

## LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2012

- Net sales for the third quarter EUR 161.2 million (EUR 163.5 million); operating profit EUR 19.6 million (EUR 18.2 million); operating profit excluding non-recurring items EUR 19.7 million (EUR 18.2 million); earnings per share EUR 0.40 (EUR 0.32)
- Net sales for January–September EUR 502.2 million (EUR 485.1 million); operating profit EUR 38.7 million (EUR 33.5 million); operating profit excluding non-recurring items EUR 36.9 million (EUR 34.7 million); earnings per share EUR 0.71 (EUR 0.62)
- Group's full-year net sales in 2012 are expected to remain at the 2011 level. Operating profit, excluding non-recurring items, is expected to remain at the 2011 level or improve slightly.

### CEO PEKKA OJANPÄÄ:

"Our performance in the third quarter was more or less in line with our expectations. Operating profit excluding non-recurring items picked up from the comparison period despite the economic uncertainty, which, to some extent, reflected on demand for services required by the industry. Cleaning and Office Support Services performed particularly well. Our key priority at this time is to implement the strategy announced in September, as well as key projects designed to improve our profitability."

### GROUP NET SALES AND FINANCIAL PERFORMANCE

#### Third quarter

Lassila & Tikanoja's net sales for the third quarter decreased by 1.4% to EUR 161.2 million (EUR 163.5 million). Operating profit was EUR 19.6 million (EUR 18.2 million), representing 12.2% (11.1%) of net sales, and operating profit excluding non-recurring items was EUR 19.7 million (EUR 18.2 million). Earnings per share were EUR 0.40 (EUR 0.32).

Net sales declined slightly from the comparison period, as a result of the divestment of L&T's holding in the joint venture L&T Recoil and postponed shutdown-related work in process cleaning services. Meanwhile, demand for wood-based fuels improved from the comparison period.

Following the divestment of holdings in the loss-making L&T Recoil, the Environmental Services division was able to improve its profitability, which in turn boosted the quarter's financial performance. Successful sales of commissioned assignments in Cleaning and Office Support Services also contributed to our performance improvement. In addition, Renewable Energy Sources was able to reduce its losses compared to the comparison period.

#### January–September

Lassila & Tikanoja's net sales for January–September amounted to EUR 502.2 million (EUR 485.1 million); an increase of 3.5%. Operating profit was EUR 38.7 million (EUR 33.5 million), representing 7.7% (6.9%) of net sales, and operating profit excluding non-recurring items was EUR 36.9 million (EUR 34.7 million). Earnings per share were EUR 0.71 (EUR 0.62).

Net sales grew in January–September, primarily thanks to the increase in demand for Environmental Services and wood-based fuels seen in the first half.

The overall performance improvement from the comparison period could be largely attributed to the volume increase in Environmental Services, the divestment of holdings in the loss-making joint venture L&T Recoil at the end of June and the decrease in losses recorded by Renewable Energy Sources. Profitability in January–September was eroded by the non-recurring compensation of EUR 0.7 million paid in the second quarter, in accordance with the collective labour agreement and the increase in subcontracting and labour costs in Property Maintenance.

A non-recurring capital gain of EUR 4.2 million was recorded in the second quarter, from the sale of holdings in L&T Recoil Oy, and non-recurring costs totalling EUR 2.2 million from the rearrangement and efficiency enhancement measures taken in Environmental Services, Property Maintenance and in the Swedish business. The efficiency enhancement measures are expected to generate annual savings of at least EUR 4.0 million. The measures are proceeding as planned.

**Financial summary**

	<b>7-9/ 2012</b>	<b>7-9/ 2011</b>	<b>Change %</b>	<b>1-9/ 2012</b>	<b>1-9/ 2011</b>	<b>Change %</b>	<b>1-12/ 2011</b>
Net sales, EUR million	<b>161.2</b>	163.5	-1.4	<b>502.2</b>	485.1	3.5	652.1
Operating profit excluding non-recurring items, EUR million*	<b>19.7</b>	18.2	8.2	<b>36.9</b>	34.7	6.3	44.3
Operating profit, EUR million	<b>19.6</b>	18.2	8.0	<b>38.7</b>	33.5	15.5	25.6
Operating margin, %	<b>12.2</b>	11.1		<b>7.7</b>	6.9		3.9
Profit before tax, EUR million	<b>19.1</b>	16.9	12.8	<b>33.8</b>	30.0	12.7	21.0
Earnings per share, EUR	<b>0.40</b>	0.32	25.0	<b>0.71</b>	0.62	14.5	0.44
EVA, EUR million	<b>13.8</b>	11.0	25.5	<b>20.2</b>	12.7	59.1	-2.2

\* Breakdown of operating profit excluding non-recurring items is presented below the division reviews.

**NET SALES AND FINANCIAL PERFORMANCE BY DIVISION****Environmental Services****Third quarter**

The division's net sales for the third quarter were down by 3.0% to EUR 83.3 million (EUR 85.9 million). Operating profit totalled EUR 12.8 million (EUR 12.3 million) and operating profit excluding non-recurring items was EUR 12.8 million (EUR 12.3 million).

The division's net sales fell slightly from the comparison period following the divestment of holdings in L&T Recoil in June. Some shutdown-related work in process cleaning services was postponed to October, which also taxed net sales. Waste management and recycling service volumes and the prices of secondary raw materials remained at a healthy level during the quarter. In waste management, prices of services were revised at the beginning of the period, to match higher production costs.

The division's profitability improvement from the comparison period could be attributed to the L&T Recoil divestment at the end of June.

Net sales and operating profit from international operations declined slightly from the comparison period.

**January–September**

The Environmental Services division's net sales for January–September amounted to EUR 248.4 million (EUR 241.9 million), showing an increase of 2.7%. Operating profit totalled EUR 30.4 million (EUR 25.7 million) and operating profit excluding non-recurring items was EUR 27.1 million (EUR 25.7 million).

Waste management services and the healthy demand for industrial services were the key drivers of net sales growth in January–September. Towards the end of the period, shutdown-related work in process cleaning in particular were again affected by postponements. Waste volumes and the prices of secondary raw materials (fibres, plastics, metals) remained robust throughout the period.

The division's profitability rose following the sale of L&T Recoil, which, together with production efficiency boosting measures, pushed operating profit up. Performance was taxed by the increase seen in the first half in fuel and repair costs, as well as weaker profitability in international operations.

At the end of the second quarter, L&T sold its 50 percent holding in the joint venture L&T Recoil to the co-owner, EcoStream Oy. The sale price consisted of a EUR 10 million cash contribution and a slightly lower than 20 percent interest in EcoStream. A non-recurring capital gain of EUR 4.2 million on the arrangement was recorded for the second quarter. At the same time, a non-recurring cost of EUR 2.0 million was recorded in financial expenses, consisting of interest receivable from subordinated loans granted to the joint venture.

**Cleaning and Office Support Services****Third quarter**

The division's net sales for the third quarter totalled EUR 41.3 million (EUR 41.5 million), showing a decrease of 0.5%. Operating profit totalled EUR 4.5 million (EUR 3.7 million) and operating profit excluding non-recurring items was EUR 4.5 million (EUR 3.7 million).

Net sales in domestic operations remained at almost the previous year's level. Despite price competition, the

division was able to raise its profitability year-on-year thanks to successful sales of commissioned assignments and fixed cost management.

Net sales from international operations remained unchanged, while the financial result improved slightly thanks to higher profitability in Swedish operations.

### **January–September**

The January–September net sales of Cleaning and Office Support Services increased by 3.5% to EUR 121.3 million (EUR 117.2 million). Operating profit totalled EUR 5.6 million (EUR 6.2 million) and operating profit excluding non-recurring items was EUR 6.7 million (EUR 6.4 million).

The division's year-on-year net sales grew slightly as a result of acquisitions made in the spring 2011. Demand for commissioned assignments was healthy throughout the period.

The division's operating profit rose from the comparison period, thanks to a good performance in commissioned assignments. In the first half, profitability was adversely affected by the loss-making operations in Sweden and higher labour costs, which were not fully set off by service price hikes.

The non-recurring cost of EUR 1.0 million recorded in the second quarter for the reorganisation of the Swedish operations eroded the division's operating profit.

### **Property Maintenance**

#### **Third quarter**

The division's net sales for the third quarter were up by 0.1% to EUR 31.4 million (EUR 31.3 million). Operating profit totalled EUR 3.3 million (EUR 3.6 million) and operating profit excluding non-recurring items was EUR 3.3 million (EUR 3.6 million).

A strong workload in maintenance services for technical systems raised net sales to the comparison period's level.

The division's operating profit decreased slightly from the comparison period, since the number of commissioned assignments in damage repair services was unusually small. Meanwhile, the profitability of property maintenance and maintenance services for technical systems improved, thanks to production efficiency enhancement measures.

In damage repair services, new co-operation agreements were signed with insurance companies during the quarter, which will strengthen L&T's market position in the future and provide a steadier workload.

#### **January–September**

The division's net sales for January–September were up by 2.2% to EUR 103.4 million (EUR 101.1 million). Operating profit totalled EUR 4.8 million (EUR 6.3 million) and operating profit excluding non-recurring items was EUR 4.9 million (EUR 6.3 million).

Expansion of the damage repair service network and the increase in workload contributed to the year-on-year increase in the division's net sales.

Increasingly tight price competition in property maintenance and the rise in subcontracting and overtime costs in the first half eroded the division's operating profit.

### **Renewable Energy Sources**

#### **Third quarter**

Third quarter net sales of Renewable Energy Sources (L&T Biowatti) were up by 10.6% to EUR 8.0 million (EUR 7.2 million). The division recorded an operating loss of EUR 0.4 million (a loss of EUR 1.1 million), and an operating loss excluding non-recurring items of EUR 0.4 million (a loss of EUR 1.1 million).

Volume growth boosted net sales, even though the warm and rainy weather in the early autumn dampened demand and taxed the energy content of forest processed chips. Problems in peat production will raise the competitiveness of wood-based fuels in the coming heating season. Smaller depreciation helped curtail the division's operating loss.

### January–September

January–September net sales of Renewable Energy Sources (L&T Biowatti) were up by 14.7% to EUR 37.7 million (EUR 32.8 million). Operating loss amounted to EUR 0.3 million (a loss of EUR 3.1 million), and operating loss excluding non-recurring items was EUR 0.2 million (a loss of EUR 2.7 million).

Net sales increased from the comparison period thanks to successful new sales. Profitability also improved thanks to smaller depreciation and a trimmer cost structure. Chips' weak energy content had a negative impact on first-half results.

### BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	7-9/ 2012	7-9/ 2011	1-9/ 2012	1-9/ 2011	1-12/ 2011
Operating profit	19.6	18.2	38.7	33.5	25.6
Non-recurring items:					
Gain on sale of holding in L&T Recoil Oy			-4.2		
Impairment of hazardous waste treatment facility in Tuusula			0.3		
Impairment of L&T Biowatti					17.1
Discontinuation of wood pellet production of L&T Biowatti				0.1	0.1
Restructuring costs	0.1		2.1	1.1	1.5
Operating profit excluding non-recurring items	19.7	18.2	36.9	34.7	44.3

### FINANCING

Cash flows from operating activities amounted to EUR 49.7 million (EUR 45.2 million). EUR 6.4 million was tied up in the working capital (EUR 9.4 million tied up).

At the end of the period, interest-bearing liabilities amounted to EUR 114.0 million (EUR 153.6 million). L&T Recoil accounted for EUR 18.6 million of the interest-bearing liabilities in the comparison period. Net interest-bearing liabilities amounted to EUR 102.3 million, showing a decrease of EUR 24.9 million from the beginning of the year and EUR 39.4 million from the comparison period.

Net finance costs amounted to EUR 4.9 million (EUR 3.5 million) in January–September. This increase could be attributed to the non-recurring cost recognition of EUR 2.0 million on interest receivable from subordinated loans given to L&T Recoil Oy in the second quarter. Net finance costs were 1.0% (0.7%) of net sales.

The average interest rate on long-term loans (with interest-rate hedging) was 2.4% (3.1%). Long-term loans totalling EUR 7.2 million will mature during the rest of the year.

The equity ratio was 47.5% (43.4%) and the gearing rate 45.1 (63.5). Liquid assets at the end of the period amounted to EUR 11.7 million (EUR 12.0 million).

Of the EUR 100 million commercial paper programme, EUR 22.0 million (EUR 27 million) was in use at the end of the period. A committed limit totalling EUR 30.0 million, was not in use, as was the case in the comparison period.

### DISTRIBUTION OF ASSETS

The Annual General Meeting held on 15 March 2012 resolved that the profit for 2011 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.55 per share would be paid for the financial year 2011. The capital repayment, totalling EUR 21.3 million, was paid to the shareholders on 27 March 2012.

### CAPITAL EXPENDITURE

In January–September capital expenditure totalled EUR 36.3 million (EUR 55.7 million) and was mainly comprised of machine and equipment purchases.

## PERSONNEL

In January–September the average number of employees converted into full-time equivalents was 8,504 (8,614). The total number of full-time and part-time employees at the end of the period was 9,101 (9,648). Of them 7,078 (7,565) people worked in Finland and 2,023 (2,083) people in other countries.

## SHARE AND SHARE CAPITAL

### Traded volume and price

The volume of trading excluding the shares held by the company in Lassila & Tikanoja plc shares on NASDAQ OMX Helsinki in January–September was 7,967,973 which is 20.6 % (19.9%) of the average number of outstanding shares. The value of trading was EUR 82.4 million (EUR 94.8 million). The trading price varied between EUR 12.15 and EUR 8.59. The closing price was EUR 10.60. The market capitalisation excluding the shares held by the company was EUR 410.1 million (EUR 408.1 million) at the end of the period.

### Own shares

At the end of the period the company held 106,810 of its own shares, representing 0.3% of all shares and votes.

### Share capital and number of shares

The company's registered share capital amounts to EUR 19,399,437, and the number of outstanding shares to 38,692,064 shares. The average number of shares excluding the shares held by the company totalled 38,687,133.

### Share-based incentive programme 2012

Lassila & Tikanoja plc's Board of Directors decided on 14 December 2011 on a new share-based incentive programme. Rewards will be based on the EVA result of Lassila & Tikanoja group without L&T Recoil. They will be paid partly as shares and partly in cash. The part paid in cash will cover the taxes caused by the reward. Based on the programme a maximum of 65,520 shares of the company can be granted. The company will buy the shares from the stock market. The programme covers 22 persons.

### Shareholders

At the end of the period, the company had 9,411 (9,489) shareholders. Nominee-registered holdings accounted for 16.7% (13.3%) of the total number of shares.

### Authorisation for the Board of Directors

The Annual General Meeting held on 15 March 2012 authorised Lassila & Tikanoja plc's Board of Directors to make decisions on the repurchase of the company's own shares using the company's unrestricted equity.

The Board of Directors is authorised to purchase a maximum of 500,000 company shares, which is 1.3% of the total number of shares. The share issue authorisation will be effective for 18 months.

## RESOLUTIONS BY THE GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 15 March 2012, adopted the financial statements for the financial year 2011 and released the members of the Board of Directors and the Presidents and CEOs from liability.

The AGM resolved that the profit for 2011 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.55 per share, as proposed by the Board of Directors, would be paid for the financial year 2011 on the basis of the balance sheet adopted. The capital repayment, totalling EUR 21.3 million, payment date was resolved to be on 27 March 2012.

The Annual General Meeting confirmed the number of the members of the Board of Directors five. The following Board members were re-elected to the Board until the end of the following AGM: Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Maijala.

KPMG Oy Ab, Authorised Public Accountants, was elected auditor. KPMG Oy Ab has announced that it will name Lasse Holopainen, Authorised Public Accountant, as its principal auditor.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 15 March 2012.

## **BOARD OF DIRECTORS**

The members of the Board of Directors are Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Maijala. In its constitutive meeting the Board elected Heikki Bergholm as Chairman of the Board and Eero Hautaniemi as Vice Chairman.

From among its members, the Board elected Eero Hautaniemi as Chairman and Sakari Lassila and Miikka Maijala as members of the audit committee. Heikki Bergholm was elected as Chairman of the remuneration committee and Hille Korhonen as member of the committee.

## **SUMMARY OF STOCK EXCHANGE RELEASES PURSUANT TO ARTICLE 7, CHAPTER 2 OF THE SECURITIES MARKETS ACT**

In a release published on 7 September 2012 the company announced its new strategy. The core businesses of the new clarified portfolio are environmental, industrial and facility services. From 1 January 2013, L&T's reporting segments are Environmental Services, Industrial Services, Facility Services, and Renewable Energy Sources. The new financial targets are: organic growth over 5%, return on investment (ROI) 20%, operating profit 9% and gearing 30–80%.

In a release published on 7 September 2012 the company announced changes in company's management. Petri Salerno (QBA, born 1970) has been appointed Vice President, Environmental Services effective from 1 January 2013, Ville Rantala (M.Sc. Econ., born 1971) has been appointed Vice President, Industrial Services effective from 1 January 2013 and Petri Myllyniemi (M.Sc. Econ.; B.Sc. Eng., born 1964) has been appointed Vice President, Facility Services, effective from 7 January 2013. For the time being, Juha Simola and Henri Turunen will continue to act as the Vice Presidents of the current Property Maintenance and Cleaning and Office Support Services divisions and as members of the Group Executive Board.

In a release published on 14 September 2012 the company announced it is hosting a Capital Markets Day. The aim of the day was to present L&T's new strategy.

## **NEAR-TERM UNCERTAINTIES**

Economic uncertainty may cause radical changes in the Environmental Services division's secondary raw material markets and in industrial customer relationships.

Uncertainties associated with government subsidies for renewable fuels and with their continuity could affect demand for the Renewable Energy Sources division's services.

More detailed information on L&T's risks and risk management is available in the Annual Report for 2011, in the report of the Board of Directors, and in the consolidated financial statements.

## **OUTLOOK FOR THE REST OF THE YEAR**

Despite the economic uncertainty, the outlook for Environmental Services is, by and large, stable, but any changes in demand for industrial services may complicate operational adjustments.

The outlook for Cleaning and Office Support Services and for Property Maintenance is stable.

Demand for Renewable Energy Sources' (L&T Biowatti) wood-based fuels will pick up from the comparison period, and with a more effective cost structure in place, operating profit will improve.

Group's full-year net sales in 2012 are expected to remain at the 2011 level. Operating profit, excluding non-recurring items, is expected to remain at the 2011 level or improve slightly.

## CONDENSED FINANCIAL STATEMENTS 1 JANUARY–30 SEPTEMBER 2012

## CONSOLIDATED INCOME STATEMENT

EUR 1000	7-9/ 2012	7-9/ 2011	1-9/ 2012	1-9/ 2011	1-12/ 2011
<b>Net sales</b>	<b>161 216</b>	163 469	<b>502 194</b>	485 129	652 130
Cost of sales	<b>-135 695</b>	-139 720	<b>-446 705</b>	-432 446	-584 152
<b>Gross profit</b>	<b>25 521</b>	23 749	<b>55 489</b>	52 683	67 978
Other operating income	<b>614</b>	442	<b>6 173</b>	2 012	3 038
Selling and marketing costs	<b>-3 380</b>	-3 276	<b>-12 416</b>	-11 291	-15 217
Administrative expenses	<b>-2 747</b>	-2 252	<b>-9 163</b>	-8 590	-11 408
Other operating expenses	<b>-379</b>	-484	<b>-1 075</b>	-1 311	-1 733
Impairment, non-current assets			<b>-302</b>		-5 677
Impairment, goodwill and other intangible assets					-11 384
<b>Operating profit</b>	<b>19 629</b>	18 179	<b>38 706</b>	33 503	25 597
Finance income	<b>255</b>	72	<b>758</b>	712	1 041
Finance costs	<b>-823</b>	-1 349	<b>-5 642</b>	-4 216	-5 644
<b>Profit before tax</b>	<b>19 061</b>	16 902	<b>33 822</b>	29 999	20 994
Income tax expense	<b>-3 770</b>	-4 345	<b>-6 426</b>	-6 170	-4 030
<b>Profit for the period</b>	<b>15 291</b>	12 557	<b>27 396</b>	23 829	16 964
<b>Attributable to:</b>					
Equity holders of the company	<b>15 293</b>	12 555	<b>27 404</b>	23 825	16 960
Non-controlling interest	<b>-2</b>	2	<b>-8</b>	4	4
<b>Earnings per share for profit attributable to the equity holders of the company:</b>					
Basic earnings per share, EUR	<b>0.40</b>	0.32	<b>0.71</b>	0.62	0.44
Diluted earnings per share, EUR	<b>0.40</b>	0.32	<b>0.71</b>	0.61	0.44

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR 1000	7-9/ 2012	7-9/ 2011	1-9/ 2012	1-9/ 2011	1-12/ 2011
<b>Profit for the period</b>	<b>15 291</b>	12 557	<b>27 396</b>	23 829	16 964
<b>Other comprehensive income, after tax</b>					
Hedging reserve, change in fair value	1 141	-1 191	1 798	-1 415	-487
Revaluation reserve					
Gains in the period	-2	13	1	9	-4
Current available-for-sale financial assets	-2	13	1	9	-4
Currency translation differences	688	-577	768	-534	111
Currency translation differences, non-controlling interest	8	-18	11	-18	-11
<b>Other comprehensive income, after tax</b>	<b>1 835</b>	-1 773	<b>2 578</b>	-1 958	-391
<b>Total comprehensive income, after tax</b>	<b>17 126</b>	10 784	<b>29 974</b>	21 871	16 573
<b>Attributable to:</b>					
Equity holders of the company	17 120	10 801	29 971	21 885	16 580
Non-controlling interest	6	-17	3	-14	-7



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR 1000	9/2012	9/2011	12/2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	120 212	123 497	119 509
Customer contracts arising from acquisitions	8 241	11 167	10 591
Agreements on prohibition of competition	2 181	11 314	3 162
Other intangible assets arising from business acquisitions	62	84	78
Other intangible assets	8 590	12 444	11 149
	<b>139 286</b>	158 506	144 489
Property, plant and equipment			
Land	4 140	4 926	4 589
Buildings and constructions	47 579	79 013	78 217
Machinery and equipment	120 953	117 424	120 015
Other	87	83	85
Prepayments and construction in progress	5 893	4 994	4 616
	<b>178 652</b>	206 440	207 522
Other non-current assets			
Available-for-sale investments	7 293	589	605
Finance lease receivables	3 706	3 367	3 578
Deferred tax assets	3 537	4 940	6 323
Other receivables	2 853	3 282	3 315
	<b>17 389</b>	12 178	13 821
<b>Total non-current assets</b>	<b>335 327</b>	377 124	365 832
<b>Current assets</b>			
Inventories	29 696	27 516	27 953
Trade and other receivables	106 048	101 155	91 629
Derivative receivables	356	525	419
Prepayments	2 841	2 496	438
Current available-for-sale financial assets	2 400	6 294	2 299
Cash and cash equivalents	9 326	5 656	5 770
<b>Total current assets</b>	<b>150 667</b>	143 642	128 508
<b>TOTAL ASSETS</b>	<b>485 994</b>	520 766	494 340

EUR 1000	9/2012	9/2011	12/2011
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the company			
Share capital	19 399	19 399	19 399
Share premium reserve		50 673	
Other reserves	98	-4 029	-2 469
Unrestricted equity reserve	29 381	-15	50 658
Retained earnings	150 227	133 076	133 125
Profit for the period	27 404	23 825	16 960
	<b>226 509</b>	222 929	217 673
Non-controlling interest	274	264	271
<b>Total equity</b>	<b>226 783</b>	223 193	217 944
<b>Liabilities</b>			
Non-current liabilities			
Deferred tax liabilities	30 586	32 135	29 389
Retirement benefit obligations	665	664	628
Provisions	2 835	2 723	2 500
Borrowings	67 575	100 858	92 914
Other liabilities	970	1 001	960
	<b>102 631</b>	137 381	126 391
Current liabilities			
Borrowings	46 431	52 767	42 319
Trade and other payables	110 321	103 981	105 751
Derivative liabilities	-482	3 075	1 850
Tax liabilities	14	59	85
Provisions	296	310	
	<b>156 580</b>	160 192	150 005
<b>Total liabilities</b>	<b>259 211</b>	297 573	276 396
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>485 994</b>	520 766	494 340

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR 1000	9/2012	9/2011	12/2011
<b>Cash flows from operating activities</b>			
Profit for the period	27 396	23 829	16 964
<b>Adjustments</b>			
Income tax expense	6 426	6 170	4 030
Depreciation, amortisation and impairment	32 880	33 154	61 548
Finance income and costs	4 883	3 504	4 602
Gain on sale of shares	-4 181		
Other	-235	-399	-858
Net cash generated from operating activities before change in working capital	67 169	66 258	86 286
Change in working capital			
Change in trade and other receivables	-16 635	-19 233	-7 843
Change in inventories	-4 934	446	9
Change in trade and other payables	15 137	9 377	11 055
Change in working capital	-6 432	-9 410	3 221
Interest paid	-3 529	-4 432	-6 165
Interest received	686	691	1 020
Income tax paid	-8 151	-7 938	-9 896
<b>Net cash from operating activities</b>	<b>49 743</b>	<b>45 169</b>	<b>74 466</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries and businesses, net of cash acquired	-807	-23 546	-24 430
Proceeds from sale of Group companies and businesses, net of sold cash	7 820		
Purchases of property, plant and equipment and intangible assets	-29 021	-31 468	-45 503
Proceeds from sale of property, plant and equipment and intangible assets	519	1 802	1 850
Purchases of available-for-sale investments			-20
Change in other non-current receivables	462	127	98
Proceeds from sale of available-for-sale investments			
Dividends received	1		
<b>Net cash used in investing activities</b>	<b>-21 026</b>	<b>-53 085</b>	<b>-68 005</b>
<b>Cash flows from financing activities</b>			
Change in short-term borrowings	4 133	19 166	8 712
Proceeds from long-term borrowings	10 200	20 000	20 000
Repayments of long-term borrowings	-18 202	-11 945	-19 761
Dividends paid and other asset distribution	-21 254	-21 284	-21 284
Repurchase of own shares		-517	-517
<b>Net cash generated from financing activities</b>	<b>-25 123</b>	<b>5 420</b>	<b>-12 850</b>

EUR 1000	9/2012	9/2011	12/2011
<b>Net change in liquid assets</b>	<b>3 594</b>	-2 496	-6 389
Liquid assets at beginning of period	8 069	14 548	14 548
Effect of changes in foreign exchange rates	63	-102	-90
Change in fair value of current available-for-sale investments			
<b>Liquid assets at end of period</b>	<b>11 726</b>	11 950	8 069
<b>Liquid assets</b>			
EUR 1000	9/2012	9/2011	12/2011
Cash and cash equivalents	9 326	5 656	5 770
Available-for-sale financial assets	2 400	6 294	2 299
Total	11 726	11 950	8 069

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1000	Share capital	Share premium reserve	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
<b>Equity at 1.1.2012</b>	<b>19 399</b>	<b>0</b>	<b>-1 412</b>	<b>0</b>	<b>-1 057</b>	<b>50 658</b>	<b>150 085</b>	<b>217 673</b>	<b>271</b>	<b>217 944</b>
Expense recognition of share-based benefits							120	120		120
Repurchase of own shares										
Capital repayment						-21 277	22	-21 255		-21 255
Total comprehensive income			768	1	1 798		27 404	29 971	3	29 974
<b>Equity at 30.9.2012</b>	<b>19 399</b>	<b>0</b>	<b>-644</b>	<b>1</b>	<b>741</b>	<b>29 381</b>	<b>177 631</b>	<b>226 509</b>	<b>274</b>	<b>226 783</b>
<b>Equity at 1.1.2011</b>	<b>19 399</b>	<b>50 673</b>	<b>-1 523</b>	<b>-48</b>	<b>-570</b>	<b>0</b>	<b>154 785</b>	<b>222 716</b>	<b>278</b>	<b>222 994</b>
Expense recognition of share-based benefits							135	135		135
Repurchase of own shares							-554	-554		-554
Dividends paid							-21 290	-21 290		-21 290
Transfer from revaluation reserve				52		-15	37	37		37
Total comprehensive income			-534	9	-1 415		23 825	21 885	-14	21 871
<b>Equity at 30.9.2011</b>	<b>19 399</b>	<b>50 673</b>	<b>-2 057</b>	<b>13</b>	<b>-1 985</b>	<b>-15</b>	<b>156 938</b>	<b>222 929</b>	<b>264</b>	<b>223 193</b>

**KEY FIGURES**

	<b>7-9/ 2012</b>	<b>7-9/ 2011</b>	<b>1-9/ 2012</b>	<b>1-9/ 2011</b>	<b>1-12/ 2011</b>
Earnings per share, EUR	<b>0.40</b>	0.32	<b>0.71</b>	0.62	0.44
Earnings per share, diluted, EUR	<b>0.40</b>	0.32	<b>0.71</b>	0.61	0.44
Cash flows from operating activities per share, EUR	<b>0.47</b>	0.36	<b>1.29</b>	1.17	1.92
EVA, EUR million	<b>13.8</b>	11.0	<b>20.2</b>	12.7	-2.2
Capital expenditure, EUR 1000	<b>8 432</b>	10 594	<b>36 265</b>	55 697	70 590
Depreciation, amortisation and impairment, EUR 1000	<b>10 757</b>	11 331	<b>32 880</b>	33 154	61 548
Equity per share, EUR			<b>5.85</b>	5.76	5.63
Return on equity, ROE, %			<b>16.4</b>	14.2	7.7
Return on invested capital, ROI, %			<b>15.2</b>	12.6	7.6
Equity ratio, %			<b>47.5</b>	43.4	44.5
Gearing, %			<b>45.1</b>	63.5	58.3
Net interest-bearing liabilities, EUR 1000			<b>102 281</b>	141 676	127 165
Average number of employees in full-time equivalents			<b>8 504</b>	8 614	8 513
Total number of full-time and part-time employees at end of period			<b>9 101</b>	9 648	9 357
Number of outstanding shares adjusted for issues, 1000 shares					
average during the period			<b>38 687</b>	38 734	38 722
at end of period			<b>38 692</b>	38 686	38 686
average during the period, diluted			<b>38 689</b>	38 761	38 762

**ACCOUNTING POLICIES**

This interim report release is in compliance with IAS 34 standard. The same accounting policies as in the annual financial statements for the year 2011 have been applied. The following new, revised or amended IFRS standards and IFRIC interpretations that have become effective in 2012 have not had an impact on the financial statements:

- IFRS 7 (amendment) Financial Instruments: Disclosures – Derecognition
- IAS 12 (amendment) Income taxes – Deferred tax
- annual improvements to IFRS.

The preparation of financial statements in accordance with IFRS require the management to make such estimates and assumptions that affect the carrying amounts at the balance sheet date for the assets and liabilities and the amounts of revenues and expenses. Judgements are also made in applying the accounting policies. Actual results may differ from the estimates and assumptions.

The interim report has not been audited.

## SEGMENT INFORMATION

## Net sales

EUR 1000	7-9/2012			7-9/2011			Total net sales, change %
	External	Inter- division	Total	External	Inter- division	Total	
Environmental Services	82 533	771	83 304	85 140	766	85 906	-3.0
Cleaning and Office Support Services	40 762	578	41 340	41 122	408	41 530	-0.5
Property Maintenance	30 940	428	31 368	30 962	360	31 322	0.1
Renewable Energy Sources	6 981	996	7 977	6 245	968	7 213	10.6
Eliminations		-2 773	-2 773		-2 502	-2 502	
L&T total	161 216	0	161 216	163 469	0	163 469	-1.4

EUR 1000	1-9/2012			1-9/2011			Total net sales, change %
	External	Inter- division	Total	External	Inter- division	Total	
Environmental Services	245 653	2 768	248 421	239 304	2 566	241 870	2.7
Cleaning and Office Support Services	119 833	1 486	121 319	116 089	1 081	117 170	3.5
Property Maintenance	102 091	1 294	103 385	99 498	1 642	101 140	2.2
Renewable Energy Sources	34 617	3 043	37 660	30 238	2 586	32 824	14.7
Eliminations		-8 591	-8 591		-7 875	-7 875	
L&T total	502 194	0	502 194	485 129	0	485 129	3.5

EUR 1000	1-12/2011		
	External	Inter- division	Total
Environmental Services	322 264	3 620	325 884
Cleaning and Office Support Services	155 817	1 454	157 271
Property Maintenance	132 399	2 192	134 591
Renewable Energy Sources	41 650	3 752	45 402
Eliminations	0	-11 018	-11 018
L&T total	652 130	0	652 130

## Operating profit

EUR 1000	7-9/2012		7-9/2011		1-9/2012		1-9/2011		1-12/2011	
		%		%		%		%		%
Environmental Services	12 808	15.4	12 308	14.3	30 390	12.2	25 665	10.6	33 970	10.4
Cleaning and Office Support Services	4 544	11.0	3 718	9.0	5 624	4.6	6 194	5.3	7 131	4.5
Property Maintenance	3 299	10.5	3 582	11.4	4 840	4.7	6 253	6.2	8 181	6.1
Renewable Energy Sources	-384	-4.8	-1 085	-15.0	-330	-0.9	-3 061	-9.3	250	-46.8
Group admin. and other	-638		-344		-1 818		-1 548		-2 435	
L&T total	19 629	12.2	18 179	11.1	38 706	7.7	33 503	6.9	25 597	3.9
Finance costs, net	-568		-1 277		-4 884		-3 504		-4 603	
Profit before tax	19 061		16 902		33 822		29 999		20 994	

**Other segment information**

EUR 1000	9/2012	9/2011	12/2011		
<b>Assets</b>					
Environmental Services	317 080	352 978	346 224		
Cleaning and Office Support Services	58 069	54 838	54 302		
Property Maintenance	50 472	44 267	45 048		
Renewable Energy Sources	30 565	44 410	27 346		
Group admin. and other	9 847	2 057	2 528		
Unallocated assets	19 961	22 216	18 892		
L&T total	485 994	520 766	494 340		
<b>Liabilities</b>					
Environmental Services	60 685	57 031	57 367		
Cleaning and Office Support Services	29 286	28 213	29 804		
Property Maintenance	16 616	15 961	15 889		
Renewable Energy Sources	6 662	5 047	3 932		
Group admin. and other	1 424	1 253	1 343		
Unallocated liabilities	144 538	190 068	168 061		
L&T total	259 211	297 573	276 396		
EUR 1000	7-9/2012	7-9/2011	1-9/2012	1-9/2011	1-12/2011
<b>Capital expenditure</b>					
Environmental Services	4 890	7 604	17 444	33 264	43 362
Cleaning and Office Support Services	1 316	732	3 886	14 092	14 721
Property Maintenance	2 139	2 105	7 811	7 769	11 776
Renewable Energy Sources	43	118	373	409	454
Group admin. and other	44	35	6 751	163	277
L&T total	8 432	10 594	36 265	55 697	70 590
<b>Depreciation and amortisation</b>					
Environmental Services	7 841	7 896	23 959	22 895	30 760
Cleaning and Office Support Services	1 262	1 341	3 776	3 574	4 928
Property Maintenance	1 580	1 261	4 627	3 518	4 873
Renewable Energy Sources	73	827	211	3 161	3 919
Group admin. and other	1	6	5	6	7
L&T total	10 757	11 331	32 578	33 154	44 487
<b>Impairment</b>					
Environmental Services			302		
Renewable Energy Sources					17 061
L&T total	0	0	302	0	17 061

**INCOME STATEMENT BY QUARTER**

EUR 1000	7-9/ 2012	4-6/ 2012	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011	10-12/ 2010
<b>Net sales</b>								
Environmental Services	<b>83 304</b>	88 126	76 991	84 014	85 906	83 535	72 429	73 992
Cleaning and Office								
Support Services	<b>41 340</b>	40 658	39 321	40 101	41 530	40 784	34 856	34 580
Property Maintenance	<b>31 368</b>	31 718	40 299	33 451	31 322	30 879	38 939	31 596
Renewable Energy								
Sources	<b>7 977</b>	12 099	17 584	12 578	7 213	9 600	16 011	15 266
Inter-division net sales	<b>-2 773</b>	-2 909	-2 909	-3 143	-2 502	-2 612	-2 761	-3 927
L&T total	<b>161 216</b>	169 692	171 286	167 001	163 469	162 186	159 474	151 507
<b>Operating profit</b>								
Environmental Services	<b>12 808</b>	14 567	3 015	8 305	12 308	9 182	4 175	8 204
Cleaning and Office								
Support Services	<b>4 544</b>	235	845	937	3 718	1 001	1 475	181
Property Maintenance	<b>3 299</b>	790	751	1 928	3 582	769	1 902	633
Renewable Energy								
Sources	<b>-384</b>	-733	787	-18 189	-1 085	-1 325	-651	-361
Group admin. and other	<b>-638</b>	-715	-465	-887	-344	-767	-437	-104
L&T total	<b>19 629</b>	14 144	4 933	-7 906	18 179	8 860	6 464	8 553
<b>Operating margin</b>								
Environmental Services	<b>15.4</b>	16.5	3.9	9.9	14.3	11.0	5.8	11.1
Cleaning and Office								
Support Services	<b>11.0</b>	0.6	2.1	2.3	9.0	2.5	4.2	0.5
Property Maintenance	<b>10.5</b>	2.5	1.9	5.8	11.4	2.5	4.9	2.0
Renewable Energy								
Sources	<b>-4.8</b>	-6.1	4.5	-144.6	-15.0	-13.8	-4.1	-2.4
L&T total	<b>12.2</b>	8.3	2.9	-4.7	11.1	5.5	4.1	5.6
Finance costs, net	<b>-568</b>	-3 356	-960	-1 099	-1 277	-1 163	-1 064	-987
Profit before tax	<b>19 061</b>	10 788	3 973	-9 005	16 902	7 697	5 400	7 566



**BUSINESS ACQUISITIONS****Business combinations in aggregate****Consideration**

EUR 1000	Fair values used in consolidation
Cash	999
Equity instruments	
Contingent consideration	151
<b>Total consideration transferred</b>	<b>1 150</b>
Indemnification asset	
Fair value of equity interest held before the acquisition	
<b>Total consideration</b>	<b>1 150</b>
<b>Acquisition-related costs</b> (included in the administrative expenses in the consolidated financial statements)	<b>6</b>

**Recognised amounts of identifiable assets acquired and liabilities assumed**

Property, plant and equipment	515
Customer contracts	162
Agreements on prohibition of competition	151
Other intangible assets arising from business acquisitions	
Other intangible assets	
Non-current available-for-sale financial assets	
Inventories	2
Trade and other receivables	87
Cash and cash equivalents	154
<b>Total assets</b>	<b>1 072</b>
Deferred tax liabilities	
Non-current interest-bearing liabilities	44
Trade and other payables	146
Retirement benefit obligations	
Contingent liability	
<b>Total liabilities</b>	<b>190</b>
<b>Total identifiable net assets</b>	<b>881</b>
Non-controlling interest	
Goodwill	268
<b>Total</b>	<b>1 150</b>

## Acquisitions by Property Maintenance

- 1 January 2012, the property maintenance operations of IK Kiinteistöpalvelu Oy.
- 1 February 2012, the business of Jyvässeudun Talonmiehet Oy and Kiinteistöhuolto Markku Hyttinen Oy.

## Acquisitions by Environmental Services

- 1 May 2012, the waste management business of Sita Finland Oy in Oulu.

The figures for these acquired businesses are stated in aggregate, because none of them is of material importance when considered separately. Fair values have been determined as of the time the acquisition was realised. No business operations have been divested as a consequence of any acquisition. All acquisitions have been paid for in cash. With share acquisitions, L&T was able to gain 100% of the voting rights. The conditional consideration is tied to the transfer of the customer contracts to Lassila & Tikanoja plc, and the estimates of the fair values of considerations were determined on the basis of probability-weighted final acquisition price. The estimates for the conditional consideration have not changed between the time of acquisition and the balance sheet date. Trade and other receivables have been recorded at fair value at the time of acquisition. Individual acquisition prices have not been itemised because none of them is of material importance when considered separately. Profit for the period includes changes allocated to acquisition prices amounting to EUR 150 thousand.

By net sales, the largest acquisition was the business of Jyvässeudun Talonmiehet Oy (EUR 858 thousand).

It is not possible to itemise the effects of the acquired businesses on the consolidated net sales and profit for the period, because L&T integrates its acquisitions into the current business operations as quickly as possible to gain synergy benefits.

The accounting policy concerning business combinations is presented in Annual Report under Note 2 of the consolidated financial statements and under Summary on significant accounting policies.

**CHANGES IN INTANGIBLE ASSETS**

EUR 1000	1-9/2012	1-9/2011	1-12/2011
Carrying amount at beginning of period	144 489	142 681	142 681
Business acquisitions	433	22 227	22 859
Other capital expenditure	1 556	2 040	2 646
Disposals	-1 685	-7	-18
Amortisation and impairment	-6 193	-8 243	-23 865
Transfers between items			
Exchange differences	686	-192	186
Carrying amount at end of period	139 286	158 506	144 489

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

EUR 1000	1-9/2012	1-9/2011	1-12/2011
Carrying amount at beginning of period	207 522	200 700	200 700
Business acquisitions	515	4 028	4 441
Other capital expenditure	27 056	27 402	40 616
Disposals	-30 078	-404	-477
Depreciation and impairment	-26 687	-24 911	-37 683
Transfers between items			
Exchange differences	324	-375	-75
Carrying amount at end of period	178 652	206 440	207 522

**CAPITAL COMMITMENTS**

EUR 1000	1-9/2012	1-9/2011	1-12/2011
Intangible assets	0	0	0
Property, plant and equipment	4 836	4 862	4 593
Total	4 836	4 862	4 593

The Group's share of capital commitments  
of joint ventures

0 150 0

**RELATED-PARTY TRANSACTIONS**

(Joint ventures)

EUR 1000	1-9/2012	1-9/2011	1-12/2011
Sales	939	1 893	2 489
Other operating income	24	50	63
Interest income	391	512	707
Non-current receivables			
Capital loan receivable	0	23 146	24 396
Current receivables			
Trade receivables	0	2 408	2 710
Loan receivables	0	1 471	1 633

**CONTINGENT LIABILITIES****Securities for own commitments**

EUR 1000	9/2012	9/2011	12/2011
Mortgages on rights of tenancy	186	42 186	42 186
Company mortgages	460	21 460	21 460
Other securities	187	197	174
Bank guarantees required for environmental permits	6 255	5 649	5 702

Other securities are security deposits.

**Off balance sheet liabilities**

Lassila & Tikanoja plc has given a guarantee for a share of 50 percent of L&T Recoil Oy's financial liabilities.

The guarantee is valid no later than the maturity date of the liabilities on 31 August 2014.

The financial liabilities of L&T Recoil totalled EUR 33.6 million on 30 September 2012.

**Operating lease liabilities**

EUR 1000	9/2012	9/2011	12/2011
Maturity not later than one year	6 117	7 815	7 708
Maturity later than one year and not later than five years	8 678	17 662	15 504
Maturity later than five years	2 387	4 280	4 185
Total	17 182	29 757	27 397

**Liabilities associated with derivative agreements****Interest rate and currency swaps**

EUR 1000	9/2012	9/2011	12/2011
Nominal values of interest rate and currency swaps*			
Maturity not later than one year	12 444	17 304	13 429
Maturity later than one year and not later than five years	27 446	58 986	38 033
Maturity later than five years	3 636		
Total	43 526	76 290	51 462
Fair value	712	-3 074	-1 504
Nominal value of interest rate swaps**			
Maturity not later than one year	4 000	3 807	4 000
Maturity later than one year and not later than five years	12 000	636	19 455
Maturity later than five years			4 545
Total	16 000	4 443	28 000
Fair value	-223	443	-144

\* The interest rate and currency swaps are used to hedge cash flow related to a floating rate loan, and hedge accounting under IAS 39 has been applied to it. The hedges have been effective, and the changes in the fair values are shown in the consolidated statement of comprehensive income for the period. On the balance sheet date, the value of foreign currency loans was EUR 0.9 million negative. The fair values of the swap contracts are based on the market data at the balance sheet date.

\*\* Hedge accounting under IAS 39 has not been applied to these interest rate swaps. Changes in fair values have been recognised in finance income and costs.

**Commodity derivatives**

metric tons	9/2012	9/2011	12/2011
Nominal values of diesel swaps			
Maturity not later than one year	3 816	5 070	2 544
Maturity later than one year and not later than five years	636	1 272	636
Total	4 452	6 342	3 180
Fair value, EUR 1000	356	705	419

Commodity derivative contracts were concluded, for hedging of future diesel oil purchases. IAS 39 -compliant hedge accounting will be applied to these contracts, and the effective change in fair value will be recognised in the hedging reserve within equity. The fair values of commodity derivatives are based on market prices at the balance sheet date.

**Currency derivatives**

EUR 1000	9/2012	9/2011	12/2011
Volume of forward contracts			
Maturity not later than one year	1 099	0	1 079
Fair value	-6	0	-19

Hedge accounting under IAS 39 has not been applied to forward contracts. Changes in fair values have been recognised in finance income and costs.

**CALCULATION OF KEY FIGURES**

Earnings per share:

profit attributable to equity holders of the parent company / adjusted average basic number of shares

Earnings per share, diluted:

profit attributable to equity holders of the parent company / adjusted average diluted number of shares

Cash flows from operating activities/share:

cash flow from operating activities as in the statement of cash flows / adjusted average number of shares

EVA:

operating profit - cost calculated on invested capital (average of four quarters)

WACC 2011: 7.7% and WACC 2012: 7.1%

Equity per share:

equity attributable to equity holders of the parent company / adjusted basic number of shares at end of period

Return on equity, % (ROE):

(profit for the period / equity (average)) x 100

Return on investment, % (ROI):

(profit before tax + finance costs) / (total equity and liabilities - non-interest-bearing liabilities (average)) x 100

Equity ratio, %:

equity / (total equity and liabilities - advances received) x 100

Gearing, %:

net interest-bearing liabilities / equity x 100

Net interest-bearing liabilities:

interest-bearing liabilities - liquid assets

Operating profit excluding non-recurring items:

operating profit +/- non-recurring items

Helsinki, 22 October 2012

LASSILA & TIKANOJA PLC  
Board of Directors

Pekka Ojanpää  
President and CEO

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Lassila & Tikanoja specialises in environmental management and property and plant support services. With operations in Finland, Sweden, Latvia and Russia, L&T employs 9,100 persons. Net sales in 2011 amounted to EUR 652 million. L&T is listed on NASDAQ OMX Helsinki.

Distribution:  
NASDAQ OMX Helsinki  
Major media  
[www.lassila-tikanoja.com](http://www.lassila-tikanoja.com)