.3 million (14.3) were paid. The equity ratio was 41.7 % (36.9) and the gearing ratio 44.1 % (54.0).

PERSONNEL

The average number of personnel in the Group during the accounting period was 6 311 (4 487), of whom 1 952 (1 507) were salaried staff and 4 359 (2 980) hourly paid employees. The number of employees at the end of the year was 5 967 (5 439).

RESEARCH AND DEVELOPMENT

The Group's research and development expenses were approximately EUR 4.5 million, representing 0.4 % of net sales. The R&D emphasis in 2001 was on projects with environmental themes.

GROUP STRUCTURE

The company set up a Norwegian subsidiary, Lemminkäinen Norge AS, to carry out the business operations acquired from Icopal a/s. The share capital of the new subsidiary is NOK 35.0 million.

During the accounting period Lemminkäinen acquired full ownership of Itä-Suomen Valmisbetoni Oy, a Finnish manufacturer of ready-mix concrete. The company's net sales in the previous accounting period were EUR 1.3 million.

At the end of the accounting period Lemminkäinen acquired a majority stake in TKU-Rakennus Oy, a Finnish building firm based in Turku. The company's net sales in the previous accounting period were EUR 6.7 million.

The mineral aggregate subsidiaries Stenberg-Yhtiöt Oy and Keski-Suomen Sora Oy merged with Lemminkäinen Corporation on 28th September 2001.

SHARES AND SHARE CAPITAL

The average listed price of Lemminkäinen Corporation's share during the

accounting period was EUR 12.86 (11.89). The year-end price of the Company's share was EUR 13.00 (12.00) and the market capitalisation EUR 221.3 million (204.3). At the end of the year the Company had 1,843 (1 720) shareholders. The trading volume was 460 229 shares (1 185 415).

ADMINISTRATION

The Annual General Meeting of Lemminkäinen Corporation was held on 23rd March 2001. The Company's Board of Directors comprised Messrs. Heikki Pentti (Chairman), Teppo Taberman (Vice-chairman), Paul Blomqvist, Erkki J. Pentti and Juhani Sormaala.

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

The Company's auditors are Messrs. Jan Holmberg, A.P.A. and Jarmo Alén, A.P.A. The deputy auditor is Authorised Public Accountants Oy Joe Sundholm & Co. Ab, with Kim Karhu, A.P.A. as the responsible auditor.

INVESTIGATIONS OF THE COMPETITION AUTHORITIES IN SWEDEN AND NORWAY

The competition authorities in Sweden and Norway are investigating their respective asphalt paving industries due to suspicions of activities violating competition legislation. In both countries the investigations encompass all relevant companies in the industry.

Lemminkäinen Corporation has a majority stake in the Swedish company Kvalitetsasfalt i Mellansverige Ab. The company's net sales are approximately EUR 20 million and its market share is about 4 %. The net sales of Lemminkäinen's Norwegian subsidiary Lemminkäinen Norge AS are roughly EUR 45 million and its market share is about 17 %.

Lemminkäinen is not in possession of any information suggesting that either of the above-mentioned subsidiaries has been involved in these suspected violations.

OUTLOOK FOR THE YEAR 2002

No essential change in the volume of domestic building construction is expected to occur this year. Building construction is expected to decline by 3-4 %, but demand for housing will

remain good. The number of new housing starts is expected to rise. The volume of civil engineering contracting is also expected to rise slightly thanks mainly to major railway and road projects starting this year. Construction exports appear to be developing favourably.

No significant changes are anticipated in the markets of the Paving and Mineral Aggregates Division. Demand for asphalt paving contracting is expected to rise slightly in the Baltic Rim region and in Russia. The Division's net sales are expected to remain flat and its profitability to continue at the present good level.

The development of the Building Materials Division's net sales will be largely determined by the total volume of building construction. The Division's net sales are not expected to rise significantly in a declining market, but its result is expected to remain at a good level.

Lemminkäinen Construction Ltd's good order book and strong market position provide the company with a good starting point for the current year. No specific growth targets have been set for the company's net sales. Its profitability is likely to remain good.

The upward trend of Palmberg's net sales that had lasted for several years came to an end in 2001. The scarcity of building plots will continue to limit private-sector housing production, and a decline in commercial and office construction also looks likely this year. Nonetheless, Palmberg's net sales are expected to remain flat at last year's level. The company is not expected to improve its result in light of the present outlook.

It appears that the technical building services market will remain stable in 2002. Tekmanni's good order book and the outlook for its business sectors suggest that the company can maintain its net sales and result at last year's level.

The development of the construction market is now subject to more uncertainty than before. However, several years of steady growth and favourable earnings development have left Lemminkäinen reasonably well placed to meet the challenges of the current year. Lemminkäinen's net sales may decline, but the company still has every chance of turning in another good result this year.

CONSOLIDATED INCOME STATEMENT

	Note	EUR 1 000 1.1.2001 – 31.12.2001	EUR 1 000 1.1.2000 – 31.12.2000
NET SALES	1.1	1 116 550	964 558
Increase (+) or decrease (-) in stocks of finished goods and work in progress		6 176	14 298
Production for own use		495	479
Other operating income	1.2	7 982	4 825
Materials and services	1.3	692 316	663 590
Personnel expenses	1.4	244 358	170 157
Depreciation	1.5	27 823	22 868
Other operating expenses		97 031	77 363
OPERATING PROFIT		69 674	50 182
Financial income and expenses	1.6	-7 964	-3 827
PROFIT BEFORE TAXES		61 709	46 355
Indirect taxes	1.8	-4 052	-16 055
Minority interests		-2 596	-1 009
PROFIT FOR THE ACCOUNTING PERIOD		55 061	29 291

CONSOLIDATED BALANCE SHEET

	Note	EUR 1 000 31.12.2001	EUR 1 000 31.12.2000
ASSETS			
NON-CURRENT ASSETS	2.1		
Intangible assets	2.1.1	43 825	7 163
Goodwill on consolidation	2.1.2	29 847	32 515
Tangible assets	2.1.3	110 283	119 918
Holdings in affiliated undertakings	2.1.4	6 475	2 500
Other investments	2.1.4	7 401	7 417
		197 831	169 513
CURRENT ASSETS	2.2		
Inventories	2.2.1	145 190	137 208
Non-current receivables	2.2.2	119	236
Deferred tax asset	2.2.3	1 234	1 130
Current receivables	2.2.4	163 247	157 955
Investments	2.2.5	12 488	8 743
Cash in hand and at banks		35 479	24 394
		357 759	329 666
		555 591	499 179
LIABILITIES			
SHAREHOLDERS' EQUITY	2.3		
Share capital		34 043	34 043
Share premium account		5 750	5 750
Revaluation reserve		105	119
Retained earnings		100 029	85 329
Profit for the accounting period		55 061	29 291
		194 988	154 532
MINORITY INTERESTS		10 550	7 479
OBLIGATORY PROVISIONS	2.5	4 190	3 766
LIABILITIES	2.6		
Deferred tax liability	2.6.1	14 754	14 011
Non-current liabilities	2.6.2	103 486	102 800
Current liabilities	2.6.3	227 623	216 592
		345 862	333 403
		555 591	499 179

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	EUR 1 000 1.1.2001 – 31.12.2001	EUR 1 000 1.1.2000 – 31.12.2000
INCOME FINANCING		
Operating profit	69 674	50 182
Depreciation	27 823	22 868
Financial income and expenses	-7 964	-3 827
Taxes	-2 788	-18 171
Total	86 744	51 052
CHANGE IN NET WORKING CAPITAL		
Increase (-) or decrease (+) in inventories	-7 982	-22 650
Increase (+) or decrease (-) in advances against work in progress	3 273	-4 652
Increase (-) or decrease (+) in current receivables	-5 226	-32 763
Increase (+) or decrease (-) in interest-free current liabilities	4 437	32 378
Total	-5 498	-27 687
CASH FLOW FROM BUSINESS OPERATIONS	81 246	23 365
INVESTMENTS		
Investments in fixed assets	-93 978	-72 421
Disposal of and other changes in fixed assets	37 837	4 523
Total	-56 141	-67 898
CASH FLOW BEFORE FINANCING	25 105	-44 533
FINANCING		
Increase (-) or decrease (+) in non-current receivables	117	-8
Increase (+) or decrease (-) in non-current liabilities	686	43 535
Increase (+) or decrease (-) in current liabilities	3 745	19 056
Distribution of dividend	-14 314	-14 314
Others	-507	3 417
Total	-10 273	51 686
INCREASE OR DECREASE IN LIQUID FUNDS	14 831	7 153
Liquid funds at 1.1.	33 136	25 983
LIQUID FUNDS AT 31.12.	47 968	33 136

PARENT COMPANY INCOME STATEMENT

	Note	EUR 1 000 1.1.2001 – 31.12.2001	EUR 1 000 1.1.2000 – 31.12.2000
NET SALES	1.1	268 253	265 537
Increase (+) or decrease (-) in stocks of finished goods and work in progress		3 405	2 374
Production for own use		138	43
Other operating income	1.2	2 084	3 553
Materials and services	1.3	136 437	139 709
Personnel expenses	1.4	65 796	63 283
Depreciation	1.5	8 891	8 384
Other operating expenses		29 129	27 897
OPERATING PROFIT		33 628	32 233
Financial income and expenses	1.6	-4 274	-2 092
PROFIT BEFORE APPROPRIATIONS AND TAXES		29 354	30 141
Appropriations	1.7	2 410	2 245
Direct taxes	1.8	5 934	-9 367
PROFIT FOR THE ACCOUNTING PERIOD		37 698	23 019

PARENT COMPANY BALANCE SHEET

	Note	EUR 1 000 31.12.2001	EUR 1 000 31.12.2000
ASSETS			
NON-CURRENT ASSETS	2.1		
Intangible assets	2.1.1	1 539	1 790
Tangible assets	2.1.3	66 935	55 761
Holdings in group undertakings	2.1.4	155 334	158 571
Holdings in affiliated undertakings	2.1.4	1 274	1 262
Other investments	2.1.4	5 582	5 653
		230 664	223 037
CURRENT ASSETS	2.2		
Inventories	2.2.1	29 738	24 624
Non-current receivables	2.2.2	119	136
Current receivables	2.2.4	33 885	30 710
Investments	2.2.5	12 138	3 262
Cash in hand and at banks		1 179	1 525
		77 060	60 256
		307 724	283 293
LIABILITIES			
SHAREHOLDERS' EQUITY	2.3		
Share capital		34 043	34 043
Share premium account		5 675	5 675
Revaluation reserve		105	119
Retained earnings		69 890	61 169
Profit for the accounting period		37 698	23 019
		147 409	124 025
APPROPRIATIONS	2.4	18 499	18 307
LIABILITIES	2.6		
Deferred tax liability	2.6.1	2 126	2 132
Non-current liabilities	2.6.2	46 086	70 519
Current liabilities	2.6.3	93 604	68 310
		141 816	140 961
		307 724	283 293

PARENT COMPANY STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	EUR 1 000 1.1.2001-31.12.2001	EUR 1 000 1.1.2000-31.12.2000
INCOME FINANCING		
Operating profit	33 628	32 233
Depreciation	8 891	8 384
Financial income and expenses	-4 274	-2 092
Taxes	5 934	-9 367
Total	44 179	29 158
CHANGE IN NET WORKING CAPITAL		
Increase (-) or decrease (+) in inventories	-5 114	-1 862
Increase (+) or decrease (-) in advances against work in progress	-53	-379
Increase (-) or decrease (+) in current receivables	-3 176	-6 229
Increase (+) or decrease (-) in interest-free current liabilities	-4 131	-3 360
Total	-12 474	-11 830
CASH FLOW FROM BUSINESS OPERATIONS	31 705	17 328
INVESTMENTS		
Investments in fixed assets	-26 730	-61 153
Disposal of and other changes in fixed assets	10 212	3 086
Total	-16 518	-58 067
CASH FLOW BEFORE FINANCING	15 187	-40 739
FINANCING		
Increase (-) or decrease (+) in non-current receivables	17	29
Increase (+) or decrease (-) in non-current liabilities	-24 433	41 216
Increase (+) or decrease (-) in current liabilities	29 478	10 934
Distribution of dividend	-14 314	-14 314
Others	2 596	63
Total	-6 657	37 928
INCREASE OR DECREASE IN LIQUID FUNDS	8 531	-2 810
Liquid funds at 1.1.	4 786	7 596
LIQUID FUNDS AT 31.12.	13 317	4 786

CONSOLIDATION

The parent company, Lemminkäinen Corporation, and all the group and affiliated undertakings classified as investments under non-current assets are included in the consolidated financial statements.

Intra-group shareholdings have been eliminated using the past equity method, whereby the acquisition cost of shares in subsidiary undertakings has been eliminated against the shareholders' equity of the subsidiary undertakings at the time of acquisition. The voluntary provisions and depreciation reserves of subsidiary undertakings at the time of acquisition less the deferred tax liability are included in shareholders' equity. Where the cost of acquiring shares in a subsidiary undertaking exceeds the corresponding value of its shareholders' equity, the excess is assigned to fixed assets and/or goodwill on consolidation. The share assigned to fixed assets is depreciated in accordance with the depreciation plan for the fixed asset item in question. The depreciation periods for goodwill on consolidation are 5-20 years according to the plan in effect at the time of acquisition. A depreciation period of longer than five years is applied to companies whose longer-term earnings expectations are good, based on factors such as strength of market position or good technical expertise in their own areas of business.

Intra-group transactions and the internal margin included in inventories have been eliminated in the consolidated income statement, as have intra-group receivables, liabilities and dividend payments.

Minority interests have been deducted from the Group's profit and shareholders' equity and entered as a separate item in the consolidated income statement and balance sheet.

The accounts of affiliated undertakings have been consolidated using the equity method, whereby, instead of dividend income, the Group's share of the earnings of affiliated undertakings corresponding to its ownership stake, less depreciation on goodwill, is included in the consolidated income statement. Correspondingly, the Group's share of the shareholders' equity of affiliated undertakings, including the tax liability, less the share of voluntary provisions and depreciation reserves, plus goodwill minus accumulated depreciation on goodwill, is recorded as the value of the affiliated undertakings on the consolidated balance sheet.

FOREIGN CURRENCY ITEMS

Transactions in foreign currencies are recorded at the exchange rates ruling

on the date of the transaction. Receivables and liabilities denominated in foreign currencies have been converted into Finnish marks at the rates of exchange ruling on the last day of the accounting period.

Foreign currency receivables and liabilities protected by forward rate agreements are valued at the forward rate, and the interest share is periodised on the basis of the duration of the agreements. Exchange rate differences related to sales and purchases are recorded as adjustments to the corresponding items. Exchange rate gains and losses related to financing are recorded as a net amount under financial income and expenses.

When preparing the consolidated financial statements, figures from the final accounts of foreign subsidiary undertakings have been converted into Finnish marks at the exchange rates ruling on the last day of the accounting period. Translation differences arising from eliminations of the shareholders' equity in foreign subsidiary undertakings have been recorded in shareholders' equity.

RECOGNITION OF INCOME FROM CONSTRUCTION PROJECTS

The consolidated and parent company financial statements have been prepared in accordance with the percentage-of-completion method, whereby income from construction projects is recognised according to the degree of project completion. Although the completed contract method of income recognition is still used in the official financial statements of subsidiary undertakings, they have prepared additional financial statements based on the percentage-of-completion method for the purpose of consolidation. The degree of project completion is calculated as the ratio of actually incurred expenses to estimated total expenses. The margin on Lemminkäinen's own developments is recognised as income on the basis of either the degree of building completion or the percentage of housing units sold, the lower value taking precedence. Anticipated losses from unprofitable projects on the order book are recorded in total as expenses.

VALUATION AND DEPRECIATION OF FIXED ASSETS

Fixed assets are shown on the balance sheet at their original acquisition costs less accumulated annual planned depreciation. In addition, the values of some land, buildings and shareholdings include revaluations, against which no depreciation has been charged.

Depreciation according to plan is computed using the straight-line method and is based on the economic lifetimes of the assets. The depreciation periods are as follows:

- Intangible rights
5 - 10 years
- Goodwill and goodwill on consolidation
5 - 20 years
- Other capitalised expenditure
5 - 10 years
- Buildings
10 - 40 years
- Machinery and equipment
4 - 10 years
- Mineral aggregate deposits
depreciation for decrease of substance
- Others tangible assets
10 years

VALUATION OF INVENTORIES

Inventories have been valued according to the FIFO principle at their acquisition cost or, if lower, their new acquisition price or probable selling price. The value of inventories includes the variable expenditure arising from their acquisition and production.

VALUATION OF FINANCIAL ASSETS

Investments are valued at their acquisition cost or, if lower, their market value.

PENSION LIABILITY

Pension security for employees of the Group, inclusive of additional benefits, is covered by policies with pension insurance companies.

RESEARCH AND DEVELOPMENT EXPENSES

R&D expenses are recorded in the year during which they are incurred.

LEASING

Leasing payments are recorded as annual expenses. The remaining rental payments of leasing contracts are presented in the notes to the financial statements under liabilities.

DIRECT TAXES

Taxes calculated on the basis of the results of group undertakings for the accounting period, adjustments to the taxes of earlier accounting periods, and the change in the deferred tax liability and asset are recorded as direct taxes on the consolidated income statement. The deferred tax liability or asset is calculated for the timing differences between taxation and accounting using the tax rate in force at the closing of the accounts. Confirmed losses that are deductible against taxation are treated as a tax asset to the extent that the Company will likely be able to utilise them in the near future.

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		PARENT COMPANY	
EUR 1 000	1.1.–31.12.2001	1.1.–31.12.2000	1.1.–31.12.2001	1.1.–31.12.2000

1. INCOME STATEMENT

1.1 NET SALES AND OPERATING PROFIT

Net sales by business sector

Paving and Mineral Aggregates Division	326 684	233 043	187 521	186 100
Building Materials Division	89 922	87 170	78 152	77 254
Lemminkäinen Construction Ltd	160 272	164 990		
Oy Alfred A. Palmberg Ab	387 534	452 782		
Tekmanni Oy	177 972	45 080		
Intra-group sales / others	-25 833	-18 507	2 581	2 183
Total	1 116 550	964 558	268 253	265 537

Net sales by market area

Finland	914 039	846 986	261 152	256 674
Nordic countries	127 221	39 572	1 507	2 650
Eastern Europe	30 622	15 765	4 706	5 282
Western Europe	30 834	53 272	218	169
Asia and Latin America	13 834	6 534	670	762
Africa		2 429		
Total	1 116 550	964 558	268 253	265 537

Operating profit by business sector

Paving and Mineral Aggregates Division	36 647	25 586	28 796	25 611
Building Materials Division	5 405	5 155	4 832	5 159
Lemminkäinen Construction Ltd	10 514	4 880		
Oy Alfred A. Palmberg Ab	12 412	14 664		
Tekmanni Oy	5 951	1 842		
Group eliminations / others	-1 257	-1 945		1 463
Total	69 674	50 182	33 628	32 233

1.2 OTHER OPERATING INCOME

Profit on the sale of fixed assets	4 432	2 714	1 116	2 246
Share of the results of affiliated undertakings	1 342	459		
Others	2 207	1 652	968	1 307
Total	7 982	4 825	2 084	3 553

1.3 MATERIALS AND SERVICES

Raw materials, consumables and goods

Purchases during the accounting period	345 227	317 219	76 719	82 238
Change in inventories	257	-6 734	-653	512
	345 484	310 485	76 065	82 750
External services	346 832	353 105	60 371	56 959
Total	692 316	663 590	136 437	139 709

EUR 1 000	GROUP		PARENT COMPANY	
	1.1.–31.12.2001	1.1.–31.12.2000	1.1.–31.12.2001	1.1.–31.12.2000

1.4 NOTES CONCERNING PERSONNEL, MANAGEMENT AND BOARD MEMBERS

Personnel expenses

Salaries, wages and emoluments	199 552	135 147	53 061	50 525
Pension expenses	30 168	23 291	8 758	8 705
Other personnel-related expenses	14 638	11 719	3 977	4 053
Total	244 358	170 157	65 796	63 283

Management salaries and emoluments

Board members and managing directors	2 625	1 832	455	419
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Average number of employees

Salaried staff	1 952	1 507	504	476
Hourly paid employees	4 359	2 980	1 201	1 136
Total	6 311	4 487	1 705	1 612

Average number of employees by business sector

Paving and Mineral Aggregates Division	2 044	1 369	1 096	984
Building Materials Division	646	654	609	628
Lemminkäinen Construction Ltd	459	497		
Oy Alfred A. Palmberg Ab	1 522	1 584		
Tekmanni Oy	1 640	383		
Total	6 311	4 487	1 705	1 612

Pension commitments concerning board members and managing directors

The retirement age of the managing directors of Lemminkäinen Corporation, Oy Alfred A. Palmberg Ab and Lemminkäinen Construction Ltd is 60 years. The retirement age of the managing directors of other group undertakings is the statutory retirement age.

1.5 DEPRECIATION

Intangible rights	523	413	223	185
Goodwill	2 582	437	330	369
Other capitalised expenditure	227	69	11	9
Buildings	2 239	2 431	964	949
Machinery and equipment	16 651	14 257	7 027	6 635
Other tangible assets	1 416	804	336	237
Depreciation of tangible and intangible assets	23 637	18 411	8 891	8 384
Depreciation of goodwill on consolidation	4 186	4 457		
Total	27 823	22 868	8 891	8 384

EUR 1 000	GROUP		PARENT COMPANY	
	1.1.–31.12.2001	1.1.–31.12.2000	1.1.–31.12.2001	1.1.–31.12.2000

1.6 FINANCIAL INCOME AND EXPENSES

Dividend income

From group undertakings			201	309
From others	351	237	315	165
Total	351	237	516	474

Other interest and financial income

From group undertakings			2 478	520
From others	1 958	1 141	813	381
Total	1 958	1 141	3 291	901

Interest expenses and other financial expenses

To group undertakings			-1 430	-622
To others	-10 273	-5 205	-6 651	-2 845
Total	-10 273	-5 205	-8 081	-3 467

Net financial income/expenses	-7 964	-3 827	-4 274	-2 092
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Exchange rate differences (net) included
in financial income/expenses

394	189	342	-157
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1.7 APPROPRIATIONS

Difference between depreciation according to plan
and depreciation charged against taxation

2 410	2 245
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1.8 DIRECT TAXES

Income taxes on normal business operations	-17 941	-18 378	-9 248	-9 086
Income taxes in respect of previous years	15 152	208	15 176	-307
Change in the deferred tax liability	-1 263	2 115	6	26
Total	-4 052	-16 055	5 934	-9 367

2. BALANCE SHEET

2.1 NON-CURRENT ASSETS

2.1.1 Intangible assets

Intangible rights	1 763	1 373	634	557
Goodwill	41 190	4 688	791	876
Other capitalised expenditure	740	683	87	54
Advance payments	132	418	27	303
Total	43 825	7 163	1 539	1 790

EUR 1 000	GROUP		PARENT COMPANY	
	1.1.–31.12.2001	1.1.–31.12.2000	1.1.–31.12.2001	1.1.–31.12.2000
2.1.2 Goodwill on consolidation	29 847	32 515		
2.1.3 Tangible assets				
Land and Waters	10 378	8 361	7 321	7 305
Buildings	27 069	39 370	15 283	16 104
Machinery and equipment	58 759	60 858	36 380	27 478
Other intangible assets	10 925	9 844	6 461	4 250
Advance payments and work in progress	3 152	1 485	1 489	624
Total	110 283	119 918	66 935	55 761
2.1.4 Investments				
Holdings in group undertakings			155 334	158 571
Holdings in affiliated undertakings	6 475	2 500	1 274	1 262
Other shares and holdings	7 401	7 417	5 582	5 653
Total	13 876	9 917	162 190	165 486
2.1.1. Intangible assets				
Intangible rights				
Acquisition cost 1.1.	3 101	1 856	1 210	1 121
Translation difference	3	-1		
Increases	1 002	1 303	308	91
Decreases	-567	-57	-24	-2
Acquisition cost 31.12.	3 539	3 101	1 494	1 210
Accumulated depreciation 31.12.	-1 776	-1 728	-861	-653
Book value 31.12.	1 763	1 373	634	557
Goodwill				
Acquisition cost 1.1.	6 837	2 733	3 317	3 894
Translation difference	-166			
Increases	39 236	4 705	245	24
Decreases	-891	-601	-1 862	-601
Acquisition cost 31.12.	45 016	6 837	1 700	3 317
Accumulated depreciation	-3 826	-2 149	-909	-2 441
Book value 31.12.	41 190	4 688	791	876
Other capitalised expenditure				
Acquisition cost 1.1.	802	712	93	93
Translation difference	3	1		
Increases	720	91	92	
Decreases	-420	-3		
Acquisition cost 31.12.	1 104	801	184	93
Accumulated depreciation 31.12.	-364	-118	-97	-39
Book value 31.12.	740	683	87	54

EUR 1 000	GROUP		PARENT COMPANY	
	1.1.–31.12.2001	1.1.–31.12.2000	1.1.–31.12.2001	1.1.–31.12.2000
Advance payments				
Acquisition cost 1.1.	418	121	303	117
Translation difference				
Increases	200	323	27	207
Decreases	-486	-25	-303	-22
Acquisition cost 31.12.	132	419	27	303
2.1.2 Goodwill on consolidation				
Acquisition cost 1.1.	61 719	29 284		
Translation difference				
Increases	1 517	32 435		
Decreases	-25 990			
Acquisition cost 31.12.	37 246	61 719		
Accumulated depreciation 31.12.	-7 399	-29 204		
Book value 31.12.	29 847	32 515		
2.1.3 Tangible assets				
Land				
Acquisition cost 1.1.	5 138	4 825	4 082	4 074
Increases	2 065	318	40	13
Decreases	-48	-5	-24	-5
Acquisition cost 31.12.	7 155	5 138	4 098	4 082
Revaluations	3 223	3 223	3 223	3 223
Book value 31.12.	10 378	8 361	7 321	7 305
Buildings				
Acquisition cost 1.1.	66 729	61 963	27 662	26 594
Translation difference	113			
Increases	5 922	5 052	275	1 150
Decreases	-25 176	-285		-82
Acquisition cost 31.12.	47 588	66 729	27 938	27 662
Accumulated depreciation	-23 119	-29 960	-15 255	-14 158
Revaluations	2 600	2 600	2 600	2 600
Book value 31.12.	27 069	39 370	15 283	16 104
Machinery and equipment				
Acquisition cost 1.1.	141 833	120 577	76 059	71 917
Translation difference	45	-7		
Increases	37 904	28 658	31 090	9 466
Decreases	-33 349	-7 395	-15 152	-5 324
Acquisition cost 31.12.	146 434	141 833	91 998	76 059
Accumulated depreciation 31.12.	-87 675	-80 975	-55 617	-48 581
Book value 31.12.	58 759	60 858	36 380	27 478

EUR 1 000	GROUP		PARENT COMPANY	
	1.1.–31.12.2001	1.1.–31.12.2000	1.1.–31.12.2001	1.1.–31.12.2000
Other tangible assets				
Acquisition cost 1.1.	14 587	11 179	7 392	6 814
Translation difference	17	-3		
Increases	3 596	3 483	3 263	582
Decreases	-904	-72	-66	-4
Acquisition cost 31.12.	17 295	14 587	10 589	7 392
Accumulated depreciation 31.12.	-6 370	-4 743	-4 128	-3 143
Book value 31.12.	10 925	9 844	6 461	4 250
Advance payments and construction in progress				
Acquisition cost 1.1.	1 485	729	624	790
Translation difference	14			
Increases	3 451	1 479	1 413	618
Decreases	-1 800	-723	-548	-784
Acquisition cost 31.12.	3 152	1 485	1 489	624
2.1.4 Investments				
Holdings in group undertakings				
Acquisition cost 1.1.			158 571	108 802
Increases			12 854	49 769
Decreases			-16 091	
Acquisition cost 31.12.			155 334	158 571
Holdings in affiliated undertakings				
Acquisition cost 1.1.	2 500	2 497	1 262	1 262
Increases	3 975	316	12	
Decreases		-313		
Acquisition cost 31.12.	6 475	2 500	1 274	1 262
Other shares				
Acquisition cost 1.1.	5 816	6 156	4 051	4 505
Increases	244	259	11	96
Decreases	-240	-599	-61	-549
Acquisition cost 31.12.	5 821	5 816	4 001	4 052
Revaluations	1 581	1 601	1 581	1 601
Book value 31.12.	7 401	7 417	5 582	5 653
2.1.5 Revaluations				
Land				
Value 1.1.	3 223	3 223	3 223	3 223
Value 31.12.	3 223	3 223	3 223	3 223
Buildings				
Value 1.1.	2 600	2 600	2 600	2 600
Value 31.12.	2 600	2 600	2 600	2 600

EUR 1 000	GROUP		PARENT COMPANY	
	1.1.–31.12.2001	1.1.–31.12.2000	1.1.–31.12.2001	1.1.–31.12.2000
Shares				
Value 1.1.	1 601	1 691	1 601	1 691
Decrease	-21	-90	-21	-90
Value 31.12.	1 581	1 601	1 581	1 601
2.2 CURRENT ASSETS				
2.2.1 Inventories				
Raw materials and consumables	13 484	9 164	7 195	6 184
Building plots	34 026	45 018		
Work in progress	32 037	35 667		
Apartments and premises	42 471	27 028		
Finished products/goods	23 172	20 331	22 543	18 440
Total	145 190	137 208	29 738	24 624
2.2.2 Non-current receivables				
Loan receivables	119	236	119	136
2.2.3 Deferred tax asset				
From timing differences	1 234	1 130		
2.2.4 Current receivables				
Accounts receivable	111 498	114 555	10 060	12 678
Amounts owed by group undertakings				
Accounts receivable			4 610	2 646
Other receivables			14 154	11 472
Prepayments and accrued income			173	173
Total			18 936	14 291
Amounts owed by affiliated undertakings				
Accounts receivable	8	17	8	17
Loan receivables	15 780	11 538	230	532
Other receivables	5 452	2 200	78	74
Prepayments and accrued income	30 509	29 645	4 573	3 117
Total	51 741	43 383	4 881	3 723
Current receivables, total	163 247	157 955	33 885	30 710
Items included in prepayments and accrued income:				
Project income	18 126	23 460		1 383
Taxes	1 077	568		28
Wage- and salary-related expenses	2 156	324	1 041	71
Others	9 150	5 293	3 533	1 635
Total	30 509	29 645	4 573	3 117

EUR 1 000	GROUP		PARENT COMPANY	
	1.1.–31.12.2001	1.1.–31.12.2000	1.1.–31.12.2001	1.1.–31.12.2000
2.2.5 Investments				
Other securities	12 488	8 743	12 138	3 262
2.3 SHAREHOLDERS' EQUITY				
Share capital 1.1.	34 043	28 628	34 043	28 628
Bonus issue		5 415		5 415
Share capital	34 043	34 043	34 043	34 043
Share premium account 1.1.	5 750	11 165	5 675	11 090
Bonus issue		-5 415		-5 415
Share premium account 31.12.	5 750	5 750	5 675	5 675
Revaluation reserve 1.1.	120	183	120	183
Decrease	-15	-64	-15	-64
Revaluation reserve 31.12.	105	120	105	120
Retained earnings 1.1.	114 619	99 611	84 189	75 420
Distribution of dividend	-14 314	-14 314	-14 314	-14 314
Transfer from revaluation reserve	15	64	15	64
Translation difference	-291	-32		
Retained earnings 31.12.	100 029	85 329	69 890	61 169
Profit for the accounting period	55 061	29 291	37 698	23 019
Shareholders' equity, total	194 988	154 532	147 409	124 025
Distributable funds 31.12.	140 378	114 618	107 587	84 188
2.4. APPROPRIATIONS				
Depreciation reserve 31.12.			18 499	18 307
2.5 OBLIGATORY PROVISIONS				
Guarantee provisions	3 288	3 699		
Other obligatory provisions	903	67		
Total	4 190	3 766		
2.6 LIABILITIES				
2.6.1 Deferred tax liability				
Appropriations	6 741	7 312		
Revaluations	2 126	2 132	2 126	2 132
Timing differences	5 887	4 567		
Total	14 754	14 011	2 126	2 132

EUR 1 000	GROUP		PARENT COMPANY	
	1.1.–31.12.2001	1.1.–31.12.2000	1.1.–31.12.2001	1.1.–31.12.2000
2.6.2 Non-current liabilities				
Loans from credit institutions	96 186	80 679	44 438	55 319
Pension loans	5 651	6 863		
Other non-current liabilities	1 648	15 258	1 648	15 201
Total	103 486	102 800	46 086	70 519
Liabilities due after five years or later				
Loans from credit institutions	33 126	21 805	14 801	18 501
Pension loans	41	122		
Total	33 166	21 927	14 801	18 501
2.6.3 Current liabilities				
Loans from credit institutions	34 138	31 339	10 881	15 486
Pension loans	1 821	1 753	168	
Advances received	62 863	59 589		53
Accounts payable	34 483	42 206	6 232	7 754
Accounts payable to group undertakings			482	306
Other liabilities to group undertakings			61 919	27 028
Other liabilities	15 386	22 175	1 244	1 711
Accruals and deferred income	78 932	59 530	12 678	15 971
Total	227 623	216 592	93 604	68 310
Items included in accruals and deferred income:				
Project expenses	6 625	6 303		
Value added tax	16 598	6 180	1 180	2 063
Income tax	8 502	6 794		1 664
Wage- and salary-related expenses	35 862	33 183	9 404	10 939
Others	11 345	7 070	2 094	1 305
Total	78 932	59 530	12 678	15 971

2.7 EFFECT OF PERCENTAGE-OF-COMPLETION METHOD ON BALANCE SHEET ITEMS

Inventories

Work in progress, total	255 724	248 127
Portion recognised as income	-223 687	-212 460
Work in progress on the balance sheet	32 037	35 667

Current liabilities

Advances received, total	304 702	240 185
Portion recognised as income	-241 839	-180 596
Advances received on the balance sheet	62 863	59 589

EUR 1 000	GROUP		PARENT COMPANY	
	1.1.–31.12.2001	1.1.–31.12.2000	1.1.–31.12.2001	1.1.–31.12.2000
2.8 CONTINGENT LIABILITIES				
Liabilities as well as mortgages and bonds pledged as security for them				
Loans from financial institutions	41 665	29 105	11 353	17 723
Property mortgages	1 219	1 219		
Business mortgages	64 502	31 502	23 546	23 546
Bonds pledged as security	290	290		
Total	66 010	33 010	23 546	23 546
Other mortgages and securities for own commitments				
Property mortgages	5 151	10 735	957	
Business mortgages	18 280	27 877	1 682	1 682
Bonds pledged as security	5 985	4 281		
Total	29 416	42 893	2 639	1 682
Mortgages for commitments of group undertakings				
Property mortgages			349	
Business mortgages			33 000	
Total			33 349	
Mortgages and securities, total				
Property mortgages	6 370	11 953	1 306	
Business mortgages	82 782	59 379	58 228	25 228
Bonds pledged as security	6 275	4 570		
Total	95 426	75 903	59 534	25 228
Guarantees given				
On behalf of group undertakings			199 843	131 033
On behalf of affiliated undertakings	2 086	951	2 086	951
On behalf of others	6 347			
Total	8 433	951	201 929	131 984
Pension liabilities				
		34		
Leasing liabilities				
Payable in the year 2002	7 516	3 319	4 247	2 915
Payable in subsequent years	31 465	14 233	18 321	13 614
Total	38 980	17 552	22 569	16 529
Factoring liabilities				
	9 190			
Derivative contracts				
Forward foreign exchange contracts				
Nominal value	35 227	1 917	35 227	1 917
Current value	-154		-154	

SHARES AND HOLDINGS

Company	Consolidated shareholding %	Parent company shareholding			Shareholding of other group undertakings Value, EUR 1 000
		%	Shares	Shares Value, EUR 1 000	
Group undertakings 31* December 2001					
UAB Vakarų Automagistrė, Lithuania	99,3	99,3	1 713 663	1 835	
Forssan Betonituote Oy, Forssa	100,0	100,0	1 000	3 305	
UAB Greitkelis, Lithuania	97,5	97,5	1 555 683	1 620	
Itä-Suomen Valmisbetoni Oy, Lappeenranta	100,0				1 958
Kainuun Murske Oy, Kajaani	54,2	54,2	13	149	
Kvalitetsasfalt i Mellansverige Ab, Sweden	75,0	75,0	7 500	5 066	
Lemcon Baumanagement GmbH, Germany	100,0	100,0	100	21	
Lemcon Bauprojekt-Management GmbH, Austria	76,0				10
Lemcon Company S.A., Luxembourg	100,0	100,0	1 605	31	
Lemcon Építőipari Kft, Hungary	76,8				28
Lemcon (UK) Ltd, United Kingdom	100,0	100,0	100		
Lemminkäinen A/S, Denmark	100,0	100,0	45 500	18 972	
VAe A/S, Denmark	51,0				865
Lemminkäinen Norge AS, Norway	100,0				8 892
Lemminkäinen Eesti As, Estonia	100,0	100,0	10	3	
Lemminkäinen Svenska Ab, Sweden	100,0	100,0	10	12	
Omni-Sica Oy , Helsinki	100,0	100,0	50	9	
Oy Alfred A. Palmberg Ab, Helsinki	100,0	51,5	2 551	27 960	10 392
Oy Finnasfalt Ab, Helsinki	100,0	100,0	200	10	
Lemminkäinen Construction Ltd, Helsinki	100,0	100,0	100	1 682	
Sica Oy, Helsinki	100,0	100,0	1 003	55 946	
TEK Holding Oy, Helsinki	100,0	100,0	900	37 859	
Tielinja Oy, Helsinki	100,0	100,0	75	309	
ZAO Lemminkäinen Dor Stroi (Lemdorstroi), Russia	100,0	100,0	49	544	
As Rajar TI, Estonia	58,0				5
WPL-System Oy, Helsinki	100,0				42
Neccos Oy, Helsinki	100,0				52
Lemcon Latvija SIA, Latvia	100,0				375
Lemcon Vilnius UAB, Lithuania	100,0				979
UAB Kelio Linija, Lithuania	98,4				3
Lemcon Polska Sp.z o.o, Poland	100,0				387
ZAO Lemstroi, Russia	100,0				18
ZAO Neccos, Russia	100,0				2
ICM International Construction Management, Hungary	70,0				497
Lemcon Networks Ltd, Helsinki	76,0				304
Lemcon do Brasil Ltda, Brazil	76,0				464
Lemcon (Philippines) Inc., Philippines	76,0				222
Lemcon Pte Ltd, Singapore	76,0				7
Lemcon (Thailand) Ltd, Thailand	33,4				23
Oü Sten Killustik, Estonia	100,0	100,0	400	1	
Tekmanni Oy, Helsinki	82,6				1 464
Rakennustoimisto Palmberg Oy, Tampere	90,0				612
Oy Konte Ab, Vaasa	90,9				168
Rekab Entreprenad Ab, Sweden	80,0				243
Palmberg-Rakennus Oy, Oulu	100,0				168
Palmberg TKU Oy, Turku	90,0				654
Rakennusliike S. Horttanainen Oy, Porvoo	100,0				67
Byggnads Ab Forsström Rakennus Oy, Kokkola	75,0				151
Savocon Oy, Kuopio	96,4				417
Palmberg-Urakoitsijat Oy, Hyvinkää	90,0				45
AAP-Insinöörit Oy, Helsinki	100,0				9
Rakennus-Otava Oy, Jyväskylä	100,0				605
Oka Oy, Kouvola	70,0				2 463
Ab Jakobe Oy, Pietarsaari	85,0				1 087
Oy Kokkobe Ab, Kokkola	90,3				1 452
Total				155 332	35 131
Affiliated undertakings					
Pointti-Talo Oy, Lahti	45,0	45,0	27	293	
Talter AS, Estonia	49,0	49,0	4 140	981	1 003
Laing-Loy Management Ltd, United Kingdom	50,0				33
Martin Haraldstad AS, Norway	50,0				812
Moelv Grus AS, Norway	50,0				124
Nordasfalt AS, Norway	50,0				1 113
Lörenskog Asfalt ANS, Norway	50,0				627
Oy Tara-Element Ab, Kokkola	48,9				429
Other affiliated undertakings					1 059
Total				1 274	5 201
		Shareholding		Nominal value	Total
		%	Shares	EUR 1 000	EUR 1 000
Other shares and holdings					
Helsinki Halli Oy A, Helsinki			12	20	202
Oy Nordgolf Ab Y, Ääminnefors		1,4	16	67	24
Sampo Vakuutus Oy, Turku		0,0	88 460		153
Talentum Oyj, Helsinki		0,3	47 344	20	117
Vierumäen Kuntokylä Oy, Helsinki		3,4	2 640	44	137
Property shares					2 216
Housing shares					3 719
Other shares and holdings					834
Total					7 401

ECONOMIC TRENDS AND FINANCIAL INDICATORS

	2001 EUR mill.	2000 EUR mill.	1999 EUR mill.	1998 EUR mill.	1997 EUR mill.
Net sales	1 116.5	964.6	826.4	715.6	568.5
Exports and operations abroad	202.5	117.6	139.6	159.6	124.3
% net sales	18.1	12.2	16.9	22.3	21.9
Operating profit	69.7	50.2	42.8	30.6	21.3
% net sales	6.2	5.2	5.2	4.3	3.8
Profit before extraordinary items	61.7	46.4	39.9	27.1	18.3
% net sales	5.5	4.8	4.8	3.8	3.2
Profit before taxes	61.7	46.4	39.9	38.9	18.3
% net sales	5.5	4.8	4.8	5.4	3.2
Profit for the accounting period	55.1	29.3	26.4	14.2	11.9
% net sales	4.9	3.0	3.2	2.0	2.1
Non-current assets	197.8	169.5	124.5	114.1	111.6
Inventories	145.2	137.2	114.6	116.1	200.1
Financial assets	212.6	192.5	153.4	114.7	78.2
Shareholders' equity	195.0	154.5	139.6	122.0	105.6
Minority interests	10.5	7.5	3.3	2.1	1.5
Interest-bearing liabilities	138.6	120.6	73.3	63.4	62.6
Interest-free liabilities	211.5	216.5	176.3	157.4	220.2
Balance sheet total	555.6	499.2	392.5	344.8	389.9
Return on equity, % ¹⁾	31.4	19.9	20.6	5.6	12.1
Return on investment, %	23.0	20.7	21.7	18.0	12.8
Equity ratio, %	41.7	36.9	43.5	42.6	44.0
Gearing, %	44.1	54.0	33.1	30.3	37.4
Interest-bearing net liabilities	90.7	87.5	47.3	37.6	40.0
Gross investments	94.0	72.4	42.2	18.8	18.4
% net sales	8.4	7.5	5.1	2.6	3.2
Order book 31.12.	440.7	451.1	386.6	388.1	294.5
Number of employees	6 311	4 487	3 500	3 288	2 966

1) The EUR 15.2 million tax refund that is recognised as income in the 2001 accounts but had been recorded still as a liability in the 2000 accounts weakens the comparability of this indicator in particular.

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 the accounting period)

RETURN ON EQUITY, %

Profit before extraordinary items - income taxes x 100

Shareholders' equity + minority interests
(average for the accounting period)

EQUITY RATIO, %

Shareholders' equity + minority interests x 100

Balance sheet total - advances received

GEARING, %

Interest-bearing net 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

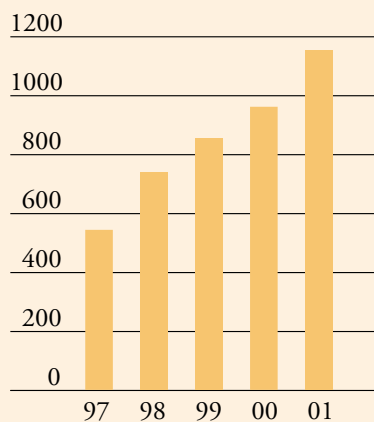
EMPLOYEES

Sum of monthly employee totals

Number of months in accounting period

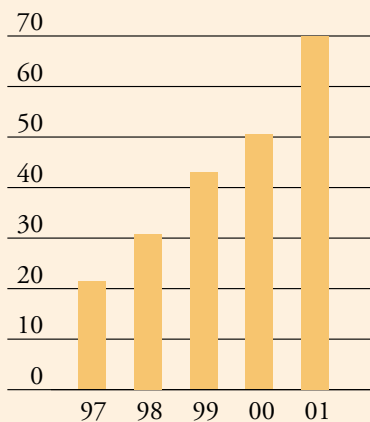
NET SALES

EUR mill.



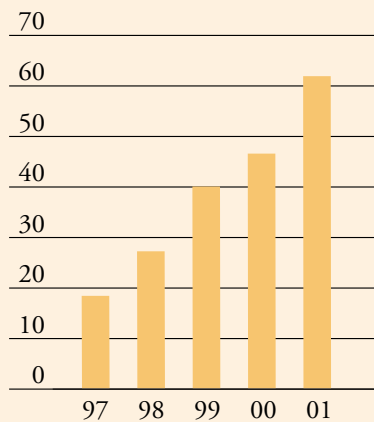
OPERATING PROFIT

EUR mill.



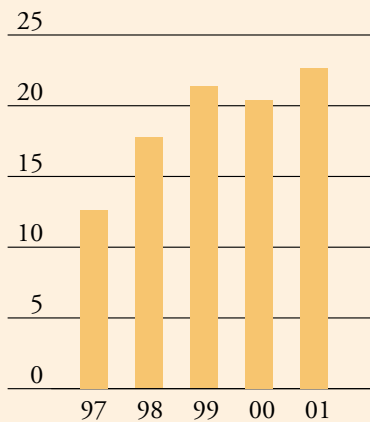
PROFIT BEFORE EXTRAORDINARY ITEMS

EUR mill.



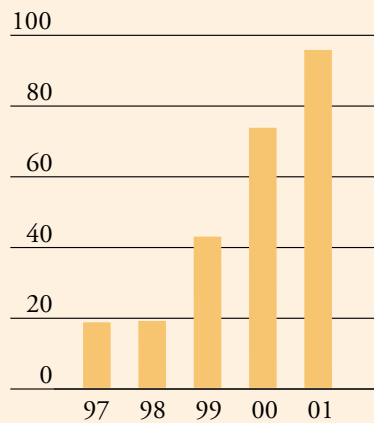
RETURN ON INVESTMENT

%



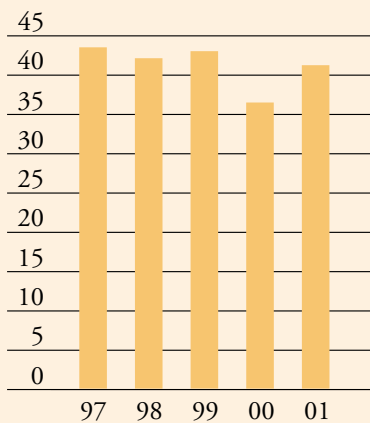
INVESTMENTS

EUR mill.



EQUITY RATIO

%



SHARES AND SHAREHOLDERS

Lemminkäinen Corporation's shares are included in the book entry system for securities. The Company's share is listed on Helsinki Exchanges. The Company has a market-making agreement with Nordea Securities Oyj.

The Company's share capital is EUR 34 042 500. The nominal value of the Company's share is EUR 2 and the number of shares 17 021 250. The Company has one share series.

SHARE PRICE AND TRADING

The average listed price of Lemminkäinen Corporation's share during the accounting period was EUR 12.86 (11.89). The year-end price of the Company's share was EUR 13.00 (12.00) and the market capitalisation EUR 221.3 million (204.3). At the end of the year the Company had 1 843 (1 720) shareholders. The trading volume was 460 229 shares (1 185 415).

NOTICE AS DEFINED IN SECTION 2, ARTICLE 9 OF THE SECURITIES MARKET ACT

During the accounting period the Company did not receive any notices as defined in section 2, article 9 of the Securities Market Act.

SHAREHOLDER AGREEMENTS

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

SHARE ISSUE AUTHORISATION

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.

OWN SHARES

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

MANAGEMENT SHARE OWNERSHIP

As of 31st December 2001, the members of the Board of Directors and the Managing Director held a total of 7 500 487 shares, representing 44.1 % of the Company's shares and their conferred voting rights.

THE COMPANY'S MAJOR SHAREHOLDERS 31ST DECEMBER 2001

	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
Pohjola Non-Life Insurance Company Limited	1 172 400	6.89
Etra Invest Oy	444 400	2.61
Varma-Sampo Mutual Pension Insurance Company	441 100	2.59
Placeringsfonden Aktia Capital	430 900	2.53
Ilmarinen Mutual Pension Insurance Company	304 600	1.79
Tukinvest Oy	201 600	1.18
Local Government Pensions Institution	194 800	1.14
Suomi Mutual Pension Insurance Company	165 000	0.97
LEL Employment Pension Fund	156 600	0.92
Suomi Insurance Company Limited	125 000	0.73
Placeringsfonden Aktia Secura	105 200	0.62
Sampo Life Assurance Company Limited	100 000	0.59
Total, 15 largest	15 003 465	88.13

OWNER GROUPS 31ST DECEMBER 2001

	Number of shareholders	% of shareholders	Shares held	% of total
Households	1 636	88.77	12 359 486	72.61
Companies	149	8.08	1 079 406	6.34
Financial and insurance institutions	16	0.87	2 080 230	12.22
Public corporations	6	0.33	1 162 900	6.83
Non-profit organisations	31	1.68	211 948	1.25
Foreign owned	5	0.27	2 311	0.01
Nominee-registered			112 099	0.66
In joint accounts			12 870	0.08
Total	1 843	100.00	17 021 250	100.00

SHARE OWNERSHIP DISTRIBUTION 31ST DECEMBER 2001

Number of shares per shareholder	Number of shareholders	% of shareholders	Shares held	% of total
1 - 100	416	22.57	22 624	0.13
101 - 1 000	1 136	61.64	449 331	2.64
1 001 - 10 000	250	13.56	771 866	4.53
10 001 - 100 000	27	1.47	748 995	4.40
100 001 - 1 000 000	10	0.54	2 569 200	15.09
1 000 001 -	4	0.22	12 334 265	72.47
Nominee-registered shares			112 099	0.66
In joint accounts			12 870	0.08
Total	1 843	100.00	17 021 250	100.00

SHARE-ISSUE-ADJUSTED FINANCIAL INDICATORS

	2001 EUR	2000 EUR	1999 EUR	1998 EUR	1997 EUR
Earnings per share (EPS) ¹⁾	3.23	1.72	1.55	0.34	0.73
Equity per share	11.46	9.08	8.20	7.16	6.52
Dividend per share	1.10 ²⁾	0.84	0.84	0.50	0.34
Dividend to earnings ratio, % ¹⁾	34.0	48.9	54.3	150.8	45.9
Effective dividend yield, %	8.5	7.0	8.6	6.7	4.3
Price/earnings ratio (P/E) ¹⁾	4.0	7.0	6.3	22.2	10.5
Share price					
mean	12.86	11.89	8.78	9.32	8.65
lowest	11.00	10.00	7.25	6.22	7.06
highest	13.90	14.00	10.10	11.94	9.75
at end of accounting period	13.00	12.00	9.80	7.57	7.74
Market capitalisation, mill.	221.3	204.3	166.8	128.8	125.3
Shares traded, 1 000	460	1 185	1 658	2 079	4 345
% of total	2.7	7.0	9.7	12.4	26.8
Issue-adjusted number of shares					
average for the period, 1 000	17 021	17 021	17 021	16 700	16 200
at end of period, 1 000	17 021	17 021	17 021	17 021	16 200

1) The EUR 15.2 million tax refund that is recognised as income in the 2001 accounts but had been recorded still as a liability in the 2000 accounts weakens the comparability of these indicators in particular.

2) Board of Directors' proposal to the AGM

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 interests

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

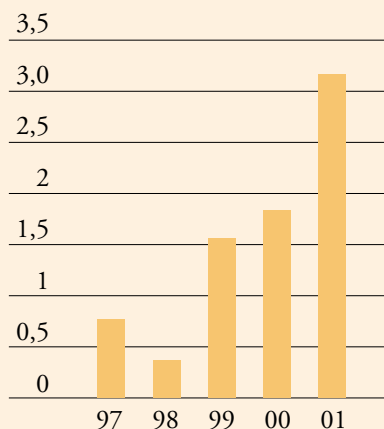
Share-issue-adjusted number of shares traded during the period

MARKET CAPITALISATION

Number of shares x final share quotation

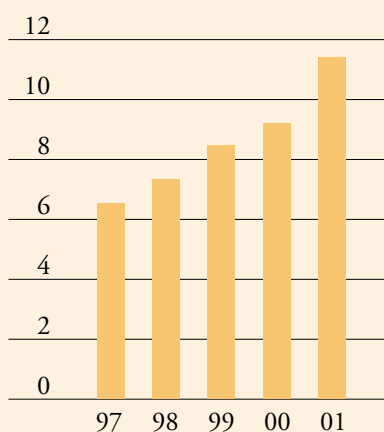
EARNINGS PER SHARE

EUR



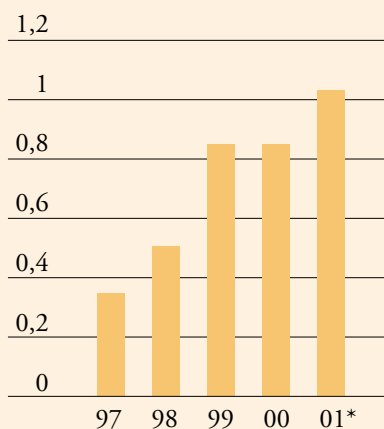
SHAREHOLDERS' EQUITY PER SHARE

EUR



DIVIDEND PER SHARE

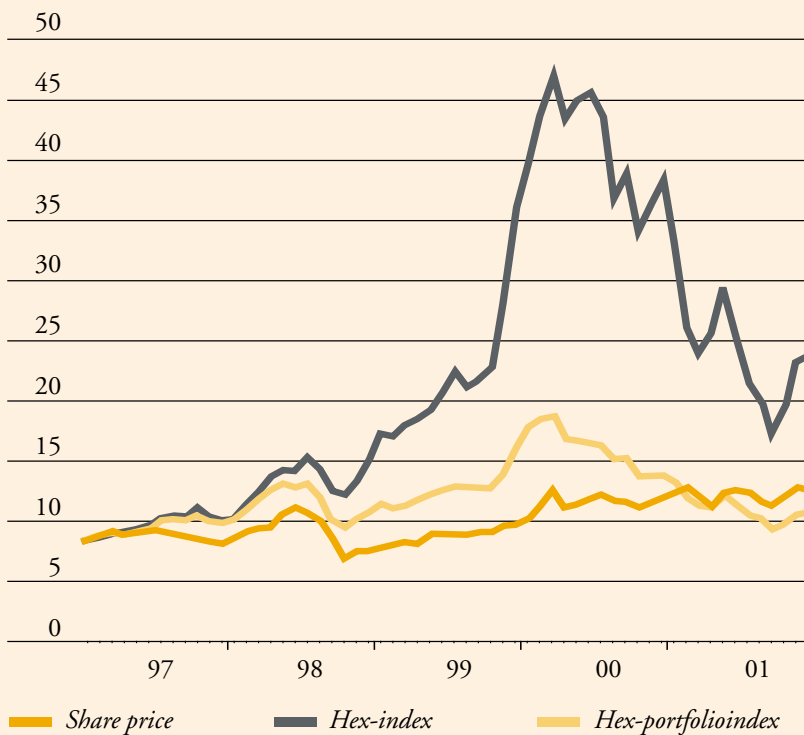
EUR



* Board of Directors' proposal to the AGM

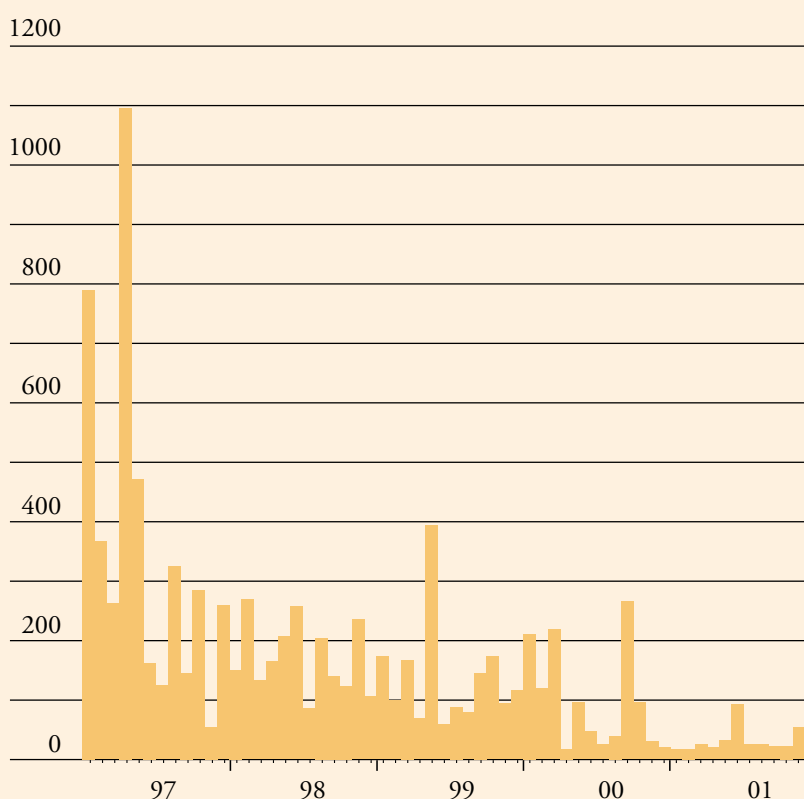
SHARE-ISSUE-ADJUSTED PRICE TREND

EUR



SHARE TRADING (NON-SHARE-ISSUE-ADJUSTED)

Shares x 1000



BOARD OF DIRECTORS' PROPOSAL FOR APPROPRIATION OF RETAINED EARNINGS

Distributable shareholders' equity shown on the consolidated balance sheet at 31st December 2001 amounts to EUR 140 377 585.48. Distributable shareholders' equity shown on the parent company balance sheet at 31st December 2001 amounts to EUR 107 587 367.44, consisting of EUR 69 889 513.28 in retained earnings from

previous years and EUR 37 697 854.16 in profit for the accounting period. The Board of Directors will propose to the Annual General Meeting that a total dividend of EUR 18 723 375.00 be paid to shareholders, after which retained earnings would stand at EUR 88 863 992.44.

Helsinki, 13th February 2002

Heikki Pentti

Teppo Taberman

Paul Blomqvist

Erkki J. Pentti

Juhani Sormaala

AUDITOR'S REPORT

To the shareholders of Lemminkäinen Corporation

We have audited the accounting, the financial statements and the corporate governance of Lemminkäinen Corporation for the financial year ended December 31, 2001. The financial statements, which include the report of Board of Directors, consolidated and parent company income statements, balance sheets and notes to financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

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 manage-

ment as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated 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 financial year audited by us. The proposal by the Board of Directors regarding distributable funds is in compliance with the Companies Act.

Helsinki, 5th March 2002

Jan Holmberg
Authorised Public Accountant

Jarmo Alén
Authorised Public Accountant

PARENT COMPANY BOARD OF DIRECTORS



Erkki J. Pentti

Teppo Taberman

Juhani Sormaala

Paul Blomqvist

Heikki Pentti

HEIKKI PENTTI (55)

- B.Sc. (Econ.)
- Chairman of the Board since 1994
- Board member since 1969
- Company employee since 1973
- Member of the Board of Directors of Fortum Oyj, Myllykoski Oyj and Pohjola Group plc
- Chairman of the Board of the Confederation of Finnish Construction Industries and Vice-chairman of the Confederation of Finnish Industry and Employers
- Owns 3 813 956 Lemminkäinen Corporation shares

TEPPO TABERMAN (57)

- M. Sc. (Econ.)
- Vice-chairman since 1998
- Board member since 1997
- Member of the Board of Directors of Oy Rettig Ab, Oy G.W. Sohlberg Ab, Ingman Group Oy Ab, Larox Oyj, Paloheimo Oy and SKS-Tekniikka Oy
- Does not own any Lemminkäinen Corporation shares

PAUL BLOMQVIST (70)

- B.Sc. (Econ.)
- Board member since 1968
- Company employee 1960–1990
- Owns 7 175 Lemminkäinen Corporation shares

ERKKI J. PENTTI (53)

- Graduate in business studies
- Board member since 1975
- Company employee since 1973
- Owns 3 673 956 Lemminkäinen Corporation shares

JUHANI SORMAALA (52)

- M.Sc. (Eng.), B.Sc. (Econ.)
- Managing Director since 1994
- Board member since 1989
- Company employee since 1981
- Owns 5 400 Lemminkäinen Corporation shares

CORPORATE GOVERNANCE

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 Lemminkäinen Construction Ltd, Oy Alfred A. Palmberg Ab and Tekmanni Oy each operate in their own business sectors.

BOARD OF DIRECTORS OF THE PARENT COMPANY

Lemminkäinen Corporation's Annual General Meeting elects each year at least four and at most eight members to serve on the Company's Board of Directors. The term of office of the board members ends at the conclusion of the first Annual General Meeting held after their election. The Board of Directors elects its Chairman and Vice-chairmen from among the members. There were five members serving on the Board of Directors in 2001. The fees payable to board members are decided at a general meeting of shareholders.

Lemminkäinen Corporation's Board of Directors 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 subordi-

nates. 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 scheme.

At board meetings to be held on average once a month the Managing Director presents his review of the Group's different business sectors as well as financial reports on the Group. The Board of Directors met on eleven occasions in 2001.

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.

GOVERNANCE OF SUBSIDIARY GROUPS

The members of the boards of directors of subsidiaries are generally management personnel employed by the Lemminkäinen Group. The Managing Director of Lemminkäinen Corporation serves as the chairman of each of these board of directors. No separate remuneration is paid to employees of the Group in respect of subsidiary board membership.

SUPERVISION

Unit-specific reporting systems are used within the Group to control business performance and supervise treasury management.

Auditing within the Group is carried out by auditors elected at a general meeting of shareholders and by the Group's internal audit function.

INSIDER RULES

Lemminkäinen Corporation's new Guidelines for Insiders came into force on 1st March 2000. They embrace the insider rules drawn up by Helsinki Exchanges, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

Statutory insiders as well as persons who in the course of their duties regularly receive information essentially influencing the value of a security of the Company are defined as permanent insiders on the basis of the Guidelines. The duration of the period preceding the publication of interim financial reviews and full-year financial statements during which the Company's permanent insiders may not trade in securities issued by the Company, i.e. the so-called closed window, is 21 days.

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

The Annual General Meeting of Lemminkäinen Corporation will be held at 3.00 p.m. on Friday, 22nd March 2002 at the Marina Congress Centre, Katajanokanlaituri 6, 00160 Helsinki. The items on the agenda of the Annual General Meeting will be as specified in §11 of the Articles of Association.

Mr. Paul Blomqvist has notified the Board of Directors that he will not be standing for re-election to the board at the forthcoming AGM. Shareholders representing 65 % of the voting rights in the Company have announced that they will propose to the AGM that the number of board members be confirmed at five. In addition they recommend that Messrs. Erkki J. Pentti, Heikki Pentti, Juhani Sormaala and Teppo Taberman be re-elected to the board and that Mr. Berndt Brunow, the managing director of Sanitec Oyj, be elected to serve as a new member.

Shareholders registered on the Company's list of shareholders kept by the Finnish Central Securities Depository Ltd on 12th March 2002 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 Annual General Meeting 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 Annual General Meeting must inform the Company by 2 p.m. on Tuesday, 19th March 2002 at the latest. Notice of intention to attend the meeting may be given by telephoning Mrs. Maritta Laitinen

(+358 9 1599 303). Written notices may be mailed to Lemminkäinen Corporation, Maritta Laitinen, P.O. Box 23, 00241 Helsinki, or sent by fax (+358 9 1599 510), or e-mailed to maritta.laitinen@lemminkainen.fi

Written notices of intention to attend the meeting must arrive before the deadline stated above. Any letters of authorisation 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 6th March 2002. Copies of the financial statements will be sent to shareholders upon request.

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS

The Board of Directors of Lemminkäinen Corporation will propose to the Annual General Meeting that a dividend of EUR 1.10 per share, i.e. a total of EUR 18 723 375.00, be paid for the accounting period 1st January – 31st December 2001. 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. 27th March 2002. The dividend payment date will be 5th April 2002.

FINANCIAL REPORTING

In addition to its annual report, Lemminkäinen Corporation will publish the following financial reports in 2002:

13th February 2002

Bulletin on financial statements for the 2001 accounting period

15th May 2002

Interim financial review,
1st January – 31st March 2002

14th August 2002

Interim financial review,
1st January – 30th June 2002

13th November 2002

Interim financial review,

1st January – 30th September 2002

The annual report will be published in Finnish, Swedish and English. The annual report will be mailed to the Company's registered shareholders. The interim financial reviews will be published electronically in Finnish and English on the company's web-site: www.lemminkainen.fi

In keeping with the widespread practice of publishing financial statements on the Internet, the Company will no longer automatically mail printed interim financial reviews to shareholders or other stakeholder groups. Financial reports can be ordered from the Company's information services by phone: +358 9 1599 511 or by e-mail: library@lemminkainen.fi

CONTACT INFORMATION

HEAD OFFICE

LEMMINKÄINEN CORPORATION

Esterinportti 2, 00240 Helsinki
Telephone +358 9 15 991
Fax +358 9 140 672
E-mail:
information@lemminkainen.fi
Website: www.lemminkainen.fi

REGIONAL OFFICES

FORSSA

Kaikulantie 57, 30100 Forssa
+358 3 424 0300

HUITTINEN

Risto Rytin katu 22,
32700 Huittinen
+358 2 569 236

HÄMEENLINNA

Tölkkimäentie 4,
13130 Hämeenlinna
+358 3 628 0010, 628 0020

IISALMI

Louhenkatu 7, 74100 Iisalmi
+358 17 816 861

IMATRA

Karjalantie 857, 55800 Imatra
+358 5 473 8666

JOENSUU

Parrutie 1, 80100 Joensuu
+358 13 264 210

JYVÄSKYLÄ

Vasarakatu 1, 40320 Jyväskylä
+358 14 334 400

KAJAANI

Brahenkatu 16 as. 9, 87100 Kajaani
+358 8 613 1303

KEMI

Valtakatu 30, 94100 Kemi
+358 16 221 647

KOKKOLA

Outokummuntie, 67100 Kokkola
+358 6 831 1089

KOTKA

Valajantie 7, 48230 Kotka
+358 5 210 4300, 210 4340

KOUVOLA

Alakyläntie 23, 45100 Kouvola
+358 5 375 6910

KUOPIO

Yrittäjäntie 17, 70150 Kuopio
+358 17 264 4000

KUUSAMO

Kalliovaara , 93600 Kuusamo
+358 8 851 4468

LAHTI

Kerintie 20, 15500 Lahti
+358 3 874 200

LAPPEENRANTA

Ruukintie 9, 53500 Lappeenranta
+358 5 416 2025, 416 2940

LOHJA

Puistokatu 25, 08150 Lohja
+358 19 362 0231

MIKKELI

Kaarikuja 1 C 20, 50170 Mikkeli
+358 15 366 034

MUIJALA

Pysäkkitie 14, 08680 Muijala
+358 19 335 245

OULU

Sälpätie 5, 90630 Oulu
+358 8 556 0111, 556 0255

PORI

Tuomolantie 2, 28360 Pori
+358 2 646 2505, 646 0961

RAAHE

Kirkkokkatu 28 B, 92100 Raahе
+358 8 223 7019

SALO

Perämiehenkatu 9, 24100 Salo
+358 2 777 828

SAVONLINNA

Ahertajantie 11, 57230 Savonlinna
+358 15 515 750

SEINÄJOKI

Teollisuustie 11, 60100 Seinäjoki
+358 6 420 3500

TAMPERE

Possijärvenkatu 3, 33400 Tampere
+358 3 237 6600

TURKU

Voimakatu 13, 20520 Turku
+358 2 274 6611

TUUSULA

Sammonmäki, P.O.Box 10
04361 Tuusula
+358 9 870 441

VAASA

Teollisuustie 11, 65610 Mustasaari
+358 6 322 3557, 322 1656

VALKEAKOSKI

Vainionkatu 2, 37600 Valkeakoski
+358 3 584 4344

VANTAA

Elannontie 5, 01510 Vantaa
+358 9 478 4410

FACTORIES

**CONCRETE PRODUCTS
FACTORIES**

Sammonmäki, P.O.Box 10
04361 Tuusula
+358 9 870 441

16300 Orimattila
+358 3 887 450

NATURAL STONE WORKS

07600 Myrskylä
+358 19 677 0650

Kölkynvuorentie 6
44500 Viitasaari
+358 14 570 010

**BITUMINOUS PRODUCTS
FACTORY**

(ROOFING)

Puistokatu 25-27, 08150 Lohja
+358 19 362 0201

SUBSIDIARIES IN FINLAND

**LEMMINKÄINEN
CONSTRUCTION LTD**

Esterinportti 2, 00240 Helsinki
+358 9 15 991
Managing Director
Matti A. Mantere

Lemcon Networks Ltd
Esterinportti 2, 00240 Helsinki
+358 9 15 991
Managing Director Juha Nurmi

OY ALFRED A. PALMBERG AB

Esterinportti 2, 00240 Helsinki
+358 9 15 991
Managing Director Risto Bono

Palmberg TKU Oy
Käsityöläiskatu 9, 20100 Turku
+358 2 2751 800
Managing Director
Mikko Pirhonen

Palmberg-Urakoitsijat Oy
Uudenmaankatu 32-34
05800 Hyvinkää
+358 19 475 9100
Managing Director Ahti Kara

Oka Oy
Ilmarinkuja 3, 45100 Kouvola
+358 201 741 200
Managing Director
Jorma Tamminen

Rakennustoimisto Palmberg Oy
Satakunnankatu 22 E
33210 Tampere
+358 3 3397 1100
Managing Director Jukka Terhonen

Rakennus-Otava Oy
Pajatie 8, 40630 Jyväskylä
+358 14 339 3800
Managing Director Jussi Kari

Oy Konte Ab
Olympiakatu 16, 65100 Vaasa
+358 6 323 0311
Managing Director Göran Pellfolk

Byggnads Ab Forsström
Rakennus Oy
Åströminkuja, 67100 Kokkola
+358 6 823 2200
Managing Director Peter Forsström

Palmberg-Rakennus Oy
Valtatie 21, 90500 Oulu
+358 8 514 4600
Managing Director Ahti Heikka

Savocon Oy
Puijonkatu 29 A, 70100 Kuopio
+358 17 266 3400
Managing Director
Matti Kankkunen

TEKMANNI OY

Mikkolantie 1 B, 00640 Helsinki
+358 9 35 031
Managing Director Antero Huhta

ESPOO
Sinikalliontie 12, 02630 Espoo
+358 9 512 3930

FORSSA
Murrantie 3, 30420 Forssa
+358 3 412 7555

HÄMEENLINNA
Helsingintie 70
13430 Hämeenlinna
+358 3 644 141

JOENSUU
Ukkolantie 21, 80130 Joensuu
+358 13 126 811

JYVÄSKYLÄ
Vasarakatu 9, 40320 Jyväskylä
+358 14 334 9211

JÄMSÄ
Koskentie 1, 42100 Jämsä
+358 14 749 8800

KARKKILA
Bremerintie, 03600 Karkkila
+358 9 225 5206

KEMI

Asentajankatu 6, 94600 Kemi
+358 16 271 329

KOKKOLA

Vasarakuja 9, 67100 Kokkola
+358 6 832 6200

KUOPIO

Kartanonkatu 2, 70700 Kuopio
+358 17 264 6600

LAHTI

Sopenkorvenkatu 15, 15800 Lahti
+358 3 544 7800

LAPPEENRANTA

Skinnarilankatu 28 A 13
53850 Lappeenranta
+358 5 610 0611

OULU

Lumijoentie 8, 90400 Oulu
+358 8 534 4700

PORI

Itsenäisyydenkatu 42, 28130 Pori
+358 2 630 7400

PORVOO

Yrittäjänkatu 2, 06150 Porvoo
+358 19 5298 700

RAAHE

Pajuniityntie 21, 92120 Raahe
+358 8 263 758

RAUMA

Paananvahe 6, 26100 Rauma
+358 2 549 8680

RIIHIMÄKI

Saranpää 2, 11130 Riihimäki
+358 19 716 050

SEINÄJOKI

Päivölänkatu 40, 60120 Seinäjoki
+358 6 223 2500

SÄKYLÄ

Yrittäjäntie 1, 27800 Säkyä
+358 2 867 1435

TAMPERE

Paasikiventie 16 C, 33230 Tampere
+358 3 236 7700

TURKU

Lukkosepänkatu 7, 20320 Turku
+358 2 515 1600

VAASA

Olympiakatu 16 B 37, 65100 Vaasa
+358 6 312 4700

VALKEAKOSKI

Aseantie 8, 37630 Valkeakoski
+358 3 585 0510

VIHTI

Aseantie 10, 03100 Nummela
+358 9 3503 3131

ÄÄNEKOSKI

Yrittäjänkatu 2, 44150 Äänekoski
+358 14 529 5200

TIELINJA OY

Päiviöntie 3, 12400 Tervakoski
+358 19 760 460
Managing Director
Harri Linnakoski

FORSSAN BETONITUOTE OY

Kaikulantie 57, 30100 FORSSA
+358 3 4240 3300
Managing Director Antti Hujanen

**ITÄ-SUOMEN
VALMISBETONI OY**

Kaakkoiskaari 14
53500 Lappeenranta
+358 5 416 1215
Managing Director
Hannu Härkönen

OMNI-SICA OY

Esterinportti 2, 00240 Helsinki
+358 9 148 1144
Managing Director Pekka Peho

LEMMINKÄINEN GROUP WEBSITES

Lemminkäinen Group

www.lemminkainen.fi

Paving Unit

www.lemminkainen.fi/paallystys

Mineral Aggregates Unit

www.lemminkainen.fi/kiviaines

Central Laboratory

www.lemminkainen.fi/laboratorio

Building Materials Division

www.insinoori.net

Forssan Betonituote Oy

www.forssanbetoni.fi

Kvalitetsasfalt i Mellansverige Ab

www.kvalasfalt.se

Tielinja Oy

www.tielinja.fi

Lemminkäinen Construction Ltd

www.lemminkainen.ru

Lemcon Networks Ltd

www.lemcon.com

ICM International

www.icm.hu

Construction Management Rt.

www.palmberg.com

Oy Alfred A. Palmberg Ab

www.forsstromrakennus.fi

Byggnads Ab Forsström Rakennus Oy

www.konte.fi

Oy Konte Ab

www.oka.fi

Oka Oy

www.palmberg-rakennus.fi

Palmberg-Rakennus Oy

www.palmberg-tku.fi

Palmberg TKU Oy

www.rakennusotava.fi

Rakennus-Otava Oy

www.palmberg-tampere.com

Rakennustoimisto Palmberg Oy

www.tekmanni.fi

Tekmanni Oy

FOREIGN SUBSIDIARIES

LATVIA

LEMCON LATVIJA SIA.
E. Birznieka Upisa 10-2
LV-1050 Riga
+371 72 87 010

LITHUANIA

UAB LEMCON VILNIUS
UAB GREITKELIS
Granito g. 4, 2028 Vilnius
+370 2 641 426, +370 2 641 648

UAB VAKARU
AUTOMAGISTRALE
Tilžės g. 53, 5799 Klaipeda
+370 6 314 354

UAB Tecmen Vilnius
c/o Mikkolantie 1 B
00640 Helsinki
+358 9 35 031

NORWAY

LEMMINKÄINEN NORGE AS
Fjellhamarveien 44 b
1472 Fjellhamar
+47 67 91 48 00

Pasadalen
Box 42, 3904 Porsgrunn
+47 35 93 34 50

Hovemovegen 80
2624 Lillehammer
+47 61 05 43 00

Box 244, 9315 Sørreisa
+47 77 86 18 06

POLAND

LEMCON POLSKA Sp. z o.o.
ul. Marconich 9 m 4
02-954 Warsaw
+48 22 8589 837

SWEDEN

LEMMINKÄINEN
CONSTRUCTION LTD
Torsgatan 12, 11123 Stockholm
+46 8 5452 5380

KVALITETSASFALT I
MELLANSVERIGE AB
Brunnsgatan 38, 73331 Sala
+46 22 437 550

Vargmötesvägen 2 C
18630 Vallentuna
+46 8 514 308 50

DENMARK

LEMMINKÄINEN A/S
Nørreskov Bakke 1, 8600 Silkeborg
+45 8722 1500

Region Nord
Egelundvej 3, 8800 Viborg
+45 8727 5030

Region Midt
Dorotheasvej 11-13, 7171 Uldum
+45 7567 8355

Region Syd
Jernbanegade 3A, 6230 Rødekro
+45 7466 2444

Region Øst
Nordhavnsvej 2, 4600 Køge
+45 5664 6800

HUNGARY

ICM INTERNATIONAL
CONSTRUCTION
MANAGEMENT Rt.
H-1063 Budapest, Bajnok u. 13
+36 1 3120 484

RUSSIA

ZAO LEMMINKÄINEN
DORSTROI
ZAO LEMSTROI
ZAO RAKENNUS
LEMMINKÄINEN
Ul. Narodnaja 12, 109172 Moscow
+7 095 2340 647,
+7 095 956 04 71/72

ZAO LEMMINKÄINEN
ZAO LEMMINKÄINEN
DORSTROI
Pr. Kosmonavtov 1
196211 St. Petersburg
+7 812 388 8700

ZAO Tekmen SS, Moscow
c/o Mikkolantie 1 B
00640 Helsinki
+358 9 35 031

OOO Tekmen SPb, St. Petersburg
c/o Mikkolantie 1 B
00640 Helsinki
+358 9 35 031

ESTONIA

LEMMINKÄINEN EESTI AS
Liivalaia 14, 10118 Tallinn
+372 6 461 125

AS RAJAR TL
Lagedi. Rae vald
75303 Harju Maakond
+372 6 766 141

AS TALTER
Betooni 28, 11415 Tallinn
+372 6057 550

Tekmanni Eesti OÜ
c/o Mikkolantie 1 B
00640 Helsinki
+358 9 35 031

LEMMINKÄINEN CORPORATION

ESTERINPORTTI 2, 00240 HELSINKI

P.O.BOX 23, 00241 HELSINKI

TELEPHONE +358 9 15 991

FAX +358 9 140 672

WWW.LEMMINKAINEN.FI