

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

Orders received in the Group grew by 22% from the year of comparison. The amount of new orders received during the first half of 2008 totaled EUR 105.2 million (EUR 86.0 million). The amount of new orders during the second quarter totaled EUR 51.9 million (EUR 43.0 million).

Group order backlog at the end of June 2008 totaled EUR 115.7 million (EUR 53.8 million), which is 115% higher than at the same moment in the previous year.

During the first half of 2008 net sales totalled EUR 85.1 million (EUR 75.3 million), indicating a growth of 13%. Operating profit totaled EUR 6.2 million (EUR 6.0 million). The result before tax for the review period totaled EUR 5.4 million (EUR 5.5 million). Earnings per share was EUR 0.41 (EUR 0.35).

BUSINESS OPERATIONS

Demand for the Larox products has remained good. During the review period the order accumulation improved positively. The order backlog was EUR 115.7 million (EUR 53.8 million) at the end of the review period. The amount of new orders received during the review period was EUR 105.2 million (EUR 86.0 million).

About 90 % of Group net sales were generated by exports and foreign operations. Net sales by geographical division were as follows:

	1-6/2008	1-6/2007
North, Central and South America	27.7%	34.4%
Asia and Australasia	20.2%	21.7%
Europe, CIS, Middle East and Africa	52.1%	43.9%

CHANGES IN GROUP STRUCTURE

Larox AB, a 100% Larox-owned subsidiary, was established in Sweden. The company is a holding company of the subsidiary to be established in China.

The decision, published in March, to establish a subsidiary in China, Progresses as planned. The aim is that the subsidiary is fully operational During the first quarter 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 subsidiary will purchase components from local suppliers and start local assembly of filters.

Larox Corporation and Turku Ceramics Oy owners have signed a letter of intent, by which the entire capital stock of Turku Ceramics Oy will be transferred to the ownership of Larox Corporation. The seller and the buyer have agreed that the transaction will be realized during the first half of August.

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 six months totaled EUR 5.4 million (EUR 5.5 million, 1 January 2007 to 30 June 2007). Net sales totaled EUR 85.1 million (EUR 75.3 million). The Group showed an operating profit of EUR 6.2 million (EUR 6.0 million), i.e. 7.3 % (8.0%) of net sales. The increase in after market personnel burdened relative profitability compared to last year.

NET SALES AND RESULT DEVELOPMENT DURING THE SECOND QUARTER

For the second quarter of the year net sales totaled EUR 47.5 million (EUR 42.7 million) and profit before tax totaled EUR 3.2 million (EUR 3.1 million). The Group showed an operating profit of EUR 3.5 million (EUR 3.3 million). The amount of new orders received during the second quarter of the year totaled EUR 51.9 million (EUR 43.0 million). Earnings per share was EUR 0.27 (EUR 0.18).

BALANCE SHEET AND FINANCING

By the end of June 2008 the Group balance sheet totaled EUR 101.6 million (EUR 92.8 million). By the turn of the year the balance sheet total was EUR 102.9 million. The Group's net financing costs totaled EUR 0.7 million (EUR 0.6 million). Net cash from operating activities of EUR 12.6 million was good. The equity ratio was 33.6% (30.9%) and at the end of the previous financial year (31 December 2007) it was 34.2%.

INVESTMENTS

Larox Group's investments totaled EUR 1.3 million (EUR 1.3 million). The investments were mainly for IT applications and replacement investments.

PERSONNEL

The average number of personnel employed by the Group during the review period was 510 (448). At the end of the review period it was 540 (475) of whom 259 (230) worked for the parent company. In addition to Finland growth can mainly be seen in after sales business areas in Australia, South Africa, Chile and Peru.

SHARES AND SHAREHOLDERS

During 1 January 2008 to 30 June 2008 trading in shares totaled 1,306,988, which is 13.93 % of the total number of shares. The value of shares traded was EUR 13.5 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 10.20 and the total market value of the shares was EUR 95.7 million. At the end of June there were 1,800 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 is for 500.000 Larox Corporation B-series shares at the maximum and is 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

No significant changes compared to the situation described at 2007 financial statements have taken place in Larox's risks and uncertainty factors during the review period. Exchange rate changes in Larox's most used invoicing currencies, such as USD and ZAR, have been hedged as before.

An evaluation project of risks management was realized during the spring and its target was to identify different risk areas, their effects, probabilities as well as current risks management situation. The identified risk areas have been divided into the following risk categories: business, operational, damage and financial risks. Risks management and management procedures related to them will be further developed in future.

OUTLOOK FOR THE REST OF THE YEAR

The orders of approximately EUR 105.2 million, received during the first half of 2008 are a proof of continued, strong investment activity in filters. Investment decisions are influenced especially by positive demand for metals, which is expected to continue strong.

Demand situation is expected to continue favourable and the Group net sales are expected to grow from last year. The order backlog of EUR 115.7 million at the end of the review period supports this on its part. It is expected that approx. EUR 65.3 million of the order backlog will be delivered during the current year. Availability of materials and certain components are challenging. It is expected that result and profitability will improve compared to last year.

Lappeenranta on 8 August 2008

Larox Corporation
Board of Directors

For further information please contact
Mr Toivo Matti Karppanen
President & CEO

Tel +358 (0) 20 7687 210
Fax +358 (0) 20 7687 277
E-mail topi.karppanen@larox.com
Internet www.larox.com

Publication dates of financial information in 2008
The interim report for January-September will be published on Thursday
23 October.
The financial year-end of the Larox Group is on 31 December 2008.

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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 information in Interim Report is unaudited.

INCOME STATEMENTS, IFRS

1000 EUR	4-6/2008	4-6/2007	1-6/2008	1-6/2007	1-12/2007
Sales	47 548	42 651	85 111	75 310	158 270
Other operating income	627	281	1 486	509	2 240
Materials	-23 456	-21 674	-41 544	-36 713	-76 672
External services	-2 231	-2 021	-4 052	-3 297	-10 186
Employee benefits expense	-8 026	-8 084	-15 518	-14 888	-29 906
Depreciation, amortization & impairment losses	-981	-825	-1 864	-1 684	-3 504
Other operating expenses	-10 023	-7 051	-17 434	-13 216	-27 171
OPERATING PROFIT	3 460	3 276	6 186	6 020	13 070
Financial income	50	141	568	277	946
Financial expenses	-437	-391	-1 573	-934	-2 622
Share of profit/loss in associates	154	125	258	106	361
PROFIT/LOSS BEFORE TAX	3 227	3 151	5 439	5 468	11 755
Income tax expense	-678	-1 434	-1 562	-2 202	-2 259
PROFIT/LOSS FOR THE PERIOD	2 548	1 716	3 877	3 267	9 496
EPS basic (EUR)	0,27	0,18	0,41	0,35	1,01
EPS diluted (EUR)	0,27	0,18	0,41	0,35	1,01

BALANCE SHEETS, IFRS

1000 EUR

	30.6.2008	30.6.2007	31.12.2007
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ASSETS

NON-CURRENT ASSETS

Intangible assets	18 476	18 769	18 795
Goodwill	2 825	2 968	2 926
Property, plant and equipment	9 177	9 336	9 257
Investments in associates	1 511	1 143	1 393
Available-for-sale investments	34	208	23
Deferred tax asset	5 400	3 086	5 238
NON-CURRENT ASSETS	37 423	35 511	37 633

CURRENT ASSETS

Inventories	28 273	22 527	26 592
Trade receivables and other receivables	32 288	30 504	36 651
Current tax assets	1 160	216	165
Cash and bank	2 501	4 009	1 812
CURRENT ASSETS	64 221	57 257	65 220
TOTAL ASSETS	101 645	92 768	102 853

EQUITY AND LIABILITIES

Share capital	5 629	5 629	5 629
Share premium account	5 777	5 777	5 777
Other reserves	222	27	0
Translation differences	-152	-133	-127
Retained earnings	18 893	15 535	21 566
SHAREHOLDERS' EQUITY	30 370	26 835	32 845

NON-CURRENT LIABILITIES

Deferred tax liability	2 281	2 125	1 804
Long-term financial liabilities	10 616	14 820	12 751
Employee benefit obligations	479	416	555
Non-current provisions	1 193	1 124	826
NON-CURRENT LIABILITIES	14 569	18 485	15 936

CURRENT LIABILITIES

Short-term financial liabilities	21 404	20 238	24 133
Trade payables and other payables	32 368	25 338	26 683
Current tax liabilities	723	984	1 935
Current provisions	2 211	888	1 321
CURRENT LIABILITIES	56 706	47 448	54 072
TOTAL EQUITY AND LIABILITIES	101 645	92 768	102 853

CASH FLOW STATEMENTS, IFRS

1000 EUR	1-6/2008	1-6/2007	1-12/2007
Net profit/loss	3 877	3 267	9 496
Adjustments to the net profit/loss of the period	4 173	4 420	6 986
Change in working capital	7 576	-5 357	-13 817

Interest paid	-991	-854	-1 819
Interest income received	27	32	53
Other financing items	-8	73	-50
Income taxes paid	-2 048	-1 498	-3 217
Net cash from operating activities	12 206	82	-2 368
Net cash used in investment activities	-1 361	-1 216	-3 038
Increase in loans	12 370	13 521	23 197
Decrease in loans	-17 257	-7 506	-15 024
Repayment of finance lease liabilities	-41	-21	-93
Dividends paid	-5 629	-2 814	-2 814
Net cash used in financing activities	-10 557	3 179	5 265
Change in cash and cash equivalents	688	2 045	-141
Operating balance of cash and cash equivalents	1 812	1 952	1 952
Effect of the foreign exchange rates	0	12	1
Closing balance of cash and cash equivalents	2 501	4 009	1 812

CHANGE IN SHAREHOLDERS' EQUITY 1-6/2007								
Equity belonging to parent company's shareholders								
1000 EUR	Share capital	Share issue premium	Fair value res.	Hedging res.	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				-39	0			-39
Change in translation difference					-1	-64	-206	-271
Net profits and losses recognized directly in shareholders equity				-39	-1	-64	-206	-310
Other changes					6			6
Profit for the period					0	0	3 267	3 267
Total profits and losses				-39	5	-64	3 060	2 963
Dividend distribution					0	0	-2 814	-2 814
Share-based payments							19	19
SHAREHOLDERS' EQUITY 30 JUNE 2007	5 629	5 777	105	-84	5	-133	15 535	26 835

CHANGE IN SHAREHOLDERS' EQUITY 1-6/2008								
	Equity belonging to parent company's shareholders							
1000 EUR	Share capital	Share issue premium	Fair value res.	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				222				222
Change in translation difference						-25	-993	-1 018
Net profits and losses recognized directly in shareholders equity				222		-25	-993	-796
Profit for the period							3 877	3 877
Total profits and losses						-25	2 884	3 081
Dividend distribution							-5 629	-5 629
Share-based payments							72	72
SHAREHOLDERS' EQUITY 30 JUNE 2008	5 629	5 777		222		-152	18 894	30 370

KEY RATIOS OF LAROX GROUP

EUR 1000	1-6/2008	1-6/2007	1-12/2007
New orders	105 223	86 038	208 421
Group order backlog at end of period	115 675	53 845	97 330
Net sales	85 111	75 310	158 270
Operating profit	6 186	6 020	13 070
% of net sales	7.3	8.0	8.3
Net financing costs	747	552	1 315
% of net sales	0.9	0.7	0.8
Result before taxes	5 439	5 468	11 755
Result for the period	3 877	3 267	9 496
EPS basic and diluted (EUR)	0.41	0.35	1.01
Investments	1 486	1 334	3 284
Shareholders' equity per share at end of period, EUR	3.24	2.86	3.50
Equity Ratio %	33.6	30.9	34.2
Contingent liabilities	28.1	27.8	27.7

Trading price at end of period, EUR	10.20	14.25	12.00
Market capitalization at end of period, EUR million *)	95.7	133.70	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

	2008	2008	2007	2007	2007
EUR 1000	4-6	1-3	10-12	7-9	4-6
New orders	51 906	53 317	64 912	57 471	42 979
Group order backlog	115 675	109 183	97 330	79 606	53 845
Net sales	47 548	37 563	49 298	33 662	42 651
Operating profit	3 460	2 726	5 164	1 886	3 276
% of net sales	7.3	7.3	10.5	5.6	7.7
Net financing costs	233	514	256	507	126
% of net sales	0.5	1.4	0.5	1.5	0.3
Result before taxes	3 227	2 212	4 908	1 379	3 150
Result for the quarter	2 548	1 329	5 250	979	*) 1 716
EPS basic and diluted (EUR)	0.27	0.14	0.56	0.10	0.18

*) includes one-time cost of EUR 0.8 million for terminating filter assembly functions in The Netherlands

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

	30.6.2008	30.6.2007	31.12.2007
Acquisition cost 1 Jan	29 520	28 589	28 589
Translation differences	-361	6	-120
Additions	608	459	1 144
Disposals	0	0	-93
Acquisition cost 30 Jun	29 767	29 054	29 520
Cumulative depreciations 1 Jan	-20 263	-19 023	-19 023
Translation differences	341	16	163
Depreciation for the period	-668	-711	-1 403
Cumulative depreciations 30	-20 590	-19 718	-20 263
Carrying value 30 Jun, 2008	9 177	9 336	9 257

Intangible assets (exluding goodwill)

	30.6.2008	30.6.2007	31.12.2007
Acquisition cost 1 Jan	29 858	27 772	27 772
Translation differences	-30	-11	-55
Additions	878	874	2 141
Disposals	0	0	
Acquisition cost 30 Jun	30 706	28 635	29 858
Cumulative depreciations 1 Jan	-11 063	-8 900	-8 901
Translation differences	25	7	-61
Depreciation for the period	-1192	-973	-2 101
Cumulative depreciations 30 Jun	-12 230	-9 866	-11 063
Carrying value 30 Jun, 2008	18 476	18 769	18 795

GEOGRAPHICAL SEGMENTS

Net sales 1000 EUR	1-6/2008	1-6/2007	1-12/2007
North, Central and South America	23 600	25 929	45 881
Asia and Australasia	17 235	16 324	40 479
Europe, CIS, Middle East and Africa	44 276	33 056	71 910
Total net sales	85 111	75 310	158 270
Assets 1000 EUR	1-6/2008	1-6/2007	1-12/2007
North, Central and South America	13 551	9 082	11 647
Asia and Australasia	7 985	10 022	8 133
Europe, CIS, Middle East and Africa	98 303	84 811	114 904
Internal items	-18 194	-11 147	-31 831
Total assets	101 645	92 768	102 853
Investments 1000 EUR	1-6/2008	1-6/2007	1-12/2007
North, Central and South America	86	43	148
Asia and Australasia	63	171	332
Europe, CIS, Middle East and Africa	1 337	1 119	2 804
Total investments	1 486	1 334	3 284

COMMITMENTS AND CONTINGENCIES

Loans secured by real estate and corporate mortgages

1000 EUR	30.6.2008	30.6.2007	31.12.2007
Pension loans			
Loans from financial institutions	29 502	30 161	36 577
Other loans		1 420	
Total	29 502	31 581	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	140	166	124

Total	6 616	6 642	6 600
*) Book value of secured shares			
Other liabilities			
Operating lease liabilities 1000 EUR	1 052	920	857
Lease liabilities 1000 EUR	859	634	639

Fair and nominal values of derivative instruments

1000 EUR	30.6.2008	30.6.2007	31.12.2007
Currency derivatives:			
Currency options			3 155
Forward contracts	17 198	16 060	18 313
Fair value	261	-103	
Nominal value	17 198	16 060	21 468

RELATED PARTY TRANSACTIONS

1000 EUR	1-6/2008	1-6/2007	1-12/2007
Transactions with associated Companies			
Sales of goods and services	0	1	3
Purchases of goods and services	2 056	1 046	2 829
Other transactions with related Parties			
Purchases of services	10	11	22
Balances with associated companies			
Trade receivables	0	1	1
Trade payables	503	355	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
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.