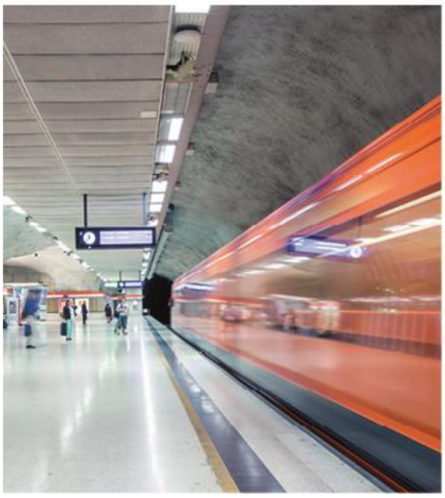
FINANCIAL STATEMENTS BULLETIN

1 JANUARY – 31 DECEMBER 2015



Lemminkäinen Financial Statements Bulletin 1 January – 31 December 2015

October–December 2015 (10–12/2014)

- Order inflow was EUR 296.0 million (128.6).
- Net sales totalled EUR 528.5 million (608.3).
- Operating profit amounted to EUR 18.9 million (0.1), or 3.6% (0.0) of net sales.
- Profit for the period was EUR 9.9 million (-6.3). Profit for the period in continuing operations was EUR 9.9 million (-6.2).
- Earnings per share were EUR 0.33 (-0.42). Earnings per share in continuing operations were EUR 0.33 (-0.41).
- Cash flow from operating activities totalled EUR 30.5 million (-1.1).
- Equity ratio at the end of the review period was 40.6% (37.1) and gearing 33.6% (51.8).
- Interest-bearing net debt at the end of the review period was EUR 126.8 million (213.6).

January–December 2015 (1–12/2014)

- Order book at the end of period amounted to EUR 1,180.3 million (1,456.1).
- Net sales totalled EUR 1,879.0 million (2,044.5).
- Operating profit was EUR 37.3 million (36.3) or 2.0% (1.8) of net sales.
- Profit for the period was EUR 7.2 million (18.1). The 2014 figure includes the capital gain from the sale of technical building services business. Profit for the period in continuing operations was EUR 7.2 million (-5.0).
- Earnings per share were EUR -0.15 (0.40). Earnings per share in continuing operations were EUR -0.15 (-0.68).
- Cash flow from operating activities totalled EUR 106.6 million (-48.4).
- The Board of Directors proposes to the AGM that for the financial year that ended on 31 December 2015, the company will distribute a per-share dividend of EUR 0.12 (0.00).

Profit guidance for 2016

Lemminkäinen estimates that its net sales in 2016 will be on the level of EUR 1.8 billion. Operating profit (IFRS) in 2016 is expected to improve as compared to 2015 (EUR 37.3 million).

Key figures, IFRS		10-12/2015	10-12/2014	Change	1-12/2015	1-12/2014	Change
Net sales	M€	528.5	608.3	-79.8	1,879.0	2,044.5	-165.5
Paving	M€	203.9	236.2	-32.3	874.5	907.5	-33.0
Infra projects	M€	76.0	73.4	2.6	263.1	286.0	-22.9
Building construction, Finland	M€	176.1	165.9	10.2	537.8	539.0	-1.2
Russian operations	M€	70.0	82.0	-12.0	136.7	196.1	-59.4
Other operations and Group eliminations	M€	2.4	50.7	-48.3	66.8	115.9	-49.1
Operating profit	M€	18.9	0.1	18.8	37.3	36.3	1.0
Paving	M€	-3.4	5.2	-8.6	16.9	32.2	-15.3
Infra projects	M€	3.6	1.5	2.1	11.8	7.2	4.6
Building construction, Finland	M€	11.4	-2.9	14.3	12.9	9.3	3.6
Russian operations	M€	10.9	10.2	0.7	2.9	19.7	-16.8
Other operations	M€	-3.7	-13.9	10.2	-7.2	-32.2	25.0
Operating margin	%	*3.6*	*0.0*		*2.0*	*1.8*	
Paving	%	*-1.7*	*2.2*		*1.9*	*3.5*	
Infra projects	%	*4.8*	*2.1*		*4.5*	*2.5*	
Building construction, Finland	%	*6.5*	*-1.8*		*2.4*	*1.7*	
Russian operations	%	*15.6*	*12.4*		*2.1*	*10.1*	
Pre-tax profit	M€	13.7	-7.7	21.4	16.7	-1.7	18.4
Profit from continuing operations	M€	9.9	-6.2	16.1	7.2	-5.0	12.2
Profit for the period	M€	9.9	-6.3	16.2	7.2	18.1	-10.9
Earnings per share, continuing operations	€	0.33	-0.41	0.74	-0.15	-0.68	0.53
Earnings per share for the period	€	0.33	-0.42	0.75	-0.15	0.40	-0.55
Cash flow from operating activities[1)]	M€	30.5	-1.1	31.6	106.6	-48.4[1)]	155.0

1) Cash flow from operating activities includes EUR 59.7 million of damages paid in Q1/2014 related to asphalt cartel.

Key figures, IFRS		31 Dec 2015	31 Dec 2014	Change 12/15 vs. 12/14	30 Sep 2015	Change 12/15 vs. 9/15
Order book	M€	1,180.3	1,456.1	-275.8	1,268.5	-88.2
Operating capital	M€	474.8	590.4	-115.6	486.1	-11.3
Balance sheet total	M€	1,035.5	1,257.8	-222.3	1,235.6	-200.1
Interest-bearing net debt	M€	126.8	213.6	-86.8	154.4	-27.6
Equity ratio[1)]	%	*40.6*	*37.1*		*35.0*	
Gearing[2)]	%	*33.6*	*51.8*		*41.7*	
Return on investment, rolling 12 months[3)]	%	*10.2*	*13.5*		*9.2*	
Return on capital employed, rolling 12 months[4)]	%	*5.3*	*4.5*		*2.5*	

1) Equity ratio, if hybrid bonds were treated as debt: 12/2015: 28.6% and 12/2014: 24.6%.
2) Gearing, if hybrid bonds were treated as debt: 12/2015: 89.6% and 12/2014: 128.4%.
3) Includes the effect of discontinued operations
4) Calculation: Operating profit, rolling 12 months / (Total equity (quarterly average) + interest-bearing liabilities (quarterly average)) x 100

President and CEO Casimir Lindholm:

"In 2015, we focused on improving our financial position and streamlining our business portfolio. This can be seen in our balance sheet, which is clearly lighter than a year ago and in our cash flow from operating activities, which has remained positive throughout the year," says Casimir Lindholm, President and CEO. "Our financial position has strengthened. We carried out a partial repurchase of our first hybrid bond (EUR 27 million) in the second quarter, our interest-bearing net debt decreased from EUR 214 million to EUR 127 million and our operating capital from EUR 590 million to EUR 475 million."

"Our 2015 operating profit improved from the comparison period. Infra projects and Building construction, Finland, performed better than in the comparison year. Considering the market situation, our housing sales proceeded well both in Finland and in Russia where our Tapiola 2 project was completed as planned during the fourth quarter. In Paving, the overall result declined due to a weaker year-on-year result in Norway, the divestment of the road maintenance business in Norway as well as declining margins in individual earthworks projects in Finland."

"During the year, we divested the building construction business in Sweden and the road maintenance business in Norway. In addition, we decided to withdraw from the Ilmatar project in Russia. The streamlining of our portfolio resulted in more than EUR 20 million write-downs in the 2015 result, but these actions support the implementation of our strategy, improve our competitiveness and financial position in the long run."

"We are now a more financially stable company than two years ago. Overall, we are proceeding as planned and in the coming years we will continue to focus on improving our operational result and competitiveness in all of our operations. We will improve our financial performance one step at a time while maintaining a moderate risk level. We seek growth especially in infra projects in Scandinavia where ongoing and planned infrastructure development programmes extend over governmental election cycles."

Briefing

A Finnish-language briefing for analysts and the media will be held at 10:00 a.m. on Thursday 4 February at Lemminkäinen's head office. The street address is Salmisaarenaukio 2, Helsinki, Finland. Lemminkäinen's President and CEO Casimir Lindholm will present the Financial Statements Bulletin. Presentation material can be found in Finnish and English at the company's website, www.lemminkainen.com/investors.

Financial reporting in 2016

In 2016, financial reports will be published as follows:

4 February 2016	Financial Statements Bulletin 2015
Week 9	Annual Report 2015
28 April 2016	Interim Report 1 Jan – 31 March 2016
28 July 2016	Interim Report 1 Jan – 30 June 2016
27 October 2016	Interim Report 1 Jan – 30 Sep 2016

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Corporate Communications

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Strategy

Strategy for 2016–2019

In October 2015, Lemminkäinen reviewed its strategy for 2016–2019. The company seeks to continuously improve its performance and increase shareholder value through focus on the balance sheet, more competitive operating models and profitable growth in Infra projects in northern Europe.

The company estimates that the outlook for Infra projects is good especially in Norway and Sweden where there are long-term government programmes extending over election cycles. In Paving, the target is to improve competitiveness in all markets through a more streamlined operating model and more efficient processes. In Building construction, Finland, the company continues to focus its operations to urban growth centres. In Russia, the economic situation remains unstable. In order to maintain its moderate risk level, Lemminkäinen has decided not to start new residential development projects for the time being in Russia, but will continue negotiated contracting in building construction. In paving, the company seeks growth particularly in special works in Russia.

Lemminkäinen also made adjustments to its financial targets. At the end of 2019, the company aims at a ROCE above 15%, which is equivalent to the earlier target ROI of 18%. In addition, an EBIT margin above 4% at the end of 2019 is a new target. The equity ratio target above 35% remains unchanged.

Financial target	Target	Actual 2015	Actual 2014	Actual 2013
Previous: Return on investment[1], %	18% over cycle (15% at the end of 2016)	10.2	13.5	-9.4
New: Return on capital employed[2], %	15% at the end of 2019	5.3	4.5	-10.8
New: EBIT margin, %	More than 4% at the end of 2019	2.0	1.8	-4.4
Equity ratio [3], %	At least 35%	40.6	37.1	27.3
Dividend policy, %	At least 40% of the profit for the financial year	38.5[4]	0	0

1) Includes the effect of discontinued operations
2) Calculation: Operating profit, rolling 12 months / (Total equity (quarterly average) + interest-bearing liabilities (quarterly average)) x 100
3) Equity ratio, if hybrid bonds were treated as debt: 12/2015: 28.6% and 12/2014: 24.6%.
4) Board of Directors' proposal for the AGM.

Group performance

Net sales

Net sales by segment		10–12/2015	10–12/2014	Change	1–12/2015	1–12/2014	Change
Paving	M€	203.9	236.2	-32.3	874.5	907.5	-33.0
Infra projects	M€	76.0	73.4	2.6	263.1	286.0	-22.9
Building construction, Finland	M€	176.1	165.9	10.2	537.8	539.0	-1.2
Russian operations	M€	70.0	82.0	-12.0	136.7	196.1	-59.4
Other operations and Group eliminations	M€	2.4	50.7	-48.3	66.8	115.9	-49.1
Group, total	**M€**	**528.5**	**608.3**	**-79.8**	**1,879.0**	**2,044.5**	**-165.5**

October–December 2015 (10–12/2014)

The Group's net sales declined year-on-year and were EUR 528.5 million (608.3). Net sales increased in Infra projects and Building construction, Finland, but decreased in Paving and Russian operations. The comparison period figures for other operations include the building construction business in Sweden, which the company divested in September 2015. Changes in currency exchange rates had a negative impact of EUR -24.0 million compared to the corresponding period in 2014. Net sales by country were 61% (48) from Finland, 20% (32) from Scandinavia, 13% (13) from Russia and 6% (7) from other countries.

January–December 2015 (1–12/2014)

The Group's net sales declined year-on-year and were EUR 1,879.0 million (2,044.5). Net sales decreased in all business segments. The most significant decline took place in Russian operations where in 2015 one residential development project was completed compared to two projects in 2014. In addition, building construction contracting was reduced in Russia from the previous year. The decrease in the net sales of other operations is due to the divestment of the building construction business in Sweden in the third quarter. Changes in currency exchange rates had a negative impact of EUR -67.2 million compared to the corresponding period in 2014. Net sales by country were 60% (52) from Finland, 27% (32) from Scandinavia, 7% (10) from Russia and 6% (6) from other countries.

Operating profit

Operating profit by segment		10-12/2015	10-12/2014	Change	1-12/2015	1-12/2014	Change
Paving	M€	-3.4	5.2	-8.6	16.9	32.2	-15.3
Infra projects	M€	3.6	1.5	2.1	11.8	7.2	4.6
Building construction, Finland	M€	11.4	-2.9	14.3	12.9	9.3	3.6
Russian operations	M€	10.9	10.2	0.7	2.9	19.7	-16.8
Business segments, total	M€	22.6	14.0	8.6	44.5	68.5	-24.0
Other operations	M€	-3.7	-13.9	10.2	-7.2	-32.2	25.0
Group, total	**M€**	**18.9**	**0.1**	**18.8**	**37.3**	**36.3**	**1.0**

Operating margin (%) by segment		10-12/2015	10-12/2014	1-12/2015	1-12/2014
Paving	%	*-1.7*	*2.2*	*1.9*	*3.5*
Infra projects	%	*4.8*	*2.1*	*4.5*	*2.5*
Building construction, Finland	%	*6.5*	*-1.8*	*2.4*	*1.7*
Russian operations	%	*15.6*	*12.4*	*2.1*	*10.1*
Group, total	**%**	***3.6***	***0.0***	***2.0***	***1.8***

October–December 2015 (10–12/2014)

The Group's operating profit was EUR 18.9 million (0.1). The operating margin was 3.6% (0.0). Changes in currency exchange rates had a negative impact of EUR -3.5 million compared to the corresponding period in 2014.

Profitability improved in all business segments, except Paving. The Paving segment's operating profit was reduced by a weaker year-on-year result in Norway and declining margins in individual earthworks projects in Finland. In Infra projects, the result was improved due to good project management of major projects in Finland. The operating profit for Building construction, Finland increased due to residential projects completed during the review period. In Russian operations, the result was boosted by the completion of the Tapiola 2 residential development project and by improved profitability in paving. The result for other operations in the comparison period was burdened by a write-down related to a discontinued ICT development project and an increase in provisions for damages related to the asphalt cartel.

January–December 2015 (1–12/2014)

The Group's operating profit was EUR 37.3 million (36.3). The operating margin was 2.0% (1.8). Changes in currency exchange rates had a negative impact of EUR -0.5 million compared to the corresponding period in 2014.

The operating profit improved in Infra projects and Building construction, Finland, but declined in Paving and Russian operations. In Infra projects, profitability developed favourably in all operating countries, except in Sweden, where lower year-on-year volumes weakened the result. The Infra projects segment's comparison period included a write-down of EUR 3 million related to a customer's bankruptcy. In Building construction, Finland, the result was boosted by the good performance in the Helsinki metropolitan area and the profitability improvement in other regions. In Paving, the decline of the operating profit was mainly due to a weaker year-on-year result in Norway, the divestment of the road maintenance business in Norway as well as declining margins in individual earthworks projects in Finland. The operating profit for Russian operations declined year-on-year. In 2015, one residential development project was completed compared to two projects in 2014. The full-year operating profit was also decreased by a write-down related to the company's decision to withdraw from the planned Ilmatar project. At the end of the review period, the impact of the write-down in euros was EUR 12.9 million. The result for other operations was mostly improved by lowered fixed costs.

Order book

Order book and order inflow

		Order book at end of period			Order inflow during the period					
		31 Dec 2015	31 Dec 2014	Change	10–12/ 2015	10–12/ 2014	Change	1–12/ 2015	1–12/ 2014	Change
Paving	M€	225.0	334.3	-109.3	68.3	60.9	7.4	558.3	685.2	-126.9
Infra projects	M€	187.8	214.5	-26.7	14.0	10.2	3.8	173.8	99.2	74.6
Building construction, Finland	M€	760.6	687.1	73.5	210.7	39.2	171.5	569.2	599.0	-29.8
Russian operations	M€	7.0	86.4	-79.4	3.1	5.9	-2.8	22.8	54.9	-32.1
Other operations	M€		133.8	-133.8		12.4	-12.4	93.3	89.0	4.3
Group, total	**M€**	**1,180.3**	**1,456.1**	**-275.8**	**296.0**	**128.6**	**167.4**	**1,417.4**	**1,527.4**	**-110.0**
- of which unsold	M€	156.1	188.7	-32.6						

At the end of the period, the Group's order book stood at EUR 1,180.3 million (1,456.1). The order inflow amounted to EUR 296.0 million (128.6) in the fourth quarter and EUR 1,417.4 million (1,527.4) in January–December.

Paving segment's order book for the comparison period includes the divested road maintenance business in Norway, which explains the change. In Infra projects, the order book decreased year-on-year. In the fourth quarter, new projects in Building construction, Finland, included, for instance, new PPP projects in Porvoo and Pudasjärvi. The total value of the projects exceeds EUR 70 million. In line with the company's strategy, no new development projects were started in building construction in Russia in 2015. The change of the order book in other operations is due to the divestment of the building construction business in Sweden.

Balance sheet, financing and cash flow

Balance sheet and financing		31 Dec 2015	31 Dec 2014	Change 12/15 vs. 12/14	30 Sep 2015	Change 12/15 vs. 9/15
Key figures, balance sheet						
Equity ratio[1]	%	40.6	37.1		35.0	
Gearing[2]	%	33.6	51.8		41.7	
Return on investment, rolling 12 months[3]	%	10.2	13.5		9.2	
Return on capital employed, rolling 12 months[4]	%	5.3	4.5		2.5	
Capital invested	M€	632.3	760.3	-128.0	672.2	-39.9
Operating capital	M€	474.8	590.4	-115.6	486.1	-11.3
Net working capital	M€	258.7	335.1	-76.4	261.8	-3.1
Financial position and liquidity						
Interest-bearing debt	M€	254.7	347.8	-93.1	301.7	-47.0
- of which long-term liabilities	M€	123.1	139.5	-16.4	127.9	-4.8
- of which short-term liabilities	M€	131.6	208.3	-76.7	173.8	-42.2
Liquid funds	M€	127.9	134.2	-6.3	147.3	-19.4
Interest-bearing net debt	M€	126.8	213.6	-86.8	154.4	-27.6
Committed, unused credit limits	M€	185.0	185.0	0	185.0	0
Unused overdraft limits	M€	12.3	33.2	-20.9	12.2	0.1

1) If the hybrid bonds were recognised as debt, the equity ratio would be: 12/2015: 28.6% and 12/2014: 24.6%.
2) If the hybrid bonds were recognised as debt, gearing would be: 12/2015: 89.6% and 12/2014: 128.4%.
3) Includes the effect of discontinued operations
4) Calculation: Operating profit, rolling 12 months / (Total equity (quarterly average) + interest-bearing liabilities (quarterly average)) x 100

On 31 December 2015, the balance sheet total was EUR 1,035.5 million (1,257.8), of which shareholders' equity accounted for EUR 377.6 million (412.5). Shareholders' equity includes EUR 111.6 million (138.4) in hybrid bonds. In the second quarter, the Group completed a partial repurchase of its EUR 70 million hybrid bond issued in 2012 by repurchasing notes to a nominal amount of EUR 27.1 million in exchange for cash. The Group is entitled to redeem the remaining EUR 42.9 million hybrid bond in March 2016. The Group also issued a EUR 70 million hybrid bond in 2014, which it is entitled to redeem in March 2018.

The Group's operating capital on 31 December 2015 amounted to EUR 474.8 million (590.4). The change from the previous year is attributable to decreased investments, the sale of tangible assets and a reduction in net working capital. At the end of the review period, net working capital stood at EUR 258.7 million (335.1). Net working capital was reduced by decreasing housing start-ups in Russia and Finland, improving invoicing efficiency, increasing the use of factoring and improving inventory turnover in the Paving segment, among other things.

Interest-bearing debt at the end of the period amounted to EUR 254.7 million (347.8) and interest-bearing net debt totalled EUR 126.8 million (213.6). Strong cash flow from operating activities has impacted the net debt favourably. In addition, debt has been reduced by divesting assets. Long-term interest-bearing debt accounted for 48% (40) of the loan portfolio at the end of the period. Liquid funds totalled EUR 127.9 million (134.2). Of the company's interest-bearing debt, EUR 104.1 million (127.1) comprises borrowings of housing and commercial property companies included in inventory, EUR 99.7 million (99.6) bonds, EUR 13.1 million (63.4) commercial papers, EUR 34.8 million (50.2) finance lease liabilities and EUR 3.0 million (7.5) other financial liabilities. In addition, the company had unused credit facilities worth EUR 185.0 million (185.0) and overdraft limits worth EUR 12.3 million (33.2) at the end of the period. Of all interest-bearing debt, 55% (41) was at a fixed interest rate.

Net finance costs decreased, amounting to EUR 5.1 million (7.8) in October–December and EUR 20.6 million (37.9) in January–December. The finance costs for 2015 were reduced by a decrease in interest expenses and currency hedging costs compared to 2014, among other things. In addition, the figures for the comparison period were negatively impacted by, for instance, a EUR 7 million write-down of loan receivables made in the third quarter, related to the divestment of Lemcon Networks' businesses in the Americas, as well as the costs of renegotiated credit limits and the negative valuation of interest rate derivatives as a result of lower interest rates. The interest expenses of the hybrid bonds are not recorded under finance costs in the income statement; instead, their impact can be seen in earnings per share and changes in equity.

Cash flow from operating activities amounted to EUR 30.5 million (-1.1) in October–December and EUR 106.6 million (-48.4) in January–December. Changes in working capital strengthened the cash flow for January–December. The company has, among other measures, adjusted its housing production in Russia and improved invoicing efficiency. The Q1/2014 cash flow includes the payment of EUR 59.7 million in damages related to the asphalt cartel.

Business segments

The reporting structure change in 2016

Along with the strategy review, the Paving segment's project-related business operations, such as earthworks, was transferred to the Infra projects segment starting from 1 January 2016.

As of the beginning of 2016, the Paving segment includes paving and mineral aggregates businesses and the Infra projects segment consists of rock engineering, earthworks and civil engineering. The reportable business segments remain unchanged: Paving; Infra projects; Building construction, Finland; and Russian operations.

The company will publish pro forma figures for 2015 according to the new reporting structure during the first quarter in 2016.

Paving

Operating environment

The decrease in paving's unit prices driven by the falling price of bitumen increased demand especially in Finland. Infra projects in urban growth centres supported the demand for earthworks and mineral aggregates. In Sweden and Norway, road construction and renovation projects increased the demand for paving. In Denmark, competition is intense and the decline of public investments decreased paving volumes. In the Baltic countries, the market situation remained stable.

Key figures for the Paving segment		10–12/2015	10–12/2014	Change	1–12/2015	1–12/2014	Change
Net sales	M€	203.9	236.2	-32.3	874.5	907.5	-33.0
Operating profit	M€	-3.4	5.2	-8.6	16.9	32.2	-15.3
% of net sales	*%*	*-1.7*	*2.2*		*1.9*	*3.5*	
Order inflow	M€	68.3	60.9	7.4	558.3	685.2	-126.9
Order book[1)]	M€	225.0	334.3	-109.3	225.0	334.3	-109.3
Operating capital[1)]	M€	231.2	262.1	-30.9	231.2	262.1	-30.9

1) at the end of the period

October–December 2015 (10–12/2014)

Net sales in October–December totalled EUR 203.9 million (236.2). Net sales by country were 44% (39) from Finland, 44% (46) from Scandinavia and 12% (15) from the Baltic countries. The operating profit decreased from the comparison period and was EUR -3.4 million (5.2). The result declined year-on-year in Finland, Sweden and Norway. The operating profit was impaired by the weaker year-on-year result in Norway and declining margins in individual earthworks projects in Finland. The operating profit improved in Denmark and the Baltic countries. Order inflow in October–December totalled EUR 68.3 million (60.9). In October–December Lemminkäinen produced 1.4 million tonnes of asphalt (1.3).

January–December 2015 (1–12/2014)

Net sales in January–December totalled EUR 874.5 million (907.5). Net sales by country were 45% (43) from Finland, 43% (44) from Scandinavia and 12% (13) from the Baltic countries. The operating profit was EUR 16.9 million (32.2). The decline of the operating profit was due to a weaker year-on-year result in Norway, the divestment of the road maintenance business in Norway as well as declining margins in individual earthworks projects in Finland. Paving businesses' performance in Finland, Sweden and the Baltic countries improved year-on-year, which supported the result. Paving segment's order book for the comparison period includes the divested road maintenance business in Norway, which explains the change. In January–December Lemminkäinen produced 6.5 million tonnes of asphalt (6.3).

Infra projects

Operating environment

Urbanisation and investments in energy infrastructure increased the demand for complex infrastructure construction. Especially in Sweden and Norway, the market is strong and there are several major projects ongoing or planned. In Finland, construction was supported by complex infrastructure construction projects in urban growth centres. In the Baltic countries, the market situation was stable.

Key figures for the Infra projects segment		10–12/2015	10–12/2014	Change	1–12/2015	1–12/2014	Change
Net sales	M€	76.0	73.4	2.6	263.1	286.0	-22.9
Operating profit	M€	3.6	1.5	2.1	11.8	7.2	4.6
% of net sales	*%*	*4.8*	*2.1*		*4.5*	*2.5*	
Order inflow	M€	14.0	10.2	3.8	173.8	99.2	74.6
Order book[1)]	M€	187.8	214.5	-26.7	187.8	214.5	-26.7
Operating capital[1)]	M€	1.2	-0.9	2.1	1.2	-0.9	2.1

1) at the end of the period

October–December 2015 (10–12/2014)

Net sales in October–December totalled EUR 76.0 million (73.4). Net sales by country were 69% (63) from Finland, 20% (31) from Scandinavia, 6% (4) from the Baltic countries and 5% (2) from other countries. The operating profit was EUR 3.6 million (1.5). The operating profit was improved due to good project management of major projects in Finland. Profitability developed more favourably than in the comparison period in all countries, except in Sweden where low volumes weakened the result. Order inflow totalled EUR 14.0 million (10.2).

January–December 2015 (1–12/2014)

Net sales in January–December totalled EUR 263.1 million (286.0). Net sales by country were 73% (59) from Finland, 18% (37) from Scandinavia, 5% (3) from the Baltic countries and 4% (1) from other countries. The operating profit improved and was EUR 11.8 million (7.2). The operating profit increased the most in Finland due to good project management of major projects. Profitability developed favourably also in other countries, except in Sweden, where lower year-on-year volumes weakened the result. The operating profit for the comparison period was weakened by a write-down of EUR 3 million related to a customer's bankruptcy. Operating capital stood at EUR 1.2 million (-0.9) at the end of the period.

Building construction, Finland

Operating environment

The market situation in building construction remained stable during 2015. Housing production continued to focus on small apartments in urban growth centres. Housing funds are still very active and sales to investors compensated for weaker consumer sales. Commercial construction, especially outside the Helsinki metropolitan area, was at a low level.

Key figures for the Building construction, Finland segment		10–12/2015	10–12/2014	Change	1–12/2015	1–12/2014	Change
Net sales	M€	176.1	165.9	10.2	537.8	539.0	-1.2
Operating profit	M€	11.4	-2.9	14.3	12.9	9.3	3.6
% of net sales	*%*	*6.5*	*-1.8*		*2.4*	*1.7*	
Order inflow	M€	210.7	39.2	171.5	569.2	599.0	-29.8
Order book[1)]	M€	760.6	687.1	73.5	760.6	687.1	73.5
Operating capital[1)]	M€	274.8	303.7	-28.9	274.8	303.7	-28.9

1) at the end of the period

October–December 2015 (10–12/2014)

Net sales in October–December increased and were EUR 176.1 million (165.9). The operating profit was EUR 11.4 million (-2.9). Net sales and the operating profit were boosted by several residential development projects completed during the review period, with high sales rates. Net sales and the operating profit increased from the comparison period both in the Helsinki metropolitan area and outside the capital region. Order inflow totalled EUR 210.7 million (39.2), the most significant being the PPP contract for schools and day-care centres in Porvoo, southern Finland (EUR 61 million).

January–December 2015 (1–12/2014)

Net sales in January–December totalled EUR 537.8 million (539.0). Net sales grew in the Helsinki metropolitan area, but decreased in other regions. The operating profit improved year-on-year, amounting to EUR 12.9 million (9.3). The result was boosted by the good performance in the Helsinki metropolitan area and the profitability improvement outside the capital region. The full-year result was weakened by expenses recognised in the second quarter, exceeding EUR 5 million comprising losses from non-strategic plot sales and provisions related to warranty repairs, among others. The result for the comparison period was burdened by an approximately EUR 4 million write-down related to an earlier consortium. However, the 2014 result was boosted by the completion of a major residential and commercial project in the Töölö Bay district in Helsinki.

In the uncertain economic situation, the number of residential start-ups was scaled down in 2015 and sale of completed units was enhanced. At the end of the review period, the number of unsold completed units was lower than in the comparison period totalling 283 (336). Operating capital decreased and stood at EUR 274.8 million (303.7).

In 2016, the number of completed residential development projects will be lower than in 2015. The majority of these projects will be completed towards the end of the year.

Lemminkäinen's residential production (development projects and negotiated contracting)		10–12/2015	10–12/2014	Change	1–12/2015	1–12/2014	Change
Started	units	634	199	435	1,253	1,410	-157
- of which development projects	units	321	199	122	693	979	-286
Completed	units	493	640	-147	1,236	1,363	-127
- of which development projects	units	355	592	-237	859	1,088	-229
Sold	units	570	229	341	1,377	1,280	97
- of which development projects	units	257	229	28	817	849	-32
Sales to investors	*%*	*65%*	*34%*		*51%*	*47%*	
Under construction at end of period	units	1,388	1,362	26	1,388	1,362	26
- of which unsold[1)]	units	464	522	-58	464	522	-58
Unsold completed at end of period	units	283	336	-53	283	336	-53
Land bank, balance sheet value at end of period	M€	105.3	105.4	-0.1	105.3	105.4	-0.1
Started in competitive contracting	units	139	23	116	542	244	298

1) at the end of period

Russian operations

Operating environment

The operating environment in Russia remained uncertain. Consumer purchasing power has declined due to rising inflation. Competition in the housing market has intensified and loan processing times have lengthened. Construction and repair projects on major roads maintained demand for paving.

Key figures for the Russian operations segment		10–12/2015	10–12/2014	Change	1–12/2015	1–12/2014	Change
Net sales	M€	70.0	82.0	-12.0	136.7	196.1	-59.4
Operating profit	M€	10.9	10.2	0.7	2.9	19.7	-16.8
% of net sales	*%*	*15.6*	*12.4*		*2.1*	*10.1*	
Order inflow	M€	3.1	5.9	-2.8	22.8	54.9	-32.1
Order book [1)]	M€	7.0	86.4	-79.4	7.0	86.4	-79.4
Operating capital[1)]	M€	35.0	68.4	-33.4	35.0	68.4	-33.4

1) at the end of the period

October–December 2015 (10–12/2014)

In October–December, net sales were EUR 70.0 million (82.0) and the operating profit was EUR 10.9 million (10.2). Changes in currency exchange rates had a negative impact of EUR -19.9 million on net sales and a negative impact of EUR -3.9 million on the operating profit compared to the corresponding period in 2014.

Net sales decreased from the comparison period due to the lower number of sold units. The operating profit increased from the comparison period as the Tapiola 2 residential development project was completed, with more than 90 per cent of its 418 apartments already sold. Profitability in paving operations developed favourably. Order inflow totalled EUR 3.1 million (5.9).

A total of 50 (228) units were sold in the fourth quarter. At the end of the review period, the number of unsold units was 51 (139).

Lemminkäinen

January–December 2015 (1–12/2014)

In January–December, net sales totalled EUR 136.7 million (196.1) and the operating profit was EUR 2.9 million (19.7). Changes in currency exchange rates had a negative impact of EUR -45.6 million on net sales and a negative impact of EUR -1.0 million on the operating profit compared to the corresponding period in 2014.

Net sales and the operating profit decreased. During 2015, one residential development project was completed compared to two projects in 2014, which can be seen in the lower number of units completed and sold. In addition, building construction contracting was reduced from the comparison period. In paving operations, profitability has improved due to a better contract portfolio. The segment's full-year operating profit was reduced by a write-down related to the company's decision to withdraw from the planned Ilmatar project. At the end of the review period, the impact of the write-down in euros was EUR 12.9 million. In order to maintain its moderate risk level, Lemminkäinen has decided, in line with its strategy, not to start new residential development projects for the time being in Russia.

At the end of the review period, the order book stood at EUR 7.0 million (86.4), consisting mostly of the paving order book. Solid housing sales have reduced the amount of operating capital, which stood at EUR 35.0 million (68.4) at the end of the period.

Lemminkäinen's residential development, Russia		10–12/2015	10–12/2014	Change	1–12/2015	1–12/2014	Change
Started	units	0	0	0	0	0	0
Completed	units	418	339	79	418	545	-127
Sold	units	50	228	-178	384	520	-136
Under construction at end of period	units	0	418	-418	0	418	-418
- of which unsold	units	0	283	-283	0	283	-283
Unsold completed at end of period	units	51	139	-88	51	139	-88

Investments

Gross investments in 2015 showed a substantial year-on-year decline and amounted to EUR 10.3 million (30.0), representing 0.6% (1.5) of the company's net sales. Lemminkäinen's investments were mainly replacement investments in Paving and Infra projects. The company has continued to implement stricter decision-making criteria regarding investments and to improve the efficiency of its monitoring processes. The reduction of investments has released capital, particularly in Paving.

Personnel

At the end of 2015, Lemminkäinen employed 4,059 people (4,748), a decrease of 689 people year-on-year. The number of personnel has decreased due to results of negotiations on personnel reductions and other similar measures in all operating countries in 2014, the divestments of the building construction business in Sweden and the road maintenance business in Norway as well as the adjustment of Lemminkäinen's building construction operations in Russia. The biggest change compared to the previous quarter is due to the seasonality of the paving business. Of the personnel in the review period, 1,845 (2,070) were white-collar workers and 2,214 (2,678) were blue-collar workers.

Personnel by business segment, continuing operations		31 Dec 2015	31 Dec 2014	Change 12/15 vs. 12/14	30 Sep 2015	Change 12/15 vs. 9/15
Paving	persons	2,124	2,225	-101	3,187	-1,063
Infra projects	persons	463	439	24	461	2
Building construction, Finland	persons	947	1,038	-91	958	-11
Russian operations	persons	405	635	-230	464	-59
Parent company and others	persons	120	411	-291	127	-7
Group, total	persons	4,059	4,748	-689	5,197	-1,138

Personnel by country, continuing operations		31 Dec 2015	31 Dec 2014[1)]	Change 12/15 vs. 12/14[1)]	30 Sep 2015	Change 12/15 vs. 9/15
Finland	persons	2,204	2,286	-82	2,880	-676
Sweden, Norway, Denmark	persons	804	1,155	-351	1,054	-250
Baltic countries	persons	625	642	-17	774	-149
Russia	persons	405	635	-230	464	-59
Other countries	persons	21	30	-9	25	-4
Group, total	persons	4,059	4,748	-689	5,197	-1,138

1) The figures for 2014 have been adjusted for Finland and Other countries

Changes in the Executive Team

Robert Blumberg started as Executive Vice President, Paving and member of Lemminkäinen's Executive Team on 1 January 2015. Executive Vice President, Russian operations and member of Lemminkäinen's Executive Team Maaret Heiskari left the company and her position in the Group Executive Team on 30 June 2015.

Occupational safety and environment

The goal of Lemminkäinen's occupational safety measures is to create a safe working environment for all employees and subcontractors. Lemminkäinen is committed to the shared occupational safety principles of the Confederation of Finnish Construction Industries RT, which aims to accelerate the construction industry's progress towards the zero-accident target.

In 2015, the company continued the development of safety activities and the implementation of best practices in all of its operations. The company monitors the accident frequency rate monthly and makes actions plans accordingly. The company also monitors subcontractors' accident frequency rates.

Lemminkäinen minimises the environmental impact of its operations by using natural resources as sparingly as possible and by using recycled materials in its production, among other measures. The company invests in safeguarding biodiversity by developing post-extraction measures in its mineral aggregate areas. Lemminkäinen develops its production technology in order to reduce its energy consumption and environmental impact.

In 2015, Lemminkäinen defined the sustainability aspects that are most relevant to the company's operations as well as related targets. In addition to the internal working group, external stakeholders contributed to the definition work. The project also resulted in Lemminkäinen's operating model for sustainability that specifies roles and responsibilities as well as follow-up and reporting methods and related indicators. The indicators are related to energy consumption and material efficiency, for instance.

More detailed information on Lemminkäinen's sustainability measures are presented in the company's Annual Report and on its website.

Research and development

The Group's business segments are each responsible for their own research and development activities. Research and development at Lemminkäinen focuses on the improvement of environmental and energy efficiency as well as development activities carried out in projects. In addition, the company has ongoing projects to improve operational efficiency. Lemminkäinen's Central Laboratory focuses on paving R&D. The company aims to constantly increase the percentage of low-temperature and recycled asphalts in its production, for instance. In 2015, the Group's research and development expenditure accounted for approximately 0.2 (0.5) per cent of net sales.

Shares and shareholders

The company has one share class. Each share carries one vote at a general meeting of shareholders and confers an equal right to a dividend. Lemminkäinen's share capital is EUR 34,042,500 and the total number of shares was 23,219,900 at the end of the review period. At the end of the review period, Lemminkäinen owned 16,687 of its own shares.

Trading with shares

On 31 December 2015, the market capitalisation of Lemminkäinen's shares stood at EUR 320.0 million (220.9). The price of Lemminkäinen Corporation's share on the NASDAQ Helsinki Ltd was on 1 January 2015 EUR 9.52 (15.20) and on 31 December 2015 EUR 13.79. In addition to the NASDAQ Helsinki Ltd, Lemminkäinen's share is also traded on alternative markets. A total of 2,759,034 shares (1,268,320) were traded during January–December 2015, of which alternative markets accounted for 5% (14). (Source: Fidessa Fragmentation Index, http://fragmentation.fidessa.com).

Shareholders

On 31 December 2015, the company had 4,391 shareholders (4,532). Nominee-registered and non-Finnish shareholders held 12.5 per cent (12.7) of all Lemminkäinen Corporation shares and voting rights. Information on company ownership and division by segment and scale, major shareholders, and share ownership of the Executive Team members and the Board of Directors is available on the company's website, www.lemminkainen.com/Investors/Owners.

Shareholder agreements

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

Flagging notifications

During the year 2015 (30 September), Lemminkäinen received two flagging notifications. As a result of an estate distribution, the number of shares and votes held by Olavi Pentti's estate in Lemminkäinen Corporation has decreased from 1,496,635, i.e. around 6.45 per cent, to zero. At the same time, the number of shares held by Lauri Pentti has, as a result of an estate distribution increased to 1,161,635 shares, which corresponds to over 5 per cent of all shares and votes in Lemminkäinen Corporation.

Resolutions of the AGM and administration

On 25 March 2015, Lemminkäinen Corporation's Annual General Meeting adopted the company's annual accounts and consolidated financial statements for 2014 and granted the members of the Board of Directors as well as the persons having acted as the President and CEO and the Interim President and CEO discharge from liability.

The General Meeting resolved, in accordance with the Board of Directors' proposal, that no dividend be paid for the financial year ended on 31 December 2014.

The General Meeting resolved, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to resolve on the repurchase of the company's own shares. In accordance with the authorisation, the Board of Directors may resolve to repurchase a maximum of 2,321,990 own shares. The authorisation is effective for a period of 18 months from the resolution of the General Meeting.

The General Meeting resolved, in accordance with the Board of Directors' proposal, to authorise the Board of Directors to resolve on a share issue and/or an issue of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act in one or several instalments, either against payment or without payment. The number of shares to be issued, including the shares to be received based on special rights, shall not exceed 4,643,980 shares. The Board of Directors may resolve to issue either new shares or own shares possibly held by the company. The authorisation is in force for a period of 18 months from the resolution of the General Meeting.

The General Meeting confirmed the number of members of the Board of Directors as seven. Berndt Brunow, Noora Forstén, Finn Johnsson, Juhani Mäkinen, Kristina Pentti-von Walzel, Heikki Räty and Heppu Pentti were elected as members of the Board. PricewaterhouseCoopers Oy, a firm of authorised public accountants, was re-elected to serve as the company's auditor. Kim Karhu, Authorised Public Accountant, was the chief auditor until the Annual General Meeting held on 25 March 2015 after which Markku Katajisto, Authorised Public Accountant, became the chief auditor.

Lemminkäinen Corporation's Board of Directors‘ organising meeting was held on 25 March 2015. In the meeting the Board of Directors elected the Chairman and the Vice Chairman of the Board and decided the composition of the Board's committees. The Board re-elected Berndt Brunow as the Chairman and Juhani Mäkinen as the Vice Chairman of the Board. The Board of Directors elected from among its members Heikki Räty to serve as the Chairman of the Audit Committee, with Juhani Mäkinen and Kristina Pentti-von Walzel serving as members. Berndt Brunow was elected to serve as the Chairman of the Nomination Committee, with Noora Forstén and Kristina Pentti-von Walzel serving as members. Berndt Brunow was elected to serve as the Chairman of the HR Committee, with Noora Forstén and Kristina Pentti-von Walzel serving as members.

Legal proceedings

Damages related to the asphalt cartel

The oral hearing of the legal proceedings concerning the damages which the Helsinki District Court decided on in November 2013 started at the Helsinki Court of Appeal on 2 March 2015 and ended on 1 October 2015. The Court has not yet confirmed the exact time when it will give its verdicts but has preliminary stated that the verdicts will be given during 2016. The decisions could have a significant impact on Lemminkäinen's financial position. In addition, Lemminkäinen has been served summons regarding 21 claims against Lemminkäinen and other asphalt companies for damages. The capital amount of these claims is approximately EUR 26 million. For these claims, Lemminkäinen has made a provision worth EUR 13.0 million. More information can be found on the company's website http://www.lemminkainen.com/Lemminkainen/Investors/Lemminkainen-as-an-investment/Asphalt-cartel-issue/.

Quotas related to the use of recycled asphalt

The situation has not changed after the publication of the previous interim report on 30 October 2015. On 11 June 2015, the District Court of Tuusula acquitted Lemminkäinen and two of its employees of environmental infraction charges. The alleged offence was related to the quotas for the amount of recycled asphalt used in asphalt mass production, as defined in the environmental permits of the company's Sammonmäki asphalt plant in Finland. The prosecutor demanded Lemminkäinen a confiscation of illegal profit of EUR 3.4 million and a corporate fine of at least EUR 120,000. The court ruled that neither Lemminkäinen nor the two employees were guilty of an environmental infraction. The prosecutor and the Centre for Economic Development, Transport and the Environment (ELY Centre) have appealed against the decisions of the District Court. The hearing will continue next at the Court of Appeal.

Crushing recycled asphalt for using it as raw material for new asphalt is an ecological practice. It reduces the environmental hazards of production when compared to asphalt made of virgin materials. Asphalt mass containing recycled asphalt is of the same quality as asphalt mass made of virgin materials.

Risks and uncertainties

Risk management is an essential part of Lemminkäinen's business operations. Its main target is to ensure the achievement of the strategic and operational targets with the best possible results, including the continuity of the operations under changing conditions. The company's risk management is based on the risk management policy approved by the Board of Directors. A more detailed description of risk management can be found on the company's website http://www.lemminkainen.com/Lemminkainen/Investors/Corporate-Governance/Risk-management/.

Uncertainty in the global economy and financial markets may have a negative effect on Lemminkäinen's operations, performance, financial position and sources of capital. The company's business operations are sensitive to new construction cycles in Finland in particular. Lemminkäinen manages these kinds of risks structurally by distributing its business operations throughout Scandinavia, the Baltic countries and Russia.

Change management, successful recruitment and skilled and motivated personnel play a key role in ensuring that operations are in line with the targets set, yield results and comply with business-related laws and regulations and good business practices. The business segments develop their operating models to increase agility, cost efficiency and operational consistency.

In Russia, the weakened economic situation, the exchange rate fluctuations of the rouble and the prolonged political uncertainty or the significant escalation in the sanctions between the EU and Russia could have a negative effect on the company's business operations. Furthermore, the political culture, legislation, its interpretation and procedures of the authorities in Russia compared to Finland, in addition to the uncertainty of the legal system, administrative procedures and interpretation of law enforcement mechanisms, as well as changes in them, may result in significant risks. Lemminkäinen has improved the efficiency of housing sales in Russia, and in order to maintain a moderate risk level in Russia, the company will not start new development projects in building construction in Russia for the time being.

In the residential and commercial development and construction projects, Lemminkäinen is exposed to sales and price risks due to the market situation continuing to be challenging and due to the full responsibility over the entire project, starting with plot acquisition. The company's target is to actively manage and monitor the risk related to the capital tied up in unsold completed apartments and other assets. Lemminkäinen takes market changes and risks into account when assessing whether to start new development and construction projects. The company only starts new housing construction if a sufficient number of units have been reserved in advance. The number of unsold completed apartments is kept to a minimum. Commercial development projects are usually sold to property investors in the early stages of construction, thereby reducing sales risks.

Lemminkäinen's financial performance depends on successful permit, contract and project management, which involves risks related to, for instance, project pricing, use of resources, project planning and scheduling, ability to procure raw materials at competitive prices, cost control, change management as well as handling of claims for damages. In addition, project-related legal proceedings may have a negative effect on the company's financial performance. Lemminkäinen continually develops its contractual expertise and project management practices during the tender and execution stage. In addition, project tracking systems and steering models are being renewed.

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

Furthermore, changes in the weather may cause fluctuations in the income. Weather conditions influence especially the lengths of the Paving segment's paving and mineral aggregates businesses working seasons, which may have an effect on the company's profit and its timing.

In its business operations, Lemminkäinen is exposed to financial risks, mainly funding, liquidity, foreign exchange rate, interest rate and credit risks, and to impairment risk of tangible and intangible assets. Management of financial risks is based on Lemminkäinen's treasury policy, which defines the operating principles and division of responsibility in financial risk management and funding activities. External events may also negatively impact the availability of funding, its costs and/or repayment plans. The company seeks to ensure the availability of funding, optimise the use of liquid assets in funding its business operations and to minimise interest and other finance costs. Lemminkäinen protects itself from currency exchange risks primarily through operative means. If necessary, transaction risks are hedged with the aid of foreign currency loans and currency derivatives. In 2015, approximately 34% of the company's net sales were generated in functional currencies other than the euro, the major currencies being the Norwegian, Swedish and Danish kronas as wells as the Russian rouble. Lemminkäinen does not hedge translation risk. The translation difference of our shareholders' equity is mainly related to the Russian business operations.

A more detailed description of risk management can be found on the company's website. A more detailed account of the financial risks is provided in the notes to the annual financial statements.

Outlook

In Finland, the total volume of construction is expected to grow slightly in 2016. Housing production is likely to remain stable and demand for apartments will still be focused on small units in urban growth centres. Sales to investors are expected to remain active. Commercial construction will increase, thanks to individual major projects and public sector works. Renovation will continue to be brisk but its growth will slow down.

Cuts made by the government and economic uncertainty restrict infrastructure construction investments in Finland. Construction of transport infrastructure is not expected to grow in 2016 although the state's planned investments in basic road maintenance will increase demand for paving somewhat in the next few years. Demand for infra projects is maintained by complex projects in urban growth centres, but the market is expected to decline in 2016 as many new decisions are still pending.

In Norway and Sweden, infrastructure construction is boosted by multi-year, state-funded traffic infrastructure development programmes. In both countries, infrastructure construction is expected to grow in 2016. Large-scale road and railway projects are ongoing or planned near urban growth centres in Sweden and Norway, which will increase demand for infra projects. These countries are also investing significantly in the development and renewal of energy production. Demand for paving in Sweden and Norway is expected to remain at the 2015 level.

In Denmark, growth in paving is restricted by a decrease in public investments.

In Russia, market uncertainty is likely to continue. The fluctuations in the price of oil are reflected in the currency exchange rate. Rising inflation continues to decline consumer purchasing power. The state of Russia still tries to maintain demand for housing by subsidising consumer mortgages. Construction and repair projects on major roads maintain demand for paving.

In the Baltic countries, the volume of infrastructure construction is estimated to start growing moderately in 2016. The possible launch of the Rail Baltica traffic project would increase the demand for infrastructure construction in all of the Baltic countries.

Board of Directors' proposal for the distribution of profit

The distributable shareholders' equity shown on the balance sheet of the parent company, Lemminkäinen Corporation, amounts to EUR 138,209,602.00 consisting of EUR 90,580,653.68 in invested unrestricted equity fund, EUR 45,578,889.18 in retained earnings from previous years and EUR 2,050,059.14 in result for the financial year.

The Board of Directors proposes to the AGM that for the financial year that ended on 31 December 2015, the company will distribute a per-share dividend of EUR 0.12 to a total of EUR 2,786,388.00, after which retained earnings would stand at EUR 44,842,560.32.

Profit guidance for 2016

Lemminkäinen estimates that its net sales in 2016 will be on the level of EUR 1.8 billion. Operating profit (IFRS) in 2016 is expected to improve as compared to 2015 (EUR 37.3 million).

Helsinki, 4 February 2016

LEMMINKÄINEN CORPORATION
Board of Directors

TABULATED SECTIONS OF THE INTERIM REPORT

Basis of preparation

All requirements of IAS 34 - Interim Financial Reporting have been applied in the preparation of this financial statements bulletin. The financial statements bulletin should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs. The information contained in the financial statements bulletin has not been audited.

Deferred tax assets

The company regularly assesses the recoverability of its deferred tax assets, and consistent with the prior period end has recorded the deferred tax asset from tax losses to the amount it considers, based on its profit forecasts, to be utilizable in the future. On 31 December 2015 the company had a deferred tax asset amounting to EUR 36.9 million arising primarily from tax losses in Finland and Norway. The company considers that major part of the previous years' losses was caused by identified reasons which are unlikely to recur. Major part of the tax losses in Finland arise from the damages ordered by the District Court related to the asphalt cartel in 2013 and therefore the Finnish tax losses expire mainly in 2023. Norwegian tax losses can be carried forward indefinitely.

Estimates

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

- goodwill impairment testing,
- recoverability of deferred tax assets,
- amount of obsolete inventory,
- amount of impaired trade receivables,
- determination of the progress, total revenue and costs from construction projects and
- probability and amount of provisions.

Accounting policies

The same IFRS recognition and measurement principles have been applied in the preparation of this financial statements bulletin as in the 2014 consolidated financial statements, except for the changes mentioned below.

Operating segments

The company changed its reporting structure on 1 January 2015. The earlier Infrastructure construction operating segment was divided into two new operating segments. The paving, mineral aggregates and earthworks businesses were transferred to the new Paving operating segment. Foundation engineering, civil engineering and rock engineering constitute the new Infra projects operating segment. As of 1 January 2015, the company's operating segments are:

- Paving;
- Infra projects;
- Building construction, Finland and
- Russian operations.

The Group's parent company, and other operations and assets unallocated to the segments are reported as part of the Group's other operations. Other operations and assets unallocated to the segments include among others building construction in Sweden, an associated company called Finavo Oy engaged in the real estate rental business and as well companies managing individual plots and plants mainly outside Finland.

In addition, the company has changed its accounting policies for segment reporting as of 1 January 2015. The company will in the future report to the chief operating decision maker the operating capital for the Group and each segment. The operating capital consists of property, plant and equipment, goodwill, other intangible assets and net working capital. The net working capital includes inventories, current trade and other receivables, provisions, current trade and other payables as well as income tax receivables and liabilities. However, the net working capital allocated to the segments excludes accrued personnel expenses and accrued interest, accruals related to derivatives as well as accrued direct and indirect taxes. These figures are reported separately as items unallocated to segments.

New standards, interpretations and annual improvements to IFRSs applied by the company in 2015

There are no IFRSs, IFRIC interpretations or annual improvements to IFRSs adopted by the company for the first time for the financial year which begun on 1 January 2015 that have had an impact on the company's consolidated financial statements.

Standards, interpretations and annual improvements to IFRSs applied by the company after 2015

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing this interim report. Of these standards, IFRS 15 and 16 might have a significant effect on the consolidated financial statements of the company.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014. The effective date of the standard is a period beginning on or after 1 January 2018. Earlier application is permitted. An EU endorsement is required for the standard to become effective in the EU after which it is allowed to apply the standard. The standard specifies how and when to recognise revenue from contracts with customers. The company examines the effects of the standard to the consolidated financial statements.

IFRS 16 Leases was issued in January 2016. The effective date of the standard is a period beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 is applied. An EU endorsement is required for the standard to become effective in the EU after which it is allowed to apply the standard. The standard is applied on lessee's financial statements. All leasing contracts will be capitalized except for low value assets and short term leases. The company will start analysing the effects of the standard to the consolidated financial statements during the coming financial year.

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

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

Financial statements and notes

1) CONSOLIDATED INCOME STATEMENT

EUR mill.	10-12/ 2015	10-12/ 2014	1-12/ 2015	1-12/ 2014
Net sales	**528.5**	**608.3**	**1,879.0**	**2,044.5**
Other operating income	5.0	7.9	11.0	18.3
Change in inventories of finished goods and work in progress	-78.5	-89.0	-81.1	14.5
Production for own use	0.0	0.2	0.1	1.4
Use of materials and services	312.7	353.3	1,299.6	1,477.5
Employee benefit expenses	76.5	88.6	294.9	337.0
Depreciation and amortisation	9.2	9.9	38.0	43.2
Impairment	0.4	1.3	0.4	1.3
Other operating expenses	37.9	74.6	140.2	184.0
Share of the profit of associates and joint ventures	0.6	0.4	1.4	0.5
Operating profit	**18.9**	**0.1**	**37.3**	**36.3**
Finance costs	11.4	32.8	54.5	79.2
Finance income	6.3	25.0	33.9	41.3
Profit before taxes	**13.7**	**-7.7**	**16.7**	**-1.7**
Income taxes	-3.8	1.5	-9.4	-3.3
Profit from continuing operations	**9.9**	**-6.2**	**7.2**	**-5.0**
Profit from discontinued operations		**-0.1**		**23.1**
Profit for the accounting period	**9.9**	**-6.3**	**7.2**	**18.1**

Profit for the accounting period attributable to				
Equity holders of the parent company	9.8	-6.3	7.2	18.2
Non-controlling interests	0.2	0,0	0.0	0.0
Basic and diluted earnings per share attributable to equity holders of the parent company				
From continuing operations, EUR	0.33	-0.41	-0.15	-0.68
From discontinued operations, EUR		-0.01		1.08
From profit for the accounting period, EUR	0.33	-0.42	-0.15	0.40

2) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1-12/ 2015	1-12/ 2014
Profit for the accounting period	**7.2**	**18.1**
Items that will not be reclassified to profit or loss		
Pension obligations	0.3	0.0
Items that may be reclassified subsequently to profit or loss		
Translation differences	-4.2	-18.6
Cash flow hedge		0.1
Other comprehensive income, total	-3.9	-18.5
Comprehensive income for the accounting period	**3.4**	**-0.4**
Comprehensive income for the accounting period attributable to		
Equity holders of the parent company	3.4	-0.3
Non-controlling interests	0.0	0.0
Comprehensive income attributable to equity holders of the parent company arises from		
Continuing operations	3.4	-23.5
Discontinued operations		23.1

3) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	12/2015	12/2014
ASSETS		
Non-current assets		
Property, plant and equipment	149.1	181.2
Goodwill	53.1	53.8
Other intangible assets	14.0	20.2
Investments in associates and joint ventures	4.7	6.9
Available-for-sale financial assets	2.7	3.2
Deferred tax assets	36.9	42.0
Other non-current receivables	0.5	0.5
Total	**261.0**	**307.9**
Current assets		
Inventories	402.0	524.0
Trade and other receivables	241.9	290.0
Income tax receivables	2.7	1.7
Available-for-sale financial assets		25.1
Cash and cash equivalents	127.9	109.1
Total	**774.5**	**949.9**
Total assets	**1,035.5**	**1,257.8**
EQUITY AND LIABILITIES		
Share capital	34.0	34.0
Share premium account	5.7	5.7
Invested unrestricted equity fund	91.4	91.4
Hybrid bonds	111.6	138.4
Translation differences	-25.9	-21.7
Retained earnings	153.4	146.4
Profit for the period	7.2	18.2
Equity attributable to shareholders of the parent company	**377.6**	**412.4**
Non-controlling interests	0.1	0.1
Total equity	**377.6**	**412.5**
Non-current liabilities		
Interest-bearing liabilities	123.1	139.5
Deferred tax liabilities	14.7	15.6
Pension obligations	0.1	0.6
Provisions	26.6	27.5
Other liabilities	0.5	0.8

Total	**164.9**	**183.9**
Current liabilities		
Interest-bearing liabilities	131.6	208.3
Provisions	13.1	11.1
Advance payments received	105.4	145.4
Trade and other payables	242.1	295.5
Income tax liabilities	0.8	1.1
Total	**492.9**	**661.4**
Total liabilities	**657.8**	**845.3**
Total equity and liabilities	**1,035.5**	**1,257.8**

4) CONSOLIDATED CASH FLOW STATEMENT

EUR mill. Including discontinued operations	1-12/ 2015	1-12/ 2014
Profit before taxes	16.7	21.6
Depreciation and impairment	38.4	44.7
Other adjustments	48.3	14.5
Cash flows before change in working capital	103.4	80.8
Change in working capital	41.5	-92.8
Financial items	-34.1	-34.7
Direct taxes paid	-4.1	-1.7
Cash flow from operating activities	**106.6**	**-48.4**
Cash flows provided by investing activities	39.6	174.4
Cash flows used in investing activities	-11.9	-123.9
Cash flow from investing activities	**27.7**	**50.5**
Change in non-current receivables	0.1	-0.6
Drawings of loans	112.8	500.3
Repayments of borrowings	-200.7	-539.9
Hybrid bond	-27.1	69.3
Dividends paid		-0.1
Rights offering		29.3
Transaction cost from rights offering		-2.0
Cash flow from financing activities	**-115.0**	**56.4**
Change in cash and cash equivalents	**19.4**	**58.5**
Cash and cash equivalents at the beginning of period	109.1	51.1
Translation difference of cash and cash equivalents	-0.5	-0.5
Cash and cash equivalents at the end of period	**127.9**	**109.1**

5) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR mill.	A	B	C	D	E	F	G	H	I	J
Equity 1.1.2014	**34.0**	**5.7**	**-0.1**	**63.8**	**69.1**	**-3.1**	**154.1**	**323.5**	**0.6**	**324.0**
Profit for the accounting period							18.2	**18.2**	0.0	**18.1**
Items that will not be reclassified to profit or loss										
Pension obligations							0.0	**0.0**		**0.0**
Items that may be reclassified subsequently to profit or loss										
Translation difference						-18.6		**-18.6**		**-18.6**
Cash flow hedge			0.1					**0.1**		**0.1**
Comprehensive income, total			**0.1**			**-18.6**	**18.2**	**-0.3**	**0.0**	**-0.4**
Acquisition of shares of non-controlling interest							0.2	**0.2**		**0.2**
Change in non-controlling interest									-0.4	**-0.4**
Shares returned by the company, acquisition of non-controlling interest by share exchange in 2010							0.4	**0.4**		**0.4**
Rights offering				29.3				**29.3**		**29.3**
Transaction cost from rights offering				-1.6				**-1.6**		**-1.6**
Hybrid bonds' interests							-8.3	**-8.3**		**-8.3**
Transactions with owners, total				**27.7**			**-7.7**	**20.0**	**-0.4**	**19.6**
Hybrid bonds					69.3			**69.3**		**69.3**
Equity 31.12.2014	**34.0**	**5.7**		**91.4**	**138.4**	**-21.7**	**164.5**	**412.4**	**0.1**	**412.5**

EUR mill.	A	B	C	D	E	F	G	H	I	J
Equity 1.1.2015	**34.0**	**5.7**		**91.4**	**138.4**	**-21.7**	**164.5**	**412.4**	**0.1**	**412.5**
Profit for the accounting period							7.2	**7.2**	0.0	**7.2**
Items that will not be reclassified to profit or loss										
Pension obligations							0.3	**0.3**		**0.3**
Items that may be reclassified subsequently to profit or loss										
Translation difference						-4.2		**-4.2**		**-4.2**
Comprehensive income, total						**-4.2**	**7.5**	**3.4**	**0.0**	**3.4**

Acquisition of shares of non-controlling interest							-0.2	**-0.2**	-0.1	**-0.3**
Hybrid bonds' interests and costs							-11.2	**-11.2**		**-11.2**
Transactions with owners, total							**-11.5**	**-11.5**	**-0.1**	**-11.5**
Hybrid bonds					-26.7			**-26.7**		**-26.7**
Equity 31.12.2015	**34.0**	**5.7**		**91.4**	**111.6**	**-25.9**	**160.6**	**377.6**	**0.1**	**377.6**

6) SEASONALITY OF BUSINESS

Seasonality of certain operations of the company affects the company's profit and its timing. Weather conditions influence the lengths of the Paving segment's paving and mineral aggregates businesses working seasons, which affects the company's profit and its timing. The working seasons of these businesses and consequently their profits take place mostly in the second and third quarters. In addition, there may be some seasonality in the Infra projects segment's foundation engineering business due to the timing of building construction projects.

Revenue from residential and non-residential development projects is recognised, for the sold proportion, on completion which causes seasonal fluctuations to the company's profit. The company seeks to balance this fluctuation by launching new developed projects evenly throughout the year in which case the projects will be completed and revenue from them is recognised as evenly as possible throughout the year.

7) UNUSUAL EVENTS DURING THE ACCOUNTING PERIOD

On 31 March 2015, the company announced that it will withdraw from its role as developer in the planned Ilmatar residential project with Lipsanen & Co. Group. The parties' negotiations regarding alternative ways to carry out the project were completed during the third quarter. The parties agreed that Lemminkäinen withdraws entirely from the project. As a consequence of the withdrawal, Lemminkäinen booked an inventory write-down in the third quarter of 2015. The impact of the write-down on the profit was EUR 12.9 million in 2015.

8) CONSOLIDATED INCOME STATEMENT, QUARTERLY

EUR mill.	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015	10-12/ 2014
Net sales	**528.5**	**568.8**	**492.1**	**289.6**	**608.3**
Other operating income	5.0	0.4	2.5	3.1	7.9
Change in inventories of finished goods and work in progress	-78.5	-0.2	-10.5	8.1	-89.0
Production for own use	0.0	0.0	0.0	0.1	0.2
Use of materials and services	312.7	417.9	335.2	233.9	353.3
Employee benefit expenses	76.5	83.9	79.6	54.8	88.6
Depreciation and amortisation	9.2	13.0	10.6	5.2	9.9
Impairment	0.4				1.3
Other operating expenses	37.9	34.6	43.5	24.2	74.6
Share of the profit of associates and joint ventures	0.6	1.3	0.3	-0.8	0.4
Operating profit	**18.9**	**20.9**	**15.6**	**-18.1**	**0.1**

Finance costs	11.4	14.0	15.7	13.3	32.8
Finance income	6.3	9.8	10.2	7.6	25.0
Profit before taxes	**13.7**	**16.6**	**10.2**	**-23.8**	**-7.7**
Income taxes	-3.8	-4.6	-5.2	4.2	1.5
Profit from continuing operations	**9.9**	**12.0**	**5.0**	**-19.6**	**-6.2**
Profit from discontinued operations					**-0.1**
Profit for the accounting period	**9.9**	**12.0**	**5.0**	**-19.6**	**-6.3**
Profit for the accounting period attributable to					
Equity holders of the parent company	9.8	12.0	5.1	-19.6	-6.3
Non-controlling interests	0.2	0.0	-0.1	-0.1	0.0
Basic and diluted earnings per share attributable to equity holders of the parent company					
From continuing operations	0.33	0.43	0.05	-0.96	-0.41
From discontinued operations					-0.01
From profit for the accounting period	0.33	0.43	0.05	-0.96	-0.42

9) SEGMENT INFORMATION

EUR mill.	10-12/ 2015	7-9/ 2015	4-6/ 2015	1-3/ 2015	10-12/ 2014	1-12/ 2015	1-12/ 2014
Net sales, Group	**528.5**	**568.8**	**492.1**	**289.6**	**608.3**	**1,879.0**	**2,044.5**
Paving	203.9	347.4	258.8	64.4	236.2	874.5	907.5
Infra projects	76.0	62.5	65.7	58.9	73.4	263.1	286.0
Building construction, Finland	176.1	103.4	127.0	131.3	165.9	537.8	539.0
Russian operations	70.0	30.7	17.4	18.6	82.0	136.7	196.1
Other operations	6.8	33.5	43.5	22.3	70.3	106.1	179.2
Group eliminations	-4.4	-8.7	-20.2	-5.9	-19.6	-39.2	-63.3
Depreciation and impairment, Group	**9.6**	**13.0**	**10.6**	**5.2**	**11.2**	**38.4**	**44.4**
Paving	6.0	9.9	7.4	2.3	7.5	25.5	30.0
Infra projects	1.2	1.3	1.3	1.4	1.6	5.1	6.3
Building construction, Finland	0.1	0.0	0.1	0.1	0.1	0.2	0.3
Russian operations	0.3	0.4	0.4	0.3	0.5	1.5	1.9
Other operations	2.0	1.4	1.5	1.1	1.6	6.0	6.1
Operating profit, Group	**18.9**	**20.9**	**15.6**	**-18.1**	**0.1**	**37.3**	**36.3**
Paving	-3.4	32.1	15.2	-27.0	5.2	16.9	32.2
Infra projects	3.6	3.1	4.3	0.8	1.5	11.8	7.2
Building construction, Finland	11.4	-2.3	-3.4	7.3	-2.9	12.9	9.3

Russian operations	10.9	-10.6	1.4	1.1	10.2	2.9	19.7
Other operations	-3.7	-1.3	-1.9	-0.3	-13.9	-7.2	-32.2
Operating margin, Group, %	***3.6***	***3.7***	***3.2***	***-6.2***	***0.0***	***2.0***	***1.8***
Paving	*-1.7*	*9.2*	*5.9*	*-41.8*	*2.2*	*1.9*	*3.5*
Infra projects	*4.8*	*4.9*	*6.6*	*1.3*	*2.1*	*4.5*	*2.5*
Building construction, Finland	*6.5*	*-2.2*	*-2.7*	*5.5*	*-1.8*	*2.4*	*1.7*
Russian operations	*15.6*	*-34.5*	*8.1*	*6.0*	*12.4*	*2.1*	*10.1*

Operating capital EUR mill.	12/2015	9/2015	6/2015	3/2015	12/2014
Paving	231.2	249.9	252.4	252.9	262.1
Infra projects	1.2	-6.8	-8.7	-5.4	-0.9
Building construction, Finland	274.8	272.0	289.6	276.9	303.7
Russian operations	35.0	32.2	59.4	62.2	68.4
Other operations	8.6	9.4	30.7	36.7	35.5
Total	**550.8**	**556.7**	**623.3**	**623.2**	**668.8**
Items unallocated to segments	-76.0	-70.6	-76.4	-68.8	-78.4
Group total [1)]	**474.8**	**486.1**	**547.0**	**554.4**	**590.4**

[1)] Includes assets and liabilities classified as held for sale

10) FINANCIAL INDICATORS

	12/2015	12/2014
Return on equity, rolling 12 months, %	1.8	4.9
Return on investment, rolling 12 months, % [1)]	10.2	13.5
Return on capital employed, rolling 12 months, % [2)]	5.3	4.5
Operating profit, % of net sales	2.0	1.8
Equity ratio, %	40.6	37.1
Gearing, %	33.6	51.8
Interest-bearing net liabilities, EUR mill.	126.8	213.6
Gross investments, EUR mill.	10.3	30.0
Order book, continuing operations, EUR mill.	1,180.3	1,456.1
- of which orders outside Finland, EUR mill.	127.4	439.3
Personnel at the end of period, continuing operations	4,059	4,748
Basic and diluted earnings per share, EUR	-0.15	0.40
Equity per share, EUR	16.28	19.33
Dividend per share, EUR	0.12[3)]	0,00
Dividend per earnings, %	38.5	0.0
Market capitalisation at the end of period, EUR mill.	320.0	220.9

Share price at the end of period, EUR	13.79	9.52
Share trading (NASDAQ Helsinki), 1,000 shares	2,612	1,096
Number of issued shares, total	23,219,900	23,219,900
Number of treasury shares	16,687	16,687
Weighted average number of shares outstanding	23,192,760	21,328,672
Diluted weighted average number of shares outstanding	23,192,760	21,328,672

[1)] Includes the effect of discontinued operations

[2)] Calculation: operating profit, rolling 12 months / (total equity (quarterly average) + (interest-bearing liabilities (quarterly average)) x 100

[3)] Board of directors' proposal to the AGM

11) DISCONTINUED OPERATIONS

2015

In 2015, the company has not classified any of its operations as discontinued operations.

2014

Lemminkäinen announced on 14 May 2014 that it has divested its Technical Building Services business by selling the entire share capital of Lemminkäinen Talotekniikka Oy. The transaction was completed on 13 June 2014 and the total purchase price was EUR 55.4 million. The company recorded a pre-tax gain on sale of EUR 23.6 million to the second quarter of 2014. The company classified Lemminkäinen Talotekniikka Oy as discontinued operation at the time of sale.

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

EUR mill.	1-12/2014
Profit of the discontinued operations	
Income	77.4
Expenses	77.8
Profit before taxes	**-0.4**
Taxes	0.1
Profit for the accounting period	**-0.4**
Pre-tax gains on sales of the businesses	**23.6**
Taxes	-0.1
Gain on sale after taxes	**23.5**
Profit for the period from discontinued operations	**23.1**
Cash flows from discontinued operations	
Cash flow from operating activities	-3.9
Cash flow from investing activities	-0.1
Cash flow from financing activities	4.3
Cash flows total	**0.4**
The impact of the sale to groups' financial position	
Cash consideration received	55.4
Transferred assets and liabilities	-29.1

Other related items	-2.6
Gain on sale	**23.6**

12) PROPERTY, PLANT AND EQUIPMENT

EUR mill.	12/2015	12/2014
Cost in the beginning of accounting period	437.6	452.4
Translation difference	-5.2	-12.1
Increases	9.4	27.8
Disposals	-33.4	-26.7
Discontinued operations		-3.7
Transfers between items	0.2	
Accumulated depreciation at the end of period	-259.5	-256.4
Carrying amount at the end of accounting period	**149.1**	**181.2**

13) FAIR VALUES OF FINANCIAL INSTRUMENTS

A = Financial assets and liabilities recognised at fair value through profit and loss
B = Loans and receivables
C = Available-for-sale financial assets
D = Financial liabilities recognised at amortised cost

					CARRYING	FAIR
EUR mill.	A	B	C	D	AMOUNT	VALUE
31.12.2015						
Non-current financial assets						
Available-for-sale financial assets			2.7		2.7	2.7
Other non-current receivables		0.5			0.5	0.3
Current financial assets						
Trade and other receivables		235.9			235.9	235.9
Derivative assets	2.2				2.2	2.2
Available-for-sale financial assets					0.0	0.0
Cash and cash equivalents		127.9			127.9	127.9
Financial assets total	**2.2**	**364.3**	**2.7**		**369.3**	**369.1**
Non-current financial liabilities						
Interest-bearing liabilities				123.1	123.1	126.6
Other non-current liabilities				0.5	0.5	0.5
Current financial liabilities						
Interest-bearing liabilities				131.6	131.6	131.6
Trade payables and other financial liabilities [1)]				220.9	220.9	220.9
Derivative liabilities	5.4				5.4	5.4
Financial liabilities total	**5.4**			**476.1**	**481.5**	**485.0**

EUR mill.	A	B	C	D	CARRYING AMOUNT	FAIR VALUE
31.12.2014						
Non-current financial assets						
Available-for-sale financial assets			3.2		3.2	3.2
Other non-current receivables		0.5			0.5	0.3
Current financial assets						
Trade and other receivables		282.9			282.9	282.9
Derivative assets	7.1				7.1	7.1
Available-for-sale financial assets			25.1		25.1	25.1
Cash and cash equivalents		109.1			109.1	109.1
Financial assets total	**7.1**	**392.5**	**28.3**		**427.9**	**427.7**
Non-current financial liabilities						
Interest-bearing liabilities				139.5	139.5	139.4
Other non-current liabilities				0.8	0.8	0.8
Current financial liabilities						
Interest-bearing liabilities				208.3	208.3	208.3
Trade payables and other financial liabilities [1)]				273.4	273.4	273.4
Derivative liabilities	4.2				4.2	4.2
Financial liabilities total	**4.2**			**622.0**	**626.1**	**626.0**

[1)] Trade payables and other financial liabilities do not include statutory obligations or prepayments received, as these are not classified as financial liabilities under IFRS.

For more information on fair value measurement of financial instruments, see Lemminkäinen's Annual report 2014, Note 26 to the consolidated financial statements.

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

Financial instruments within Level 1 of the hierarchy are traded in active markets hence prices are obtained directly from the efficient markets.
Fair values of instruments within Level 2 are based on observable market inputs and generally accepted valuation methods.
Fair values within Level 3 are not based on observable market data but on quotations provided by brokers and market valuation reports.

EUR mill.	Level 2	Level 3	Total
31.12.2015			
Available-for-sale financial assets			
Equity instruments		2.7	2.7
Derivative instruments			
Derivative assets	2.1	0.2	2.2
Derivative liabilities	1.5	3.9	5.4

EUR mill.	Level 2	Level 3	Total
31.12.2014			
Available-for-sale financial assets			
Equity instruments		3.2	3.2
Money market investments	25.1		25.1
Derivative instruments			
Derivative assets	7.0	0.1	7.1
Derivative liabilities	2.3	1.8	4.2

Level 3 reconciliation statement

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

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

EUR mill.	A	B
Opening balance 1.1.2015	-1.7	3.2
Disposals		-0.5
Gains and losses recognised through profit or loss, total	-2.0	
Fair values 31.12.2015	**-3.7**	**2.7**

14) RELATED PARTY TRANSACTIONS

EUR mill.	12/2015	12/2014
Sales to associates and joint ventures	1.7	1.9
Sales to a key management personnel and their related parties	0.1	0.4
Total	**1.8**	**2.3**
Purchases from associates and joint ventures	5.2	15.7
Purchases from key management personnel and their related parties	0.2	
Total	**5.3**	**15.7**
Trade receivables from associates and joint ventures	0.0	0.0
Loan receivables from associates and joint ventures	0.3	0.2
Trade receivables from key management personnel and their related parties	0.1	0.1
Total	**0.4**	**0.2**
Accounts payable to associates and joint ventures	**0.2**	**0.2**

Related party transactions with associates and joint ventures are mainly asphalt works and mineral aggregate deliveries. Sales to key management personnel and their related parties include sales of fixed assets and construction services. Purchases from key management personnel and their related parties include a service purchase from an entity controlled by a member of key management personnel. Transactions were made at a market price.

15) CONTINGENT ASSETS AND LIABILITIES

The company adjusted the amounts of some comparison period's lease agreements. As a result, the total amount of 2014 minimum lease payments of irrevocable lease contracts grew by EUR 3.9 million.

Guarantees and commitments		
EUR mill.	12/2015	12/2014
Collateral notes of companies included in inventory[1)]	173.4	194.7
Pledged deposits		
On own behalf	0.0	0.3
Guarantees		
On behalf of associates and joint ventures	12.4	14.4
On behalf of consortiums and real estate companies	1.8	1.8
On behalf of others[2)]	10.2	
Total	**24.4**	**16.2**
Minimum lease payments of irrevocable lease contracts		
One year or less	10.7	12.0
Over one year but no more than five years	21.1	23.7
Over five years	8.4	11.0
Total	**40.2**	**47.8**
Purchase commitments of investments	1.1	2.1
Derivative contracts		
Forward foreign exchange contracts		
Nominal value	60.2	77.2
Fair value	1.7	5.7
Interest rate swap contracts		
Nominal value	40.0	40.0
Fair value	-1.0	-1.0
Commodity derivatives		
Volume, MT	85,869	11,000
Nominal value	13.2	2.7
Fair value	-3.9	-1.8

[1)] Collateral notes for companies included in inventories are given for collateral security for their debts.

[2)] The guarantees have been granted on behalf of the building construction business in Sweden (Rekab Entreprenad AB) which was divested on 1 September 2015. The acquiring parties have set a counter-commitment for part of these guarantees.

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

Litigation

On 28 November 2013, the District Court of Helsinki issued its decisions concerning damages related to the asphalt cartel. In line with the decisions, Lemminkäinen recorded approximately EUR 66 million in expenses in its 2013 result. Of this, approximately EUR 60 million consisted of damages ordered only to Lemminkäinen, Lemminkäinen's share of the damages ordered to it and other asphalt industry companies to be paid jointly and severally, as well as interest and legal expenses related to the damages. This amount was paid by the company in January 2014. Lemminkäinen has appealed against all 35 decisions, where the plaintiffs' claims were upheld partly, to the Helsinki Court of Appeal. In Lemminkäinen's opinion, there are some judicial aspects in the decisions, where the conclusions of the District Court differ from previous legal practices. Such judicial aspects are related to the questions of prescriptions and value added tax, for example. The main oral hearing in the Court of Appeal will take place during 2015. The Finnish state and 22 municipalities have also submitted their appeals to the Helsinki Court of Appeal. The main oral hearing at the Helsinki Court of Appeal took place on 2 March 2015–1 October 2015, and on the basis of the Helsinki Court of Appeal's preliminary announcement, decisions are expected during 2016. In addition to the claims decided on by the District Court in November 2013, 21 claims against Lemminkäinen and other asphalt industry companies for damages are waiting for the main proceeding to begin. These damages amount to a total of approximately EUR 26 million and the company has made a EUR 13 million provision for them.

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