

INTERIM FINANCIAL REPORT OF THE LAROX GROUP FOR THE PERIOD 1 JANUARY 2008 TO 30 SEPTEMBER 2008

During the three quarters of 2008 net sales totaled EUR 143.9 million (EUR 109.0 million), indicating a growth of 32.1%. Operating profit totaled EUR 11.7 Million (EUR 7.9 million). The result before tax for the review period totaled EUR 10.2 million (EUR 6.8 million). Earnings per share was EUR 0.77 (EUR 0.45).

Group order backlog at the end of September 2008 totaled EUR 110.1 million (EUR 79.6 million). The amount of new orders received during the nine months' period of 2008 totaled EUR 159.0 million (EUR 143.5 million).

BUSINESS OPERATIONS

Demand for the Larox products has remained good. During the review period the order accumulation improved positively. Group order backlog at the end of September 2008 totaled EUR 110.1 million (EUR 79.6 million), which is 38% higher than at the same moment in the previous year. The amount of new orders received during the nine months' period of 2008 totaled EUR 159.0 million (EUR 143.5 million).

Approximately 92 % of Group net sales were generated by exports and foreign operations. Net sales by geographical division were as follows:

	1-9/2008	1-9/2007
North, Central and South America	28.5%	31.1%
Asia and Australasia	22.6%	23.2%
Europe, CIS, Middle East and Africa	48.9%	45.7%

CHANGES IN GROUP STRUCTURE

Larox AB, a Larox-owned subsidiary, was established in Sweden. The company is a holding company of the subsidiary to be established in China.

The aim is that the subsidiary in China is fully operational during the first half of the year 2009. The new subsidiary will be responsible for filter sales and after market services to the existing and potential Larox customers in China. Furthermore, the company will purchase components from local suppliers and start local assembly of filters.

According to an acquisition agreement all the shares of Turku Ceramics Oy are owned by Larox Oyj from the first of October 2008. New Finnish subsidiary will be consolidated to the Group from that moment on. Turku Ceramics is the only manufacturer of technical ceramics in Finland and supplies filter elements to Larox.

The decision published in April regarding the establishment of a subsidiary responsible for after sales services in Russia goes ahead as planned. In the service center, situated south of Moscow, will be customer support engineers and spare parts stock. The aim is that the service center will be fully operational at the beginning of 2009.

#### PROFITS AND PROFITABILITY

Larox Group's result before tax for the review period totaled EUR 10.2 million (EUR 6.8 million, 1 January 2007 to 30 September 2007). The total net sales were EUR 143.9 million (EUR 109.0 million). The Group showed an operating profit of EUR 11.7 million (EUR 7.9 million), i.e. 8.1% (7.3%) of net sales. Earnings per share was EUR 0.77 (0.45).

#### NET SALES AND RESULT DEVELOPMENT DURING THE THIRD QUARTER

For the third quarter of the year the consolidated net sales totaled EUR 58.8 million (EUR 33.7 million). The Group showed the operating profit of EUR 5.5 million (EUR 1.9 million) and the profit before tax was EUR 4.8 million (EUR 1.4 million). The amount of new orders received during the third quarter of the year totaled EUR 53.8 million (EUR 57.5 million). The earnings per share was EUR 0.35 (EUR 0.10).

#### BALANCE SHEET AND FINANCING

At the end of September 2008 the Group balance sheet totaled EUR 107.8 million (EUR 98.7 million). At the turn of the year 2007 the balance sheet total was EUR 102.9 million. Net financing costs totaled EUR 1.5 million (EUR 1.1 million). Net cash from operating activities continued to be good, EUR 16.4 million (EUR -0.9 million). The equity ratio was 32.6% (31.0%) and at the end of the previous financial year (31 December 2007) it was 34.2%.

#### INVESTMENTS

Larox Group's investments totaled EUR 6.2 million (EUR 2.2 million). The investments include the acquisition of Turku Ceramics Oy, IT applications and replacement investments.

#### PERSONNEL

The average number of personnel employed by the Group during the review period was 526 (456). At the end of the review period it was 557 (466) of whom 266 (219) worked for the parent company. The growth can mainly be seen in the after sales business areas in Finland, Australia, South Africa, Chile and Peru.

#### SHARES AND SHAREHOLDERS

During the report period trading in shares totaled 1,700,191, which is 18.1% of the total number of shares. The value of shares traded was EUR 17.2 million. During the review period the lowest share price was EUR 8.00 and the highest was EUR 12.40. The closing price of the share was EUR 8.35 and the total market value of the shares was EUR 78.3 million. At the end of September there were 1,850 shareholders.

#### AUTHORIZATIONS TO THE BOARD OF DIRECTORS DECIDED IN THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The authorization to the Board of Directors regarding the repurchase of shares by using the company's unrestricted shareholders' equity was not used during the review period. The authorization was for 500.000 Larox Corporation B-series shares at the maximum and was valid until 30.9.2008.

The authorization to the Board of Directors to decide on shares, stock option rights or special rights referred to in the Finnish Companies Act chapter 10, paragraph 1 in one or more lots in such a way that based on the authorization the total maximum number of Larox Corporation B-series shares is 500 000 was not used during the review period. The authorization is valid until 30.3.2012.

#### RISKS AND UNCERTAINTY FACTORS

An evaluation project of risks management was realized during the review period and its target was to identify different risk areas, their effects, probabilities as well as current risks management situation. Also the risks management principles and systematic program, based on identified risk areas, were developed. According to Larox risks management system risks are divided into the following four risk categories: business, operational, damage and financial risks.

#### OUTLOOK FOR THE REST OF THE YEAR

Received orders of the period, EUR 159.0 million, show the strong investment activities in filters.

The outlook for the rest of the year is positive although the availability of materials and certain components is challenging. The order backlog of EUR 110.1 million at the end of the review period supports this. It is expected that approximately EUR 34.6 million of the order backlog will be delivered during the current year. Furthermore Group net sales are expected to grow compared to previous year. The result and profitability will improve from last year.

The decrease in the market prices of metals and the influence of the financial crisis on customer business fields create uncertainty in the demand for Larox products in the long run.

Lappeenranta on 23 October 2008

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Board of Directors

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The financial year-end of the Larox Group is on 31 December 2008.  
Publication date for the Larox Group financial statements 2008 is on 13 February 2009.

Annual general meeting of shareholders will be held on 26 March 2009.

Altogether three interim reports will be published during the year 2009:

The interim report for 1.1.-31.3.2009 on 23 April 2009

The interim report for 1.1.-30.6.2009 on 6 August 2009

The interim report for 1.1.-30.9.2009 on 23 October 2009.

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www.larox.com

#### NOTES TO THE INTERIM REPORT

The review is prepared in accordance with all the requirements of IAS 34 Interim Financial Reporting -standard and in accordance with IFRS recognition and measurement principles.

Larox has applied the same accounting principles in this Interim Report as in Annual Report 2007. The contents of the changes in standards and interpretations are presented more detailed in Annual Report 2007.

The preparation of the financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period. The estimates are based on management's best knowledge of current events and actions but actual results may differ from these estimates.

All below figures in the financial statements have been adjusted and therefore the added sum of individual figures may differ from the presented added figure.

The figures presented have not been audited.

#### INCOME STATEMENTS, IFRS

1000 EUR	7-9/2008	7-9/2007	1-9/2008	1-9/2007	1-12/2007
Sales	58 804	33 662	143 916	108 971	158 270
Other operating income	419	693	1 905	1 202	2 240
Materials	-33 235	-15 069	-74 779	-51 782	-76 672
External services	-2 293	-2 508	-6 345	-5 805	-10 186
Employee benefits expense	-8 927	-7 337	-24 445	-22 225	-29 906
Depreciation, amortization & impairment losses	-986	-878	-2 850	-2 562	-3 504
Other operating expenses	-8 258	-6 677	-25 692	-19 893	-27 171
OPERATING PROFIT	5 524	1 866	11 709	7 906	13 070
Financial income	-98	263	471	540	946
Financial expenses	-877	-981	-2 450	-1 915	-2 622
Share of profit/loss in associates	243	211	501	317	361
PROFIT/LOSS BEFORE TAX	4 792	1 379	10 231	6 848	11 755
Income tax expense	-1 475	-400	-3 037	-2 602	-2 259
PROFIT/LOSS FOR THE PERIOD	3 317	979	7 194	4 246	9 496

EPS basic (EUR)	0,35	0,10	0,77	0,45	1,01
EPS diluted (EUR)	0,35	0,10	0,77	0,45	1,01

BALANCE SHEETS, IFRS

1000 EUR

30.9.2008 30.9.2007 31.12.2007

ASSETS

NON-CURRENT ASSETS

Intangible assets	17 917	18 738	18 795
Goodwill	2 778	2 937	2 926
Property, plant and equipment	9 141	9 213	9 257
Investments in associates	1 754	1 315	1 393
Available-for-sale investments	34	208	23
Receivables	4 332	0	0
Deferred tax asset	5 281	3 827	5 238
NON-CURRENT ASSETS	41 237	36 273	37 633

CURRENT ASSETS

Inventories	28 742	27 475	26 592
Trade receivables and other receivables	32 946	32 420	36 651
Current tax assets	1 027	191	165
Cash and bank	3 841	2 341	1 812
CURRENT ASSETS	66 556	62 427	65 220
TOTAL ASSETS	107 793	98 700	102 853

EQUITY AND LIABILITIES

Share capital	5 629	5 629	5 629
Share premium account	5 777	5 777	5 777
Other reserves	-218	75	0
Translation differences	-131	-134	-127
Retained earnings	22 627	16 404	21 566
SHAREHOLDERS' EQUITY	33 684	27 751	32 845

NON-CURRENT LIABILITIES

Deferred tax liability	3 307	2 620	1 804
Long-term financial liabilities	13 982	10 926	12 751
Employee benefit obligations	479	425	555
Non-current provisions	1 197	1 568	826
NON-CURRENT LIABILITIES	18 965	15 539	15 936

CURRENT LIABILITIES

Short-term financial liabilities	20 359	24 456	24 133
Trade payables and other payables	31 986	28 771	26 683
Current tax liabilities	632	1 416	1 935
Current provisions	2 166	768	1 321
CURRENT LIABILITIES	55 143	55 411	54 072
TOTAL EQUITY AND LIABILITIES	107 793	98 700	102 853

CASH FLOW STATEMENTS, IFRS

1000 EUR

1-9/2008

1-9/2007

1-12/2007

Net profit/loss	7 194	4 245	9 496
Adjustments to the net profit/loss of the period	7 365	6 169	6 986
Change in working capital	5 200	-8 114	-13 817
Interest paid	-1 444	-1 358	-1 819
Interest income received	88	45	53
Other financing items	175	-83	-50
Income taxes paid	-2 154	-1 817	-3 217
Net cash from operating activities	16 425	-912	-2 368
Net cash used in investment activities	-6 084	-1 784	-3 038
Increase in loans	19 370	16 957	23 197
Decrease in loans	-21 831	-10 966	-15 024
Repayment of finance lease liabilities	-80	-68	-93
Dividends paid	-5 629	-2 814	-2 814
Net cash used in financing activities	-8 170	3 108	5 265
Change in cash and cash equivalents	2 172	413	-141
Operating balance of cash and cash equivalents	1 812	1 952	1 952
Effect of the foreign exchange rates	-143	-25	1
Closing balance of cash and cash equivalents	3 841	2 341	1 812

CHANGE IN SHAREHOLDERS' EQUITY 1-9/2007								
Equity belonging to parent company's shareholders								
1000 EUR	Share capital	Share issue premium	Fair value res.	Hedging reserves	Other reserves	Translation diff.	Retained earnings	Total
SHAREHOLDERS' EQUITY 1 JANUARY 2007	5 629	5 777	105	-44		-69	15 271	26 668
Cash flow hedging recognized in equity, net of tax				15				15
Change in translation difference						-65	-340	-405
Net profits and losses recognized directly in shareholders equity				15		-65	-340	-391
Other changes								
Profit for the period							4 245	4 245

Total profits and losses				15		-65	3 905	3 855
Dividend distribution							-2 814	-2 814
Share-based payments							42	42
SHAREHOLDERS' EQUITY								
30 JUNE 2007	5 629	5 777	105	-30		-134	16 404	27 751
CHANGE IN SHAREHOLDERS' EQUITY 1-9/2008								
	Equity belonging to parent company's shareholders							
1000 EUR	Share capital	Share issue premium	Fair value reserves	Hedging res.	Other reserves	Translation diff.	Retained earnings	Total
SHAREHOLDERS' EQUITY								
1 JANUARY 2008	5 629	5 777				-127	21 566	32 845
Cash flow hedging recognized in equity, net of tax				-218				-218
Change in translation difference							-607	-607
Net profits and losses recognized directly in shareholders equity				-218		-4		-222
Profit for the period							7 194	7 194
Total profits and losses				-218		-4	6 587	6 365
Dividend distribution							-5 629	-5 629
Share-based payments							103	103
SHAREHOLDERS' EQUITY								
30 JUNE 2008	5 629	5 777		-218		-131	22 627	33 684

KEY RATIOS OF LAROX GROUP

EUR 1000	1-9/2008	1-9/2007	1-12/2007
New orders	158 982	143 509	208 421
Group order backlog at end of period	110 087	79 606	97 330
Net sales	143 916	108 971	158 270
Operating profit	11 709	7 906	13 070

% of net sales	8.1	7.3	8.3
Net financing costs	1 479	1 059	1 315
% of net sales	1.0	1.0	0.8
Result before taxes	10 231	6 848	11 755
Result for the period	7 194	4 246	9 496
EPS basic and diluted (EUR)	0.77	0.45	1.01
Investments	6 207	2 210	3 284
Shareholders' equity per share at end of period, EUR	3.59	2.96	3.50
Equity Ratio %	32.6	31.0	34.2
Contingent liabilities	28.0	27.8	27.7
Trading price at end of period, EUR	8.35	15.19	12.00
Market capitalization at end of period, EUR million *)	78.3	142.5	112.6

\*) The price of the A share is based on the B share's last trading rate of the reporting period (weighted average).

#### KEY FIGURES BY QUARTERS

EUR 1000	2008 7-9	2008 4-6	2008 1-3	2007 10-12	2007 7-9
New orders	53 759	51 906	53 317	64 912	57 471
Group order backlog	110 087	115 675	109 183	97 330	79 606
Net sales	58 804	47 548	37 563	49 298	33 662
Operating profit	5 524	3 460	2 726	5 164	1 886
% of net sales	9.4	7.3	7.3	10.5	5.6
Net financing costs	732	233	514	256	507
% of net sales	1.2	0.5	1.4	0.5	1.5
Result before taxes	4 792	3 227	2 212	4 908	1 379
Result for the quarter	3 317	2 548	1 329	5 250	979
EPS basic and diluted (EUR)	0.35	0.27	0.14	0.56	0.10

#### DIVIDENDS PAID

Based on the resolution of the annual general meeting of shareholders held on 26 March 2008 a dividend of EUR 0.60 per share was paid; a total of EUR 5.628.960. The dividends were paid on 7 April 2008.

#### INVESTMENTS

Property, plant and equipment

	30.9.2008	30.9.2007	31.12.2007
Acquisition cost 1 Jan	29 520	28 589	28 589
Translation differences	-76	-113	-120
Additions	896	872	1 144
Disposals	0	-93	-93



Acquisition cost 30 Jun	30 340	29 255	29 520
Cumulative depreciations 1 Jan	-20 263	-19 023	-19 023
Translation differences	67	118	163
Depreciation for the period	-1 003	-1 137	-1 403
Cumulative depreciations 30	-21 199	-20 042	-20 263
Carrying value 30 Jun, 2008	9 141	9 213	9 257

Intangible assets (exluding goodwill)

	30.9.2008	30.9.2007	31.12.2007
Acquisition cost 1 Jan	29 858	27 772	27 772
Translation differences	7	-29	-55
Additions	968	1 336	2 141
Disposals	0	0	0
Acquisition cost 30 Jun	30 833	29 079	29 858
Cumulative depreciations 1 Jan	-11 063	-8 901	-8 901
Translation differences	-5	-15	-61
Depreciation for the period	-1 848	-1 425	-2 101
Cumulative depreciations 30 Jun	-12 916	-10 341	-11 063
Carrying value 30 Jun, 2008	17 917	18 738	18 795

GEOGRAPHICAL SEGMENTS

Net sales 1000 EUR	1-9/2008	1-9/2007	1-12/2007
North, Central and South America	41 045	33 927	45 881
Asia and Australasia	32 526	25 244	40 479
Europe, CIS, Middle East and Africa	70 345	49 800	71 910
Total net sales	143 916	108 971	158 270

Assets 1000 EUR	1-9/2008	1-9/2007	1-12/2007
North, Central and South America	13 692	9 979	11 647
Asia and Australasia	6 664	7 922	8 133
Europe, CIS, Middle East and Africa	96 202	89 227	114 904
Internal items	-8 765	-8 428	-31 831
Total assets	107 793	98 700	102 853

Investments 1000 EUR	1-9/2008	1-9/2007	1-12/2007
North, Central and South America	157	61	148
Asia and Australasia	67	276	332
Europe, CIS, Middle East and Africa	5 983	1 873	2 804
Total investments	6 207	2 210	3 284

COMMITMENTS AND CONTINGENCIES

Loans secured by real estate and corporate mortgages

1000 EUR	30.9.2008	30.9.2007	31.12.2007
Pension loans			
Loans from financial institutions	34 115	34 815	36 577
Other loans			
Total	34 115	34 815	36 577

Real estate mortgages	6 560	6 560	6 560
Corporate mortgages, general pledging	3 936	3 936	3 936
Corporate mortgages, specific pledging	9 062	9 062	9 062
Total	19 558	19 558	19 558

Guarantees for others			
Pledged securities *)	6 476	6 476	6 476
Others	157	158	124
Total	6 633	6 634	6 600

\*) Book value of secured shares

Other liabilities			
Operating lease liabilities 1000 EUR	919	1 137	857
Lease liabilities 1000 EUR	849	744	639

#### Fair and nominal values of derivative instruments

1000 EUR	30.9.2008	30.9.2007	31.12.2007
Currency derivatives:			
Currency options			3 155
Forward contracts	10 496	14 959	18 313
Fair value	-450	117	244
Nominal value	10 496	14 959	21 468

#### RELATED PARTY TRANSACTIONS

1000 EUR	1-9/2008	1-9/2007	1-12/2007
Transactions with associated Companies			
Sales of goods and services	5	1	3
Purchases of goods and services	3 175	1 982	2 829
Other transactions with related Parties			
Purchases of services	15	15	22
Balances with associated companies			
Trade receivables	2	0	1
Trade payables	488	272	783

#### CALCULATION OF KEY FIGURES

Equity ratio, % =

Shareholders' equity  
----- x 100  
Total assets - advances received

Earnings per share =

Net profit

-----  
Adjusted average number of shares  
during the period

Market capitalization at the end of the period =

Number of shares at the end of the period x trading price at the end of the  
period weighted by the number of shares traded

Larox develops, designs and manufactures industrial filters and is a leading technology company in its field. Larox is a full service solution provider in filtration for separating solids from liquids. It supplies comprehensive aftermarket services throughout the lifespan of the Larox solution. Companies world-wide in mining and metallurgy, chemical processing and related industries benefit from the Larox technologies. Larox operates in over 40 countries and has over 460 employees. Larox Group is headquartered in Lappeenranta, Finland where the Group also has production facilities. Net sales in 2007 totaled 158.3 million euros, of which more than 95 % were generated by exports and the company's foreign operations.