LASSILA & TIKANOJA

LASSILA & TIKANOJA PLC
INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2007

- **Net sales for the third quarter EUR 138.6 million (EUR 111.6 million); operating profit EUR 15.5 million (EUR 19.9 million); earnings per share EUR 0.28 (EUR 0.36)**
- **Net sales for January-September EUR 406.4 million (EUR 320.6 million); operating profit EUR 36.7 million (EUR 39.9 million); earnings per share EUR 0.63 (EUR 0.72). The operating profit excluding non-recurring and imputed items totalled EUR 41.3 million (EUR 38.0 million).**
- **In the final quarter the level of the result is expected to remain at about the same level as for the comparative quarter last year. Full-year net sales will increase by clearly more than 20% but earnings per share will decline.**

GROUP NET SALES AND FINANCIAL PERFORMANCE

Third quarter
Lassila & Tikanoja's net sales for the third quarter stood at EUR 138.6 million (EUR 111.6 million). The net sales increased by 24.1%, 19.7 percentage points of which came from corporate acquisitions. The operating profit was EUR 15.5 million (EUR 19.9 million), which is 11.2% (17.8%) of net sales. The operating profit excluding non-recurring and imputed items totalled EUR 17.1 million (EUR 18.0 million).

Organic growth slowed down in Environmental Services and Property and Office Support Services. Strong growth of Industrial Services continued. The operating profit was burdened by non-recurring costs amounting to EUR 1.1 million, as well as imputed changes in the fair value of oil derivatives acquired for hedging the oil re-refinery business that will be launched in 2008 (EUR –0.5 million). In the comparison period, non-recurring income was recognised for EUR 1.9 million.

January-September
The nine-month net sales increased by 26.8% and stood at EUR 406.4 million (EUR 320.6 million), 18.4 percentage points of this growth coming from corporate acquisitions. Earnings per share were EUR 0.63 (EUR 0.72). The operating profit excluding non-recurring and imputed items totalled EUR 41.3 million (EUR 38.0 million).

Organic growth exceeded market growth, and the company's market position strengthened. This was primarily attributable to well-functioning product development, marketing and sales operations, as well as sustained strong industrial demand. Several new service products were introduced to the market, and new outsourcing contracts were signed particularly in the forest industry. The operating profit was burdened by losses in the joint venture Salvor Oy (EUR 1.8 million), as well as imputed changes in the fair values of oil derivatives (EUR -2.2 million). In the comparison period, non-recurring sales gains were recognised for EUR 1.9 million.

Financial summary

	7-9 /2007	7-9 /2006	Change %	**1-9 /2007**	1-9 /2006	Change %	1-12 /2006
Net sales, EUR million	**138,6**	111,6	24,1	**406,4**	320,6	26,8	436,0
Operating profit excl. non-recurring and imputed items EUR million *	**17,1**	18,0	-5,0	**41,3**	38,0	8,7	47,3
Operating profit, EUR million	**15,5**	19,9	-22,0	**36,7**	39,9	-8,0	50,2
Operating margin, %	**11,2**	17,8		**9,0**	12,4		11,5
Profit before tax, EUR million	**14,2**	19,1	-25,8	**33,6**	38,5	-12,8	48,5
Earnings per share, EUR	**0,28**	0,36	-22,2	**0,63**	0,72	-12,5	0,90
EVA, EUR million	**8,8**	14,5	-39,0	**18,5**	24,0	-23,0	28,6

* Breakdown of operating profit excluding non-recurring and imputed items in the condensed financial statements.

NET SALES AND FINANCIAL PERFORMANCE BY DIVISION

Environmental Services

Third quarter
The net sales of Environmental Services (waste management, recycling services, L&T Biowatti, environmental products) in the third quarter amounted to EUR 68.3 million (EUR 53.0 million), an increase of 29.0%. The operating profit was EUR 9.4 million (EUR 10.0 million)

Organic growth in Finland slowed down due to expired municipal contracts, a decline in Salvor's net sales and a reduced volume of tyre recycling in relation to the comparison period. In other respects, new sales continued to be strong. A substantial contract was signed with regard to producers' liability, expanding L&T's operations to include recycling of beverage cans and plastic bottles returned from retailers as of the beginning of 2008. The Bajamaja rental service expanded and clearly outperformed its financial targets.

The result of recycling services was burdened by the losses of the joint venture Salvor Oy EUR -0,5 milllion. L&T became the sole owner of Salvor on 1 September 2007. Integration is estimated to generate additional costs approximately EUR 0,7 million during the fourth quarter.

The Joensuu recycling plant was put into production, and the final obstacle for a substantial extension to the Kerava plant was lifted when the city plan concerning the plant area became legally valid. Project planning in Kerava has been initiated. The first stage of capacity expansion is estimated to be in operation during the latter half of 2009.

L&T Biowatti's net sales and earnings developed favourably during the period. The delivery capacity was further improved by building more terminals and increasing stock volumes with the next year in mind.

International business developed as planned in Russia. The profitability of Latvian operations weakened due to an increased level of costs but a substantial price increase implemented in the beginning of October will clearly boost profitability.

Environmental Products' financial performance improved as a result of strong growth in net sales.

January-September
Environmental Services' net sales for January-September amounted to EUR 206.3 million (EUR 151.8 million), an increase of 35.9%. The operating profit was EUR 26.0 million (EUR 25.1 million)

Organic growth was strong. The profitability of waste management in relation to the comparison period was weakened by proportional growth in the number of municipal contracts. The volume of recycling services increased thanks to new sales and added plant capacity. Losses in the joint venture Salvor Oy increased substantially due to financial failures in landfill construction and closedown contracts.

The result of Environmental Products improved clearly on the comparison period.

An extension to capacity was introduced at the Tampere recycling plant. A new recycling plant at Joensuu was completed in August, followed by extensions to the Turku and Valkeakoski plants later this year. The recycling plant in Dubna, Russia is expected to be completed in the beginning of next year. The situation with environmental permits has developed favourably even though appeals against environmental permits are slowing down plant and processing area projects to some extent. The planning of new plants and processing sites will continue in Finland as well as in Russia.

The acquisition of a majority holding in Biowatti Oy was completed on 1 February 2007. L&T Biowatti is the leading bioenergy company utilising renewable energy sources in Finland. It engages in the procurement, processing, marketing and delivery of wood-based fuels for customers. L&T Biowatti's net sales and earnings developed almost as planned.

Waste management operations in the Moscow region expanded to a new town in May with the gradual transfer of waste management in the town of Sergiev Posad to L&T's responsibility. L&T currently has waste management operations at two locations in Russia, Dubna and Sergiev Posad. The operations are being expanded into larger cities in a controlled manner.

Property and Office Support Services

Third quarter

The net sales of Property and Office Support Services (property maintenance and cleaning services) totalled EUR 52.0 million (EUR 41.5 million), an increase of 25.3%. The operating profit was EUR 4.2 million (EUR 4.8 million)

Net sales in Finland increased thanks to acquisitions in the beginning of June that will be integrated into L&T by the end of the year. Organic growth in cleaning services slowed down in comparison to the first half of the year, mainly due to the lack of sales resources. The result of Finnish operations in both product lines exceeded the targets, and property management also outperformed the result for the comparison period. Sales of additional services in the summer season were successful. The profitability of technical systems operations normalised after a large unprofitable contract, and the order book grew. During the period, new outsourcing contracts were signed particularly with the forest industry.

Operations abroad remained unprofitable as expected. Non-recurring items of the Russian property services re-organisation burdened the earnings for the period for EUR 0.4 million. The problem with the Russian operations has been high overheads in proportion to net sales. The situation will change at the turn of the year when new service contracts signed during the review period will become effective and net sales will increase.

January-September

The January-September net sales of Property and Office Support Services totalled EUR 149.3 million (EUR 123.8 million), an increase of 20.6%. The operating profit was EUR 7.0 million (EUR 7.6 million)

Organic growth continued in Finland, with net sales growing particularly in property maintenance. Mild weather early in the year did not have much of an improving effect on performance, because snow ploughing is mostly covered by fixed-price advance agreements with subcontractors. There were no snow transports that would have provided for additional invoicing. A large number of new contracts started in cleaning services, and the costs of initiation hampered profitability.

Kiinteistöhuolto Jauhiainen Oy and Siivouspalvelu Ta-Bu Oy were acquired in the beginning of June. Kiinteistöhuolto Jauhiainen Oy is a property maintenance company operating in the Helsinki region that posted net sales of EUR 6.5 million in 2006. It employs 65 people. Siivouspalvelu Ta-Bu Oy operates in the Helsinki and Varkaus regions. Its net sales amounted to EUR 5.3 million in 2006, and it employs around 200 people.

Operations in Russia and Latvia have been reorganised. Sales performance in both countries has been good and an earnings improvement is expected. Recalculations and price increases concerning customer sites have also taken place in both countries.

Three acquisitions have been carried out in Sweden within one year, generating aggregate net sales of approximately EUR 30 million in 2007. The current focus in Sweden is on integrating these companies into one and building a sales organisation.

The division’s operations abroad were running at a loss.

Industrial Services

Third quarter

The net sales of Industrial Services (hazardous waste management, industrial cleaning, damage repair services and wastewater services) amounted to EUR 19.5 million (EUR 18.2 million), an increase of 6.8%. The operating profit was EUR 2.5 million (EUR 3.8 million). The division’s operating profit was burdened by imputed changes in the fair values of oil derivatives amounting to EUR -0.5 million.

Strong demand continued and all product lines increased their net sales, with the strongest growth in damage repair. The growth was entirely organic. However, in line with expectations, net sales growth in the division was moderate compared to the first half of the year because the comparison period last year was exceptionally strong.

Insufficient resourcing burdened the operational result. The proportion of in-house staff in relation to demand was too low, which resulted in an overproportioned increase in the costs of rented labour and presented a constraint for growth. In-house resources were increased and the use of rental labour minimised towards the end of the review period. Furthermore, due to a fire in June, the Tuusula plant for hazardous waste services was out of service for a longer period than expected, which reduced the degree of hazardous waste recovery and increased the costs of logistics. The plant was reintroduced into service in the beginning of October.

The joint venture L&T Recoil has succeeded better than expected with regard to the procurement of raw material. The company signed a substantial deal with regard to the procurement of raw material originating in Finland, which means that a major part of Finnish raw material can be routed to re-refining. The creation of foreign raw material procurement channels has also progressed faster than expected. Increasing stocks of raw material will result in increased storage costs during the construction stage, as well as an increased demand for working capital, but simultaneously the risks of obtaining raw material and the price risk will be substantially reduced.

January-September

The January-September net sales of Industrial Services amounted to EUR 54.3 million (EUR 47.9 million), an increase of 13.5%. The operating profit was EUR 5.2 million (EUR 6.9 million). The division's operating profit was burdened by imputed changes in the fair values of oil derivatives amounting to EUR 2.2 million.

The net sales of all product lines increased, with the strongest growth in damage repair services and hazardous waste management. Industrial demand did not even out after the first half of the year but continued to be strong also in the third quarter. The division's market position has strengthened, which is reflected in factors such as an increase in the number of major customer contracts. The earnings improvement in day-to-day operations was affected by good demand as well as improved productivity. The damage repair service network expanded to two new locations.

A new alternative liquid fuel (ALF) was introduced to the market to replace waste oil that is routed to re-refining. Oil derivatives are used to hedge the profitability of the upcoming re-refinery in situations where the market price of oil falls substantially. Changes in the fair value of oil derivatives have a quarterly earnings effect. The re-refinery is estimated to be completed in the summer 2008.

During the current year, the monthly workload has varied less than previously. In addition to good demand, this is attributable to the fact that the division has been successful in establishing extensive client agreements and partnerships with clients.

FINANCING

At the end of the period, interest-bearing liabilities amounted to EUR 42.6 million more than a year earlier. Net interest-bearing liabilities, totalling EUR 111.1 million, increased by EUR 40.3 million from the comparison period and by EUR 58.6 million from the beginning of the year. Net finance costs exceeded those for the comparison period by EUR 0.6 million in the third quarter, and by EUR 1.7 million in January-September. In the third quarter, interest expenses increased by EUR 0.7 million, and in January-September by EUR 1.6 million, as a result of the growth in interest-bearing liabilities and a rise in the interest rate level. Due to changes in the fair value of interest rate swaps, EUR 0.1 million was booked in finance costs in July-September, while EUR 0.1 million was booked as a decrease in finance income in the comparison period. With regard to changes in the fair value of interest rate swaps in January-September, EUR 0.2 million was booked in finance costs, compared to EUR 0.4 million booked in finance income for the comparison period. Net finance costs were 0.8% (0.4%) of net sales and 8.4% (3.3%) of operating profit.

A total of EUR 0.1 million arising from the change in the fair value of an interest rate swap to which hedge accounting under IAS 39 is applied, was recognised in equity in January-September.

The equity ratio was 42.6% (50.1%)and the gearing rate 61.7 (41.8). In January-September, net cash from operating activities amounted to EUR 34.4 million (EUR 42.1 million), and EUR 17.7 million (EUR 11.4 million) were tied up in the working capital. The high amount of working capital at the end of September was attributable to increased net sales as well as planned increases in the inventories of L&T Biowatti, which was acquired in January, and the joint venture L&T Recoil.

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 77.6 million (EUR 32.1 million) and EUR 47.6 million were spent on company acquisitions. The combined annual net sales of the acquired companies totalled EUR 90.6 million. In addition, production plants were built and machinery and equipment were replaced.

In the beginning of June, L&T acquired half of the minority share in L&T Muoviportti. As a result of this acquisition, a share corresponding to one hundred percent is booked in the consolidated financial statements. The operations of Kuljetus Kummunmäki Oy were acquired for waste management on 1 July. Salvor Oy became a Group company in the beginning of September when L&T acquired the remaining 50 percent of the shares.

The following acquisitions were made in the second quarter:

In early June, Kiinteistöhuolto Jauhiainen Oy and Siivouspalvelu Ta-Bu Oy were acquired.
Kiinteistöhuolto Jauhiainen Oy specialises in property maintenance services in the Helsinki region, and its net sales for the year 2006 amounted to EUR 6.5 million. It employs 65 people. Siivouspalvelu Ta-Bu Oy is a cleaning services company operating both in the Helsinki region and in Varkaus in Central Finland. Its net sales for the year 2006 amounted to EUR 5.3 million, and it employs some 200 people.

The following acquisitions were made in the first quarter:

In December 2006 an agreement was signed on the acquisition of the majority (70%) of the shares of Biowatti Oy from the acting management of the company for Environmental Services. The acquisition became effective on 1 February 2007 after the approval of the competition authority. L&T Biowatti is the leading Finnish bio energy supplier utilising renewable energy sources, operating in the procurement, processing, marketing and delivery of wood-based fuels. The main products are by-products of forest and wood processing industries and logging chips. The net sales of Biowatti for the year 2006 amounted to EUR 64.2 million. Bio fuel sales account for two thirds and industrial raw materials sales for one third of the net sales.

A Swedish cleaning services company Skånsk Allservice AB together with subsidiaries Hygienutveckling AB and Hygienutvickling A/S operating in Norway were acquired in January for Property and Office Support Services. The consolidated net sales of the group totalled EUR 10.8 million in 2006, most of which came from hygiene services for the food industry. Kiinteistöhuolto Pentti Nissinen Oy was acquired for property maintenance services.

The remaining portion of the shares of Suomen Keräystuote Oy was purchased for recycling services within Environmental Services. Lassila & Tikanoja held already 94.5% of Suomen Keräystuote shares.

PERSONNEL

In January – September, the average number of employees converted into full-time equivalents was 7,723 (6,863). At the end of the period, the total number of full-time and part-time employees was 9,226 (8,290). Of them 2,237 (1,610)people worked outside Finland.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading in Lassila & Tikanoja plc shares on OMX Nordic Exchange in Helsinki from January through September was 15,076,007, which is 39.0% (23.0%) of the average number of shares. The value of trading was EUR 362.0 million. The trading price varied between EUR 20.06 and EUR 27.96. The closing price was EUR 22.63. The market capitalisation was EUR 876.9 million (EUR 602.3 million) at the end of the period.

Share capital

At the beginning of the year the company’s registered share capital amounted to EUR 19,264,087. Since the beginning of the year, 223,455 shares have been subscribed for pursuant to 2002C options. After these subscriptions the share capital is EUR 19,375,814.50, and the number of the shares 38,751,629 shares.

Option plans 2002 and 2005
The subscription periods for 2002A and 2002B share options have ended. 280,000 2002C options have been issued. 274,000 have been granted to key persons of the company.
Until 20 July 2007, a total of 241,155 shares have been subscribed for pursuant to the 2002C options. Pursuant to the remaining outstanding 2002C options a maximum of 32,845 shares can be subscribed for, which is 0.1% of the current number of shares. The share subscription price is EUR 11.46. The 2002C options have been listed on the Helsinki Stock Exchange since 2 May 2006. The subscription period ends on 30 October 2007.

In 2005, 600,000 share options were issued, each entitling its holder to subscribe for one share of Lassila & Tikanoja plc. Presently, 25 key persons hold 162,000 2005A options, 35 key persons hold 193,000 2005B options and 41 key persons hold 230,000 2005C options. L&T Advance Oy, a wholly-owned subsidiary of Lassila & Tikanoja plc, holds 8,000 2005A options and 7,000 2005B options.

The share subscription price for 2005A options is EUR 14.22, for 2005B options EUR 16.98 and for 2005C options EUR 26.87. The options issued under the share option plan 2005 entitle their holders to subscribe for a maximum of 1.5% of the current number of shares. L&T's Board of Directors has decided to apply for the listing of options 2005A as of 2 November 2007.

Shareholders
At the end of the financial period, the company had 5,050 (4,615) shareholders. Nominee-registered holdings accounted for 13.3% (9.4%) of the total number of shares.

Authorisation for the Board of Directors
The Board of Directors is not authorised to effect any share issues or to launch a convertible bond or a bond with warrants. Neither is the Board authorised to decide on the repurchase nor disposal of the company's own shares.

RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 26 March 2007, adopted the financial statements for the financial year 2006 and released the members of the Board of Directors and the President and CEO from liability. The AGM resolved that a dividend of EUR 0.55, a total of EUR 21.2 million, as proposed by the Board of Directors, be paid for the financial year 2006. The dividend payment date was 5 April 2007.

The Annual General Meeting confirmed the number of the members of the Board of Directors five (5). The following Board members were re-elected to the Board until the end of the following AGM: Lasse Kurkilahti, Juhani Lassila, Juhani Maijala and Soili Suonoja. Eero Hautaniemi was elected as a new member for the same term.

PricewaterhouseCoopers Oy, Authorised Public Accountants, were elected auditors with Heikki Lassila, Authorised Public Accountant, acting as Principal Auditor.

The Annual General Meeting approved the Board of Directors' proposal to amend the Articles of Association in order to align them with the new Finnish Companies Act. The provisions on minimum and maximum share capital as well as on minimum and maximum number of shares were also removed.

At its organising meeting following the Annual General Meeting, the Board of Directors re-elected Juhani Maijala as Chairman of the Board and Juhani Lassila as Vice Chairman.

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

In a release disclosed on 23 July 2007, the company announced that the full-year financial result is estimated to be lower than in the previous year, though the operative result for the final half of the year is expected to remain on the same level as in the previous year. Previously the company estimated that the full-year financial performance will improve. Full-year net sales are still estimated to increase by clearly more than 20%.

On 14 September 2007, the Board of Directors resolved to apply for listing of 2005A share option rights on the OMX Nordic Exchange in Helsinki starting from 2 November 2007.

NEAR-TERM UNCERTAINTIES

The most substantial near-term uncertainty factor is the possibility that the performance of foreign units within Property and Office Support Services may not improve on the planned schedule. Changes in the fair values of oil derivatives associated with L&T Recoil's business depend on the development of world market prices for oil, and may have a substantial effect on the operating profit of Industrial Services. Fluctuations in the price of carbon dioxide emission rights have a substantial effect on the demand for L&T Biowatti's wood-based fuels. In principle, a high price for emission rights will increase the demand for L&T Biowatti's products, and vice versa. A planned amendment to Latvian waste legislation may have adverse effects on the competition situation for waste management in Riga next year.

PROSPECTS FOR THE REST OF THE YEAR 2007

The prospects for Lassila & Tikanoja's markets remain mostly good. Organic growth is estimated to strengthen slightly compared to the third quarter of 2007. Full-year net sales are going to increase by clearly more than 20% but earnings per share will decline. Result for the final quarter are estimated to be approximately at the same level as last year.

Last year, the earnings for the final quarter were improved by non-recurring income of EUR 1.0 million. In July, it was estimated that the result of operations in the second half of 2007 will remain at the previous year's level. This estimate has not been changed.

The demand for Environmental Services will remain strong in Finland. Increasing plant capacity and a versatile service offering will probably improve L&T's market position. During the current year, L&T Biowatti will strengthen the procurement of raw materials, increase stocks, improve its delivery capacity and thus prepare for increased demand in 2008. The final-quarter operating profit of the division is expected to be on a par with last year's level.

The market outlook for Property and Office Support Services in Finland is moderate as outsourcing continues. Cleaning operations abroad are unprofitable but the loss is expected to be smaller than a year earlier. The final-quarter earnings for the entire division are expected to improve.

The market outlook for Industrial Services is positive. Strong demand seems to continue. The risk of obtaining raw material for the upcoming operations of the joint venture L&T Recoil can be considered to have disappeared. Comparable operating profit for the division excluding the effect of changes in the value of oil derivatives is expected to be on a par with last year's level. Last year, imputed changes in the value of oil derivatives improved earnings by EUR 0.7 million.

An increase in the capacity of the Turku and Valkeakoski plants will be completed during the final quarter. The planning and construction of new plants will continue. Due to completed corporate acquisitions and other investment decisions made, the full-year capital expenditure will exceed the previous year's level.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY – 30 SEPTEMBER 2007

ACCOUNTING POLICIES

This interim financial report is in compliance with IAS 34, Interim Financial Reporting Standard. The same accounting policies as in the annual financial statements of 31 December 2006 have been applied. These interim financial statements have been prepared in accordance with the IFRS standards and interpretations that were effective on 31 March 2007. The new IFRIC interpretations (7-10) valid as of 1 January 2007 did not affect the consolidated financial statements. IFRS 7 (effective as of 1 January 2007) does not affect these interim financial statements, because they are condensed. Income tax expense is based on the estimated average annual income tax rate, which would be applicable to expected total annual earnings.

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 financial statements have not been audited.

INCOME STATEMENT

EUR 1000	**7-9 /2007**	7-9 /2006	**1-9 /2007**	1-9 /2006	1-12 /2006
Net sales	**138 569**	111 648	**406 441**	320 642	436 004
Cost of goods sold	**-116 792**	-88 673	**-348 719**	-267 742	-367 968
Gross profit	**21 777**	22 975	**57 722**	52 900	68 036
Other operating income	**1 044**	2 172	**2 672**	3 029	4 702
Selling and marketing costs	**-3 156**	-2 900	**-10 866**	-9 105	-12 844
Administrative expenses	**-2 797**	-2 010	**-8 686**	-6 215	-8 660
Other operating expenses	**-1 393**	-385	**-4 166**	-736	-1 049
Operating profit	**15 475**	19 852	**36 676**	39 873	50 185
Finance income	**258**	69	**1 037**	1 056	1 509
Finance costs	**-1 552**	-809	**-4 107**	-2 389	-3 208
Share of profit of associates					18
Profit before tax	**14 181**	19 112	**33 606**	38 540	48 504
Income tax expense	**-3 499**	-4 911	**-9 074**	-10 293	-13 249
Profit for the period	**10 682**	14 201	**24 532**	28 247	35 255
Attributable to:					
Equity holders of the parent	**10 680**	14 026	**24 278**	27 755	34 613
Minority interest	**2**	175	**254**	492	642
Earnings per share for profit attributable to the equity holders of the parent:					
Earnings per share, EUR	**0,28**	0,36	**0,63**	0,72	0,90
Earnings per share, EUR - diluted	**0,27**	0,36	**0,63**	0,72	0,90

BALANCE SHEET

EUR 1000	**9/2007**	9/2006	12/2006
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	**120 167**	103 697	106 611
Intangible assets arising from business combinations	**32 324**	9 597	9 893
Other intangible assets	**9 425**	7 807	7 903
Total	**161 916**	121 101	124 407
Property, plant and equipment			
Land	**3 519**	3 215	3 215
Buildings and constructions	**37 950**	37 965	38 239
Machinery and equipment	**98 168**	94 473	90 397
Other	**275**	44	174
Advance payments and construction in progress	**6 098**	1 623	2 013
Total	**146 010**	137 320	134 038
Other non-current assets			
Investments in associates	**3**	3	3
Available-for-sale investments	**2 978**	2 927	2 954
Finance lease receivables	**3 605**	3 073	3 174
Deferred income tax assets	**596**	508	425
Other receivables	**252**	205	229
Total	**7 434**	6 716	6 785
Total non-current assets	**315 360**	265 137	265 230
Current assets			
Inventories	**14 197**	4 384	4 315
Trade and other receivables	**87 699**	62 846	58 094
Advance payments	**2 068**	1 913	155
Available-for-sale investments	**1 996**	3 993	13 955
Cash and cash equivalents	**8 495**	4 256	10 835
Total current assets	**114 455**	77 392	87 354
TOTAL ASSETS	**429 815**	342 529	352 584

EUR 1000	**9/2007**	9/2006	12/2006
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent			
Share capital	**19 376**	19 256	19 264
Share premium reserve	**50 115**	47 556	47 666
Revaluation and other reserves	**-3**	119	326
Retained earnings	**86 166**	72 190	72 291
Profit for the period	**24 278**	27 755	34 613
Total	**179 932**	166 876	174 160
Minority interest	**186**	2 658	2 709
Total equity	**180 118**	169 534	176 869
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	**29 504**	21 132	22 350
Pension obligations	**510**	312	352
Provisions	**928**	733	936
Interest-bearing liabilities	**65 276**	58 926	59 031
Other liabilities	**488**	413	431
Total	**96 706**	81 516	83 100
Current liabilities			
Interest-bearing liabilities	**56 335**	20 125	18 231
Trade and other payables	**95 462**	69 487	73 174
Tax liabilities	**1 044**	1 611	938
Provisions	**150**	256	272
Total	**152 991**	91 479	92 615
Total liabilities	**249 697**	172 995	175 715
TOTAL EQUITY AND LIABILITIES	**429 815**	342 529	352 584

CASH FLOW STATEMENT

EUR 1000	**9/2007**	9/2006	12/2006
Cash flows from operating activities			
Profit for the period	**24 532**	28 247	35 255
Adjustments			
Income tax expense	**9 074**	10 293	13 249
Depreciation and amortisation and impairment	**24 540**	20 636	28 155
Finance income and costs	**3 070**	1 333	1 699
Other	**1 632**	-3 580	-2 447
Net cash generated from operating activities before change in working capital	**62 848**	56 929	75 911
Change in working capital			
Change in trade and other receivables	**-17 965**	-16 363	-8 380
Change in inventories	**-6 135**	394	541
Change in trade and other payables	**6 385**	4 609	9 585
Change in working capital	**-17 715**	-11 360	1 746
Interest paid	**-2 424**	-1 356	-2 925
Interest received	**747**	527	938
Income tax paid	**-9 056**	-2 610	-5 776
Net cash from operating activities	**34 400**	42 130	69 894
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash	**-39 716**	-7 803	-10 658
Purchases of property, plant and equipment and intangible assets	**-32 157**	-18 784	-34 878
Proceeds from sale of property, plant and equipment and intangible assets	**3 777**	3 547	13 727
Purchases of available-for-sale investments	**-75**		
Change in other long-term receivables	**26**	3	-7
Proceeds from sale of available-for sale investments	**942**	56	353
Dividends received	**1**	4	9
Net cash used in investment activities	**-67 202**	-22 977	-31 454
Cash flows from financing activities			
Proceeds from share issue	**2 561**	1 018	1 018
Change in short-term borrowings	**24 488**	-12 631	-14 525
Proceeds from long-term borrowings	**30 000**	15 000	15 000
Repayments of long-term borrowings	**-17 092**	-6 289	-7 041
Dividends paid	**-21 361**	-15 257	-15 339
Net cash generated from financing activities	**18 596**	-18 159	-20 887
Net change in liquid assets	**-14 206**	994	17 553
Liquid assets at beginning of period	**24 790**	7 252	7 252
Effect of changes of foreign exchange rates	**-92**	3	-15
Change in fair value of current available-for-sale investments	**-1**		
Liquid assets at end of period	**10 491**	8 249	24 790

Liquid assets

EUR 1000	**9/2007**	9/2006	12/2006
Cash	**8 495**	4 256	10 835
Current available-for-sale investments	**1 996**	3 993	13 955
Total	**10 491**	8 249	24 790

STATEMENT OF CHANGES IN EQUITY

EUR 1000	Share capital	Share premium reserve	Revaluation and other reserves	Retained earnings	Equity attrib. to equity holders of the parent	Minority interest	Total equity
Equity at 1.1.2007	19 264	47 666	326	106 904	174 160	2 709	176 869
Hedging fund, change in fair value			92		92		92
Current available for sale investments, change in fair value			-9		-9		-9
Currency translation differences			-412		-412	1	-411
Items recognised directly in equity			-329		-329	1	-328
Profit for the period				24 278	24 278	255	24 533
Total recognised income and expenses			-329	24 278	23 949	256	24 205
Share option remuneration							
Subscriptions pursuant to 2002 options	112	2 449			2 561		2 561
Remuneration expense of share options				452	452		452
Dividends paid				-21 190	-21 190	-180	-21 370
Purchase of a minority						-2 599	-2 599
Equity at 30.9.2007	19 376	50 115	-3	110 444	179 932	186	180 118
Equity at 1.1.2006	19 189	46 606	-179	87 250	152 866	2 166	155 032
Hedging fund, change in fair value			264		264		264
Current available for sale investments, change in fair value			2		2		2
Currency translation differences			32		32		32
Items recognised directly in equity			298		298		298
Profit for the period				27 755	27 755	492	28 247
Total recognised income and expenses			298	27 755	28 053	492	28 545
Share option remuneration							
Subscriptions pursuant to 2002 options	67	950			1 017		1 017
Remuneration expense of share options				295	295		295
Dividends paid				-15 355	-15 355		-15 355
Equity at 30.6.2006	19 256	47 556	119	99 945	166 876	2 658	169 534

KEY FIGURES

	7-9 /2007	7-9 /2006	**1-9 /2007**	1-9 /2006	1-12 /2006
Earnings per share, EUR	**0,28**	0,36	**0,63**	0,72	0,90
Earnings per share, EUR - diluted	**0,27**	0,36	**0,63**	0,72	0,90
Cash flows from operating activities per share, EUR	**0,25**	0,47	**0,89**	1,10	1,82
EVA, EUR million	**8,8**	14,5	**18,5**	24,0	28,6
Capital expenditure, EUR 1000	**12 937**	8 255	**77 638**	32 088	47 162
Depreciation, EUR 1000	**8 719**	6 836	**24 540**	20 636	28 155
Equity per share, EUR			**4,64**	4,33	4,52
Return on equity, ROE, %			**18,3**	23,2	21,2
Return on invested capital, ROI, %			**18,1**	22,4	21,0
Equity ratio, %			**42,6**	50,1	50,4
Gearing, %			**61,7**	41,8	29,7
Net interest-bearing liabilities, EUR 1000			**111 121**	70 802	52 471
Average personnel in full-time equivalents			**7 723**	6 863	6 775
Total number of full-time and part-time employees at end of period			**9 226**	8 290	8 328
Adjusted number of shares, 1000 shares					
average during the period			**38 637**	38 420	38 445
at end of period			**38 752**	38 511	38 528
average during period, diluted			**38 837**	38 571	38 601

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING AND IMPUTED ITEMS

EUR million	**7-9 /2007**	7-9 /2006	**1-9 /2007**	1-9 /2006	1-12 /2006
Operating profit	**15,5**	19,9	**36,7**	39,9	50,2
Non-recurring items:					
Salvor	**0,5**		**1,8**		
Russia	**0,4**		**0,4**		
Sale of a property		-1,9		-1,9	-1,9
Other	**0,2**		**0,2**		-0,3
Oil derivatives	**0,5**		**2,1**		-0,7
Operating profit excl non-recurring and imputed items	**17,1**	18,0	**41,3**	38,0	47,3

SEGMENT REPORTING

NET SALES

EUR 1000	**7-9 /2007**	7-9 /2006	Change %	**1-9 /2007**	1-9 /2006	Change %	1-12 /2006
Environmental Services	**68 336**	52 973	29,0	**206 337**	151 789	35,9	207 252
Property and Office Support Services	**51 963**	41 463	25,3	**149 343**	123 819	20,6	168 403
Industrial Services	**19 469**	18 223	6,8	**54 332**	47 862	13,5	64 416
Group admin. and other	**3**	19		**9**	115		118
Inter-division net sales	**-1 020**	-1 030		**-3 580**	-2 943		-4 185
Lassila & Tikanoja	**138 569**	111 648	24,1	**406 441**	320 642	26,8	436 004

OPERATING PROFIT

EUR 1000	**7-9 /2007**	**%**	7-9 /2006	%	**1-9 /2007**	**%**	1-9 /2006	%	1-12 /2006	%
Environmental Services	**9 366**	**13,7**	9 986	18,9	**26 033**	**12,6**	25 108	16,5	32 498	15,7
Property and Office Support Services	**4 213**	**8,1**	4 833	11,7	**6 990**	**4,7**	7 604	6,1	8 758	5,2
Industrial Services	**2 497**	**12,8**	3 800	20,9	**5 161**	**9,5**	6 862	14,3	9 601	14,9
Group admin. and other	**-601**		1 233		**-1 508**		299		-672	
Lassila & Tikanoja	**15 475**	**11,2**	19 852	17,8	**36 676**	**9,0**	39 873	12,4	50 185	11,5

OTHER SEGMENT REPORTING

EUR 1000	**7-9/2007**	7-9/2006	**1-9/2007**	1-9/2006	1-12/2006
Assets					
Environmental Services			**268 930**	205 852	199 872
Property and Office Support Services			**74 674**	59 258	59 394
Industrial Services			**70 219**	64 633	63 508
Group admin. and other			**2 875**	2 940	2 804
Non-allocated assets			**13 117**	9 846	27 006
Lassila & Tikanoja			**429 815**	342 529	352 584
Liabilities					
Environmental Services			**51 645**	35 788	33 388
Property and Office Support Services			**29 918**	23 380	29 708
Industrial Services			**13 442**	10 437	10 367
Group admin. and other			**765**	638	1 084
Non-allocated liabilities			**153 927**	102 752	101 168
Lassila & Tikanoja			**249 697**	172 995	175 715
Capital expenditure					
Environmental Services	**10 031**	5 118	**53 884**	16 504	21 940
Property and Office Support Services	**-394**	1 968	**16 941**	11 859	19 472
Industrial Services	**3 170**	1 161	**6 640**	3 671	5 696
Group admin. and other	**130**	8	**173**	54	54
Lassila & Tikanoja	**12 937**	8 255	**77 638**	32 088	47 162
Depreciation and amortisation					
Environmental Services	**5 259**	3 961	**15 110**	11 762	16 002
Property and Office Support Services	**2 200**	1 668	**5 718**	5 229	7 274
Industrial Services	**1 258**	1 188	**3 709**	3 571	4 796
Group admin. and other	**2**	19	**3**	74	83
Lassila & Tikanoja	**8 719**	6 836	**24 540**	20 636	28 155

INCOME STATEMENT BY QUARTER

EUR 1000	7-9 /2007	4-6 /2007	1-3 /2007	10-12 /2006	7-9 /2006	4-6 /2006	1-3 /2006	10-12 /2005
Net sales								
Environmental Services	68 336	72 216	65 785	55 463	52 973	51 692	47 124	47 333
Property and Office Support Services	51 963	48 660	48 720	44 584	41 463	41 243	41 113	36 545
Industrial Services	19 469	19 100	15 763	16 554	18 223	16 513	13 126	14 362
Group admin. and other	3	3	3	3	19	26	70	92
Inter-division net sales	-1 202	-1 220	-1 158	-1 242	-1 030	-1 044	-869	-1 235
Lassila & Tikanoja	138 569	138 759	129 113	115 362	111 648	108 430	100 564	97 097
Operating profit								
Environmental Services	9 366	8 054	8 613	7 390	9 986	7 828	7 294	5 862
Property and Office Support Services	4 213	1 690	1 087	1 154	4 833	1 499	1 272	2 393
Industrial Services	2 497	2 645	19	2 739	3 800	2 277	785	909
Group admin. and other	-601	-349	-558	-971	1 233	-547	-388	-110
Lassila & Tikanoja	15 475	12 040	9 161	10 312	19 852	11 057	8 963	9 054
Operating margin								
Environmental Services	13,7	11,2	13,1	13,3	18,9	15,1	15,5	12,4
Property and Office Support Services	8,1	3,5	2,2	2,6	11,7	3,6	3,1	6,5
Industrial Services	12,8	13,8	0,1	16,5	20,9	13,8	6,0	6,3
Lassila & Tikanoja	11,2	8,7	7,1	8,9	17,8	10,2	8,9	9,3
Finance costs, net	-1 294	-924	-852	-366	-740	-391	-201	-120
Share of profits of associates				18				27
Profit before tax	14 181	11 116	8 309	9 964	19 112	10 666	8 762	8 961

BUSINESS ACQUISITIONS

In business combinations, all property, plant and equipment acquired is measured at fair value on the basis of the market prices of similar assets, taking into account the age of the assets, wear and tear and similar factors. Tangible assets will be depreciated over their useful life according to the management’s estimate, taking into account the depreciation principles observed within the Group.

Intangible assets arising from business combinations are recognised separately from goodwill at fair value at the time of acquisition if the fair value of the asset can be determined reliably. In connection with acquired business operations, the Group mostly has acquired agreements on prohibition of competition and customer relationships. The fair value of customer agreements and customer relationships associated with them has been determined on the basis of estimated duration of customer relationships and discounted net cash flows arising from current customer relationships. The value of agreements on prohibition of competition has been calculated in a similar manner through cash flows over the duration of the agreement. Other intangible assets will be amortised over their useful life according to agreement or the management’s estimate.

In addition to the skills of the personnel of the acquired businesses, goodwill arising from business combinations carried out in 2007, comprises other intangible items that cannot be identified separately in accordance with IAS 38. These unidentified items include the potential for gaining new customers vested in the acquired businesses and the opportunities for developing new products and services, as well as the regionally strong position of an acquired business. These items do not fulfil the IAS 38 identification criteria in any way. The items cannot be separated from each other, they are not based on any agreement or legal right and their value cannot be determined reliably. All business combinations also create synergy benefits that consist primarily of savings in fixed production costs. Negative goodwill is generated when equity at the time of acquisition exceeds the acquisition price. This will be recognised as income.

Changes in goodwill arising from acquisitions/acquisition costs may arise on the basis of terms and conditions related to the purchase price in the deeds of sale. In many acquisitions a small portion of the acquisition price is contingent on future events (less than 12 months). Acquisition price adjustments, including also attorney's and consultants' fees attributable to a business combination, are recognised in goodwill within 12 months from the acquisition date. Except these portions and the purchase of the minority holding of Biowatti described below, the allocation calculations are final.

The consolidated net sales for the period 1 January to 30 September 2007 would have been EUR 422.0 million and the consolidated profit for the period EUR 23.0 million if all the acquisitions had been made on 1 January. The realised net sales of the acquired businesses have been added to the consolidated net sales, and their realised profits and losses have been added to the consolidated profit in accordance with interim accounts at the time of acquisition. Profit for the period is stated less the current amortisation on intangible assets and depreciation on property, plant and equipment. Synergy benefits have not been accounted for.

Biowatti Oy

EUR 1000	Fair values used in consolidation	Carrying amounts before consolidation
Property, plant and equipment	1 107	1 107
Customer contracts	72	
Agreements on prohibition of competition	14 593	
Other intangible assets arising from business combinations	8 657	
Other intangible assets	647	647
Inventories	3 213	3 213
Trade and other receivables	9 768	9 768
Cash and cash equivalents	5 251	5 251
Total assets	43 308	19 986
Deferred tax liabilities	-6 442	-40
Interest-bearing long-term liabilities	-5 806	
Trade and other payables	-7 877	-7 877
Total liabilities	-20 125	-7 917
Net assets	23 183	12 069
Goodwill arising from acquisitions	7 762	
Acquisition cost	30 945	
Acquisition cost	30 945	
Cash and cash equivalents at acquisition date	-5 251	
Cash flow effect of acquisitions	25 694	

On 18 December 2006, an agreement was signed on the acquisition of the majority (70%) of the shares of Biowatti Oy from the acting management of the company. L&T also made a commitment to redeem the remaining thirty percent of the shares by the end of the year 2011. The acquisition price for the seventy percent portion was EUR 30.9 million, and it was paid in cash. No interest-bearing liabilities were transferred in the acquisition. The acquisition became effective on 1 February 2007 after the approval of the competition authority. L&T Biowatti became a cash-generating unit within the Environmental Services division.

In the consolidated financial statements the whole acquisition price (100%) was recognised as acquisition cost. No minority interest was separated from the profit or equity, but the estimated purchase price of the remaining 30 percent, discounted to the value at the acquisition date (approximately EUR 5,806 thousand), was recognised as interest-bearing non-current liability. The final price of the 30 percent portion will be determined based on the future earnings of L&T Biowatti. The estimate is assessed annually as of 31 December, or whenever any indication exists. If the estimate needs to be revised, the cost of the combination will be adjusted accordingly and the amounts of goodwill and interest-bearing liabilities will be changed.

All property, plant and equipment acquired was measured and their values were found to correspond to the fair values based on the market prices of similar assets, taking into account the age of the assets, wear and tear and similar factors. The property, plant and equipment of Biowatti were already recognised at fair value due to a former company arrangement.

The value of supply contracts recognised in Other intangible assets was determined on the basis of estimated duration of supplier relationships and discounted net cash flows arising from current relationships. Intangible assets will be amortised over their useful life according to agreement or the management's estimate.

The net sales of L&T Biowatti for 1 February to 30 September 2007 amounted to EUR 43,848 thousand, and profit for the period EUR 2,507 thousand.

Other business combinations in aggregate

EUR 1000	Fair values used in consolidation	Carrying amounts before consolidation
Property, plant and equipment	4 478	3 879
Customer contracts	2 555	
Agreements on prohibition of competition	1 103	
Other intangible assets arising from business combinations	97	
Other intangible assets	168	168
Other non-current assets	1 098	945
Inventories	394	394
Trade and other receivables	4 430	4 430
Cash and cash equivalents	4 592	4 592
Total assets	18 915	14 408
Deferred tax liabilities	-647	-402
Non-current interest bearing liabilities	-104	-104
Trade and other payables	-8 070	-8 070
Total liabilities	-8 821	- 8 576
Net assets	10 094	5 832
Goodwill arising from acquisitions	6 497	
Recognition of negative goodwill	-651	
Acquisition cost	15 940	
Acquisition cost	15 940	
Cash and cash equivalents at acquisition date	-4 592	
Cash flow effect of acquisitions	11 348	

Acquired business operations denominated in a foreign currency have been converted into euro at the exchange rate valid on the date of acquisition.

On 1 September 2007, 50.0% of Salvor Oy, in which L&T already had a holding of 50.0%, were acquired to recycling services within Environmental Services. The operations of Kuljetus Kummunmäki Oy were acquired for waste management on 1 July 2007. Acquisitions for Property and Office Support Services included the cleaning services group Skånsk All Service AB on 1 February 2007 and Siivouspalvelu Ta-Bu Oy on 31 May 2007, while Kiinteistöhuolto Pentti Nissinen Oy was acquired for property management on 1 February 2007 and Kiinteistöhuolto Jauhiainen Oy on 31 May 2007.

The figures for these acquired businesses are stated in aggregate, because none of them is of material importance. 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. Individual purchase prices have not been itemised because none of them is of material importance when considered separately. All share acquisitions have resulted in a holding of 100% of voting power.

The aggregate net sales of the acquired companies totalled EUR 90.6 million. The largest acquired company by annual net sales were Skånsk All Service group (EUR 10.8 million), Kiinteistöhuolto Jauhiainen Oy (EUR 6.5 million) and Siivouspalvelu Ta-Bu Oy (EUR 5.3 million).

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.

Furthermore, L&T acquired the remaining 5.5% of Suomen Keräystuote Oy's shares on 31 January, complementing its existing holding of 94.5%. On 1 July 2007, L&T acquired 16.5% of the Muoviportti Group of which it previously held 67%. A share corresponding to 33% was recognised in the consolidated financial statements because L&T has committed to acquiring the remaining shares. An estimate of the sales price for 16.5% has been booked as interest-bearing non-current debt. These business combinations are not subject to IFRS 3 because they concern entities under common control.

CHANGES IN INTANGIBLE ASSETS

EUR 1000	**1-9/2007**	1-9/2006	1-12/2006
Book value at beginning of period	**124 407**	114 872	114 872
Business acquisitions	**42 115**	6 726	9 885
Other capital expenditure	**3 243**	2 110	3 016
Decreases	**-2 100**	-145	-161
Amortisation and impairment	**-5 649**	-2 461	-3 464
Transfers between items	**121**		
Translation difference	**-221**	-1	259
Book value at end of period	**161 916**	121 101	124 407

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1000	**1-9/2007**	1-9/2006	1-12/2006
Book value at beginning of period	**134 038**	135 404	135 404
Business acquisitions	**5 510**	2 273	3 261
Other capital expenditure	**27 384**	20 813	30 677
Decreases	**-1 814**	-2 947	-10 599
Depreciation and impairment	**-18 894**	-18 175	-24 691
Transfers between items	**-121**		
Translation difference	**-93**	-48	-14
Book value at end of period	**146 010**	137 320	134 038

CAPITAL COMMITMENTS

EUR 1000	**1-9/2007**	1-9/2006	1-12/2006
Intangible assets	**165**	447	150
Property, plant and equipment	**9 762**	1 398	7 199
Total	**9 927**	1 845	7 349
Capital commitments of joint ventures	**13 083**		

RELATED-PARTY TRANSACTIONS
(Joint ventures and associates)

EUR 1000	**1-9 /2007**	1-9 /2006	1-12 /2006
Sales	**1 520**	1 198	1 591
Purchases	**245**	430	556
Non-current receivables			
Capital loan receivable	**1 296**	2 000	3 296
Current receivables			
Trade receivables	**934**	33	28
Current payables			
Trade payables		14	84

CONTINGENT LIABILITIES

EUR 1000	**9/2007**	9/2006	12/2006
Securities for own commitments			
Real estate mortgages	**10 514**	484	10 484
Corporate mortgages	**15 000**	2 778	12 778
Other securities	**153**	201	197
Bank guarantees required for environmental permits	**3 888**	2 885	2 026

Other securities are security deposits.
The Group has given no pledges, mortgages or guarantees on behalf of outsiders.

Operating lease liabilities

EUR 1000	**9/2007**	9/2006	12/2006
Maturity not later than one year	**6 521**	2 926	6 107
Maturity later than one year and not later than five years	**13 976**	7 505	12 742
Maturity later than five years	**3 703**	3 816	3 614
Total	**24 200**	14 247	22 463

Derivative financial instruments

Interest rate swaps

EUR 1000	**9/2007**	9/2006	12/2006
Nominal values of interest rate swaps*			
Maturity not later than one year	**15 500**	13 500	13 500
Maturity later than one year and not later than five years	**15 000**	30 500	30 500
Total	**30 500**	44 000	44 000
Fair value	**563**	647	726
Nominal value of interest rate swap **			
Maturity not later than one year	**1 429**	1 429	1 429
Maturity later than one year and not later than five years	**5 714**	5 714	5 714
Maturity later than five years	**6 428**	7 857	7 857
Total	**13 571**	15 000	15 000
Fair value	**644**	357	519

* 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.
** The interest rate swap is used to hedge cash flow related to a floating rate loan, and hedge accounting under IAS 39 has been applied to it. The hedge has been effective, and the total change in the fair value has been recognised in the hedging fund under equity.

Currency derivatives

EUR 1000	**9/2007**
Nominal values of forward contracts *	
Maturity not later than one year	**2 019**
Fair value	**21**

* Hedge accounting under IAS 39 has not been applied to the currency derivatives. Changes in fair values have been recognised in finance income and costs.

Oil derivatives

bbl 1000	**9/2007**	12/2006
Raw oil put options		
Volume maturing not later than one year	**125**	
Volume maturing later than one year and not later than five years	**283**	453
Total	**408**	453
Fair value EUR 1000	**424**	2 288
Volume of sold raw oil futures		
Maturity later than one year and not later than five years	**42**	
Fair value EUR 1000	**-506**	

Hedge accounting under IAS 39 has not been applied to oil derivatives. Changes in fair values have been recognised in other operating expenses.

The fair values of the oil options have been determined on the basis of a generally used measurement model. The fair values of other derivative contracts are based on market prices at the balance sheet date.

CALCULATION OF KEY FIGURES

Earnings per share:
profit attributable to equity holders of the parent company /adjusted average number of shares

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

EVA:
operating profit - cost calculated on invested capital (average of four quarters) before taxes
WACC: 8.75 %

Equity/share:
profit attributable to equity holders of the parent company / adjusted number of shares at year end

Return on equity, % (ROE):
(profit for the period / shareholders' equity (average)) x 100

Return on investment, % (ROI):
(profit before tax + interest expenses and other finance costs) / (balance sheet total
- non-interest-bearing liabilities (average)) x 100

Equity ratio, %:
shareholders' equity / (balance sheet total – advances received) x 100

Gearing, %:
net interest-bearing liabilities / shareholders' equity x 100

Interest-bearing liabilities:
Interest-bearing liabilities – liquid assets

Helsinki 23 October 2007

LASSILA & TIKANOJA PLC
Board of Directors

Jari Sarjo
President and CEO

For further information, please contact Jari Sarjo,
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