28 August 2014

LASSILA & TIKANOJA OYJ

REGISTRATION DOCUMENT

This registration document ("**Registration Document**") was prepared by Lassila & Tikanoja plc ("**Lassila & Tikanoja**" or "**Company**"), a public limited company registered in Finland. Lassila & Tikanoja's shares are traded publicly on the stock exchange list of NASDAQ OMX Helsinki Ltd ("**Helsinki Stock Exchange**") under the stock symbol **LAT1V**.

This Registration Document shall be valid for 12 months from its date of approval. For a period of 12 months from the date of approval of this Registration Document, a prospectus concerning an issue of the Company's new shares or other securities may consist of this Registration Document and an issue-specific, separately approved summary and securities note.

This Registration Document contains information on Lassila & Tikanoja and its business operations and financial position. A securities note contains information on the securities on offer or the securities sought to be listed for public trading. The summary in conjunction with the securities note presents key information on Lassila & Tikanoja and its securities.

IMPORTANT INFORMATION ABOUT THE REGISTRATION DOCUMENT

General

Lassila & Tikanoja has prepared this Registration Document in accordance with the Securities Markets Act (746/2012, including amendments, "**Securities Markets Act**"); Commission Regulation (EC) No 809/2004 of 29 April 2004, including amendments, (**Appendix I**), implementing Directive 2003/71/EC of the European Parliament and of the Council ("**Prospectus Directive**"), including amendments, as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements; the Decree of the Ministry of Finance (1019/2012) on the Prospectuses referred to in Chapters 3–5 of the Securities Markets Act; and regulations and guidelines issued by the Financial Supervisory Authority. This Registration Document is a prospectus as described in Paragraph 1 of Section 1 of Chapter 4 of the Securities Markets Act. The Financial Supervisory Authority has approved this Registration Document, but is not responsible for the accuracy of the information presented in the document. The document number of the Financial Supervisory Authority's decision of approval pertaining to this Registration Document is FIVA 46/02.05.04/2014. The Financial Supervisory Authority's decision of approval is available for reference at Lassila & Tikanoja's headquarters.

Shareholders and prospective investors must only trust the information presented in the Registration Document and the related securities note and summary and in stock exchange releases issued by Lassila & Tikanoja. Lassila & Tikanoja has not authorised anyone to provide any information other than the information or statements included in the Registration Document and the related securities note and summary. Under no circumstances does the transfer of this Registration Document and the related securities note and summary mean that the information therein holds true at any other time than the date of the Registration Document and the related securities note and summary, or that no changes have taken place in Lassila & Tikanoja's business operations since the date of the Registration Document and the related securities note and summary. However, if an error or defect is discovered in this Registration Document or the related securities note or summary before the end date of the offer or before the security is approved for public trading that may be of material significance for investors, the Registration Document and the related securities note and summary will be updated in accordance with the Securities Markets Act. The information included in this Registration Document and the related securities note and summary does not constitute an assurance or warranty by Lassila & Tikanoja as to future events and must not be regarded as such. Unless otherwise stated, the evaluations presented on the market development related to Lassila & Tikanoja or its line of business are based on estimations reasonably confirmed by the Company's management.

In this Registration Document, the expressions "**Lassila & Tikanoja**", "**Company**" or "**Lassila & Tikanoja Group**" refer to Lassila & Tikanoja plc and its subsidiaries together, unless it is clear from the context that the expressions refer only to Lassila & Tikanoja plc or a specific subsidiary or division. However, any references to the Company's shares, share capital or administration refer to Lassila & Tikanoja plc's shares, share capital or administration.

NOTE TO INVESTORS

The information presented in this Registration Document originates from Lassila & Tikanoja or another source mentioned in this document.

Legislation may restrict the distribution of this Registration Document and the securities note and summary related to this Registration Document and the offering and selling of Lassila & Tikanoja's bonds, shares and subscription rights as well as securities exchangeable for shares, securities entitling to shares and other securities. Those in possession of this Registration Document or the related securities note and summary are advised to study such restrictions. This Registration Document and the securities note and summary do not constitute an offer or invitation to acquire Lassila & Tikanoja's bonds, shares, subscription rights, securities exchangeable for shares, securities entitling to shares or other securities in any country where such an offer or invitation is illegal.

When considering an investment in Lassila & Tikanoja's securities, investors must rely on their own assessments of Lassila & Tikanoja and the terms of the securities, including risk factors. Investment decisions should be based solely on this Registration Document and the related securities note and summary (and any supplements to these).

Lassila & Tikanoja's securities have not been registered and will not be registered outside Finland and shall not be offered to the public outside Finland. For this reason, those living outside Finland are not necessarily allowed to receive this Registration Document or subscribe for or buy Lassila & Tikanoja's securities. Lassila & Tikanoja's securities shall not be offered or sold, directly or indirectly, and this Registration Document or the related documents must not be distributed or published outside Finland, except for circumstances in which this is not in breach of applicable laws. As a rule, those in possession of this Registration Document must study and comply with the restrictions pertaining to them. Non-compliance with such restrictions may be in breach of securities laws in the countries in question. The Company or its representatives are not liable for such breaches, regardless of whether those considering an investment in Lassila & Tikanoja's securities are aware of such restrictions.

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RISK FACTORS

Investing in shares, bonds and other securities involves various risks that can be material. Many of these risks are related to the nature of Lassila & Tikanoja's business operations. Those considering an investment in shares, bonds and other securities are recommended to carefully study the risk factors presented below and the other information presented in this Registration Document. Each of the risks presented below or elsewhere in this Registration Document may have an adverse effect on Lassila & Tikanoja's business operations, operating result and financial position. Any or all of the risks may cause Lassila & Tikanoja not to reach its financial targets. If these risks result in a decrease in the market price of Lassila & Tikanoja's shares, bonds or other securities, those who invested in them may lose their investment in part or in full. Other risks and uncertainty factors than those described in this Registration Document may affect Lassila & Tikanoja's business operations. In addition, risks and uncertainty factors that are unknown or regarded as minor at the present time may have a material adverse effect on Lassila & Tikanoja's business operations, operating result and financial position. The order in which the risk factors are presented in this Registration Document is not intended to indicate their probability of materialisation or potential effect on Lassila & Tikanoja's business operations. The description of the risk factors is based on the information and values available on the date of this Registration Document and is not necessarily exhaustive.

Risks related to the general economic situation and markets

The possible continuation of the economic recession, a decrease in volumes in customers' operations and the market entry of new competitors as well as changes in legislation constitute a significant proportion of the market-related risks. Economic uncertainty may result in significant changes in the secondary raw material markets for Environmental Services and the demand for Industrial Services. The uncertainty related to state subsidies for renewable fuels and the continuity of such subsidies may affect the demand for Renewable Energy Sources. The market price development of emission rights, secondary raw materials or oil products may affect the Company's business operations. The continued uncertainty of the general economic situation makes forecasting more difficult, and has affected and continues to affect the business prospects of Lassila & Tikanoja's customers and suppliers. The slowdown in retail and construction has reduced waste streams, and waste streams cannot be expected to increase in the future. The downturn in industrial production has affected and can affect the demand for Industrial Services in particular. The decrease in construction and retail, among other factors, has reduced and can reduce the volume of secondary raw material trade and increase competition in technical system services and renovation.

Significant changes in the market can have a negative effect on the growth of Lassila & Tikanoja's business operations and result in reduced profitability. Market-related risks may be mitigated by the fact that Lassila & Tikanoja is not dependent on any single major customer and that Lassila & Tikanoja provides a diverse range of services. The Company seeks to prepare for market risks by paying special attention to profitability improvement and customer relationship management. However, there is no certainty of such or similar measures being sufficient or timely to reduce risks related to the general economic situation and market for the Company.

If they materialise, any of the market-related risks described above may have a material unfavourable effect on the Company's business operations, operating result and financial position.

Sector-related risks

Possible changes in the market position of existing customers

Fluctuations caused by the general economic situation may have a significant effect on the finances and market position of Lassila & Tikanoja's customers, limiting their ability and willingness to buy services provided by Lassila & Tikanoja to the same extent as before. In addition, changes in customers' market position may result in increased market shares for operators other than Lassila & Tikanoja's customers. This may have adverse effects on the volume of Lassila & Tikanoja's business operations as well as Lassila & Tikanoja's operating result and financial position.

Competition

Lassila & Tikanoja's ability to compete in the market depends on its ability to respond to competitors' actions in the market. It is possible that some of Lassila & Tikanoja's competitors may further expand their range of services to cover a larger part of Lassila & Tikanoja's range of services. This may have adverse effects on the Company's profitability and the volume of its business operations. In addition, the legislation in Finland offers municipal operators in particular certain benefits that enable them to operate more effectively in the market than private-sector operators, even if their services are not more efficient or of a better quality than those provided by private-sector operators. This may limit Lassila & Tikanoja's ability to expand its operations to cover certain areas of waste management on market terms.

There is no certainty of Lassila & Tikanoja being able to successfully compete against its existing or future competitors or maintain its present market position in its present or future markets. Intensified competition may have an unfavourable effect on the Company's business operations, operating result and financial positions.

Market fluctuation

Lassila & Tikanoja's business operations are tied to the general economic situation, particularly in Finland. Fluctuation in the general economic situation may have a material effect on the demand for and profitability of Lassila & Tikanoja's services. In addition to the general economic situation, construction volumes, retail sales volumes and industrial production volumes are the most significant sectors in terms of Lassila & Tikanoja's operations.

A downturn in the general economic situation and a decrease in construction, retail sales or industrial production volumes, among other factors, may have an adverse effect on the Company's business operations, operating result and financial position as a result of reduced purchases by customers from the Company or delayed purchasing decisions pertaining to the Company's products or services.

Risks related to Lassila & Tikanoja's business operations

Legal and political risks

Numerous laws and official regulations and instructions apply to the Company in all of its countries of operation. These include laws and regulations related to environmental protection, waste and chemical management and disposal, emissions, health, safety, tax treatment of waste and renewable sources of energy, employment relationships, occupational safety, public procurement and consumers, among other laws and regulations. Laws may change, and compliance with amendments may result in material measures and expenses for the Company. Any changes in the laws mentioned above, or in the practices related to the terms or issuance of permits needed by the Company for its operations, may have a material effect on the Company's business operations, operating result and financial position.

Waste collection and transport laws have a material effect on the extent to which the Company is able to freely offer its waste transport services. Presently, waste collection and transport are governed by the Waste Act (646/2011) ("**Waste Act**"). The Waste Act enables municipalities to organise the collection and transport of certain waste as a whole, instead of the holder of each property in the area of a municipality purchasing the service from the service provider of the holder's choice. Municipalities may make decisions related to waste collection and transport at any time and change their earlier decisions. The Company seeks to influence municipal decision-makers through communication and marketing. However, political decision-making is an independent process that can be unpredictable. In terms of waste collection and transport, political decisions have a material effect on the Company's Environmental Services business. (See also "Market and operating environment – Factors affecting Lassila & Tikanoja's operating environment".)

A considerable part of the Company's business operations is subject to environmental permits, including the operation of its key recycling plants and landfill sites. According to current legislation, environmental permits are always temporary. Changes in the terms of environmental permits may require the Company to take essential measures and result in considerable expenses for the Company. A failure to renew a key environmental permit or the denial of an environmental permit for a new business operation could cause considerable expenses for the company. There is no certainty that the terms of the Company's existing environmental permits will not be amended or that each environmental permit will be renewed.

Environmental laws set significant and even retroactive requirements in terms of costs and damage that the Company or its predecessors may have caused. Lassila & Tikanoja performs due diligence checks as part of the acquisition of new properties and plants. However, the risk remains that a property or plant has caused environmental pollution through earlier operations. In such situations, environmental laws may cause the Company to incur expenses from solving the environmental problems. (See also "Risk factors – Corporate reorganisations" and "Risk factors – Environmental risks".)

If they materialise, any of the above risks related to legislation, environmental permits or political decisions may have a material adverse effect on the Company's business operations, operating result and financial position.

Corporate structure and M&A

As part of its strategy, Lassila & Tikanoja seeks growth, both organically and through business acquisitions. In recent years, the Company has both acquired and divested business operations and companies. The success or failure of acquisitions and divestments affects the achievement of the Company's growth and profitability targets. The Company's competitive ability and profitability may suffer and its risk profile may change as a result of a failure in corporate reorganisations. The Company seeks to manage the risk through the terms and conditions of each sales contract, the financial and strategic analysis of the object to be acquired, the performance of due diligence on the objects to be acquired, including environmental responsibilities, and, above all, a post-transaction integration programme that is implemented as efficiently as possible. However, there is no certainty that corporate reorganisations initiated by the Company will be completed as intended. A corporate reorganisation that is completed in a manner that differs from the Company's expectations may have an unfavourable effect on Lassila & Tikanoja's business operations, operating result and financial position.

As a result of any corporate reorganisations implemented in the future, the integration of domestic or foreign companies' business operations into Lassila & Tikanoja's other business operations may require a significant input by Lassila & Tikanoja's management, which may reduce the management's opportunities for other business development, at least temporarily. Any failed integration, or an integration that is completed in a manner that differs from the Company's expectations, may have an adverse effect on Lassila & Tikanoja's business operations, operating result and financial position. Corporate reorganisations may affect Lassila & Tikanoja's structure and balance sheet directly or indirectly, depending on the integration and other measures required by such arrangements.

Many of the companies acquired by Lassila & Tikanoja have been and will be companies that may have operated in waste management, among other sectors, and owned properties related to such operations. Hidden environmental risks and other risks may be related to the business operations of such companies and the properties owned by such companies. The business operations of many of the companies acquired by Lassila & Tikanoja are labour-intensive. As part of each acquisition, the company seeks to determine any work capacity risks, premature retirement risks and other risks and liabilities related to employees. Such risks may be hidden by nature, and they cannot necessarily be studied until the acquisition is completed or managed through contractual terms and conditions. Hidden liabilities may later be discovered in acquired companies and business operations, and such liabilities may expose the Company to claims for damages or other unpredictable negative effects that, if they materialise, may have an adverse effect on Lassila & Tikanoja's business operations, operating result and financial position.

There is no certainty that the measures available for Lassila & Tikanoja to minimise corporate reorganisation risks are sufficient to manage hidden or any other responsibilities related to corporate reorganisations and ensure the profitability of corporate reorganisations. If they materialise, any of the above risks related to corporate reorganisations may have a material unfavourable effect on the Company's business operations, operating result and financial position. (See also "Risk factors – Legal and political risks", "Risk factors – Environmental risks" and "Risk factors – Risks related to employees".)

Risks related to personnel

Availability of competent personnel

Lassila & Tikanoja's business operations are labour-intensive. Fluctuation in the labour market situation may increase staff turnover, which creates challenges in labour availability. The competition for competent employees is intensifying as a result of the population age structure. Lassila & Tikanoja has launched several human resources management programmes with the goal of ensuring labour availability, employee competence and the efficient use of human resources. However, there is no certainty that human resources management programmes can be used to ensure the sufficient availability of competent employees in all situations, and any difficulties in ensuring sufficient and competent human resources may have an adverse effect on its business operations, operating result and financial position.

Risks related to personnel's work capacity

Risks related to personnel's work capacity and premature retirement

A significant part of the Company's employees carry out physically strenuous work and/or processes waste or hazardous waste as part of their work. As a major employer, Lassila & Tikanoja is fully liable for pension expenses resulting from employees' work disability. The Company's employment pension (TYEL) contribution class is determined on the basis of its employees' pension expenses. A higher TYEL contribution class means an increase in the Company's social security cost rate, which has a material cost effect on the Company, the Company being a major employer. Lassila & Tikanoja seeks to invest in health promotion and occupational health care management through Sirius, a programme it has developed. The goal of the programme is to reduce sick leave absences and work disability and employment accident pensions and manage the related costs in collaboration with occupational health care and insurance companies. The Company pays attention to occupational safety processes and training. Despite measures to prevent accidents and other work-related disability cases, the means available to the Company do not completely eliminate risks related to personnel's work capacity and premature retirement or changes in the Company's TYEL contribution class.

An increase in personnel's work disability and accident pension expenses may have a material effect on the Company's competitive ability and profitability in all of its divisions, and particularly in Facility Services. An increase in employees' work disability and accident pension expenses may have a material adverse effect on Lassila & Tikanoja's business operations, operating result and financial position.

Strikes and work stoppages

The Company's employees are covered by certain peremptory collective agreements, and most of them are members of a labour organisation. The Company owns its transport equipment, and a significant portion of the drivers employed by the Company are covered by the generally binding collective agreement of the Transport Workers' Union AKT. Labour disputes in the Company's business operations or related sectors may have an adverse effect on the Company's business operations. Labour organisations are not always able to negotiate new collective agreements before the expiration of effective agreements. Prolonged collective agreement negotiations may result in labour disputes and industrial action. In addition, effective collective agreements pertaining to the Company's employees do not necessarily prevent strikes or work stoppages in the Company's operations. Furthermore, labour disputes in the transport sector or among other stakeholders that are important to the Company, such as suppliers, may have an adverse effect on the Company's business operations. Any strikes or work stoppages among the Company's employees may have a material unfavourable effect on Lassila & Tikanoja's business operations, operating result and financial position.

Dependency on competent managers and employees

The Company's success is essentially dependent on the professional skills of its managers and employees and the Company's ability to make its existing managers and employees commit to the Company and hire new competent employees. The Company considers that expectations related to its managers and other experts will increase in the future. Although the Company has succeeded in committing its key persons, there is no guarantee that the Company will succeed in recruiting a sufficient number of new personnel or making its existing managers or other key persons commit. A loss of managers or other key persons and a failure in hiring new, competent personnel may have a material adverse effect on the Company's business operations, operating result and financial position.

Environmental risks

Risks related to soil contamination

The Company has leased areas with landfill sites from the cities of Kerava and Kotka. In addition, the Company has access to an area in Varkaus for the temporary storage, purification and final disposal of contaminated soil. Furthermore, the Company owns the Munaistenmetsä landfill site in Uusikaupunki. The landfill site serves as a final disposal area for municipal waste, contaminated soil and industrial by-products. After the end of its lease agreements or operations, the Company is responsible for aftercare on its landfill sites, including landscaping and follow-up studies in accordance with its environmental permits. Risks specific to landfill sites are generally related to the durability and density of landfill site structures, among other factors, and may cause contamination in the surroundings of the site, including groundwater contamination. If they materialise, such risks may result in material remediation and decontamination obligations and expenses for the Company.

It is possible that various matter has been disposed of in an industrial or waste management area or a landfill site for decades because of conflicting laws, permit practices and official regulations or a lack of laws, permit practices and regulations. Lassila & Tikanoja holds possession of areas – and may have gained or may gain possession of areas – where the Company or another party has processed waste, chemicals or industrial materials possibly for decades. When acquiring such properties, the Company seeks to evaluate the condition of the property and any environmental and other responsibilities, among other aspects. Such evaluations are inaccurate and uncertain by nature and may necessarily not reveal all existing or potential problems or liabilities exhaustively. Although the Company seeks to investigate such sites carefully to ensure that they have been and are operated in accordance with applicable laws and regulations, there is no certainty that hidden soil contamination or other pollution has not occurred in areas held or acquired by the Company. The detection of such pollution may result in material soil purification or other responsibilities and expenses for the Company. (See also “Risk factors – Legal and political risks” and “Risk factors – Corporate reorganisations”.)

If they materialise, any of the above risks related to soil contamination may have an adverse effect on Lassila & Tikanoja’s business operations, operating result and financial position.

Risks related to the handling and storage of hazardous waste

Lassila & Tikanoja’s business operations include the collection, transport, processing and storage of waste and hazardous waste in plants and facilities owned by the Company or a third party. As a result of equipment failure or the erroneous handling of hazardous waste, it is possible that harmful substances may come into contact with the soil, water system or air or cause bodily injuries following an explosion, poisoning or the interaction of substances. As a result of such accidents, Lassila & Tikanoja may incur remediation obligations and claims for damages. In addition to insurance, the Company seeks to manage risks related to environmental damage through systematic environmental studies, preventive maintenance plans for equipment, audits, long-term training for employees and emergency training.

Despite measures to prevent environmental damage and bodily injuries, as well as other preventive measures, human errors or sabotage may occur and can cause significant environmental damage. Any environmental damage in Lassila & Tikanoja’s operations may have a material adverse effect on the Company’s business operations, operating result and financial position.

Risk of fire

The Company’s operations include processes and chemical handling that can cause a risk of fire. In Environmental Services, the production of recycled fuels is a flammable operation. A fire may cause the operation of a recycling plant to be interrupted for a short or longer period of time. However, no single plant or production line has a material effect on the overall profitability of Lassila & Tikanoja. This may reduce the significance of the effects of the risk, if it materialises. Industrial Services handles and transports hazardous waste that can be inflammable and cause harmful emissions or bodily injuries, if combusted. The materials handled and stored by Renewable Energy Sources include wood chips, an inflammable material. The construction, repair and maintenance operations in Facility Services are exposed to a risk of fire. In addition to insurance coverage, the Company seeks to minimise the risk of fire damage through systematic continuity planning, automatic extinguishing systems and preparedness training for employees.

For any unpredictable risks of damage, Lassila & Tikanoja has continuous insurance coverage in all of its countries of operation, including coverage against damage to personnel, property and the environment as well as transport damage, liability damage and consequential loss.

Although Lassila & Tikanoja has taken the above measures to protect its operations and property, materialised risks of fire may result in damage to personnel and property, an interruption in business operations, harmful emissions or other environmental impact that may have an unfavourable effect on Lassila & Tikanoja’s business operations, operating result and financial position.

Information system and information security risks

Lassila & Tikanoja’s business operations are dependent on information technology and the Company’s ability to efficiently manage and maintain its operations and inventories, manage its logistics, deliver services and products to its customers in a timely manner, maintain the cost-efficiency of its operations, respond to customers’ sales enquiries and process sales transactions using information systems provided and supported by third parties, websites and similar information monitoring and communication systems. In addition to the management of its order-supply chain, Lassila &

Tikanoja uses information systems in all stages of the production chain, from planning to distribution. It also uses such systems as a channel of communication with employees, foreign subsidiaries, contract suppliers, customers and other stakeholders. Furthermore, Lassila & Tikanoja uses information systems in the management of human resources and information related to employees and financial administration as well as for supporting payment collection and customer service and forecasting its operating result and cash flows.

System failures and service interruptions can be caused by many factors, such as computer viruses, security breaches or other third-party illegalities; natural disasters; equipment, machinery or software malfunction; connection failures; long power failures; or Lassila & Tikanoja's inability or failure to appropriately protect, repair or maintain its communication and information systems. Any failures and interruptions in Lassila & Tikanoja's information systems may have a material adverse effect on the Company's business operations, operating result and financial position.

Risks related to the business environment in Russia

Lassila & Tikanoja operates in Russia. Business operations in Russia expose the Company to risks related to changes in political, economic and social conditions. Business risks are greater in Russia than in the Nordic countries. Due to the local political and business culture, undeveloped infrastructure and similar factors, the operating environment is more unstable than in the Nordic Countries.

The business environment and political situation in Russia and the difference between legislation and official practices in Russia and the Nordic countries, as well as the unpredictability of Russian legislation and official practices compared to the Nordic countries, including the shortcomings of the legal system, administrative procedures and implementation mechanisms in Russia, may result in significant risks for the Company. For example, Russia is not party to international investment protection agreements. Legislation in the Russian Federation may be deficient or unpredictable, or its implementation may be delayed, which may result in risks for the implementation of Lassila & Tikanoja's investments in Russia. It cannot be ruled out that the legislation of the Russian Federation may unpredictably change the regulation of environmental business operations or the required permits, or interfere with the free pricing of services or products or other terms of selling services or products. Such changes could have a material negative effect on Lassila & Tikanoja business operations in Russia.

The crisis in Ukraine has significantly increased global political tension, and trade restrictions imposed on Russia by the EU and the United States, as well as counter-restrictions imposed by Russia, may affect the operations of all non-Russian or foreign-owned companies in Russia as well as the import of products from Russia and the export of products to Russia. Trade restrictions, such as customs tariffs, import and export fees, embargoes and other international economic sanctions as well as import and export quotas may have a material negative effect on the economic situation and business operations in Russia. Lassila & Tikanoja is not able to predict whether the EU, Finland or another state, for example, will impose new trade restrictions on Russia. Similarly, it is difficult to predict the effects or duration of restrictions already in effect. In addition, it is not possible to exclude the risk that the State of Russia may take possession of the assets and production plants of companies registered in Western countries or impose other radical measures if the above mentioned political tension escalates.

Trade restrictions or the deterioration of political relations between Russia and the EU or, if they materialise, any of the above risks related to the Company's business operations in Russia may have an adverse effect on Lassila & Tikanoja's business operations, operating result and financial position.

Financial risks

Foreign exchange risk

Lassila & Tikanoja consists of a parent company operating in Finland and subsidiaries operating in Finland, Sweden, Estonia and Russia. The parent company's and the Finnish subsidiaries' functional and reporting currency is the euro. The foreign subsidiaries' functional and reporting currency is the currency of their country of location. For this reason, changes in foreign exchange rates affect the Group's result and equity.

Nearly all of the business operations of Lassila & Tikanoja's foreign subsidiaries are carried out in their functional currency. Financing for subsidiaries is primarily provided by means of intra-Group loans, which are denominated in the functional currency of each subsidiary. With practically no exception, the Group companies operating in Finland use the euro as their sales invoicing currency. In addition, to a slight degree, the Swedish krona is used as the invoicing currency in purchases.

Lassila & Tikanoja's exposure to the currency translation risk consists of net investments in foreign subsidiaries, including equity and comparable loans. The exposure of net investments in foreign subsidiaries is not subject to hedging, because the holdings are regarded as strategic long-term investments. Due to changes in foreign exchange rates in 2013, translation differences in equity amounted to EUR -0.4 million (2012: 0.6 million; 2011: 0.1 million).

The company mainly operates in the eurozone. Any changes in the value of the euro, Swedish krona or Russian rouble in particular may have a negative effect on the profitability of the Company's operations over the short term. The Company is not significantly exposed to transaction risks arising from different currency positions or risks that arise when investments made in a different currency are converted into the functional currency of the parent company. All extra-Group loans are denominated in euros. The company seeks to hedge against foreign exchange risks through forward exchange agreements and other means to reduce exchange rate fluctuations in relation to the euro.

If they materialise, any of the financial risks described above may have an adverse effect on the Company's business operations, operating result and financial position.

Commodity price risk

Changes in the world market price of petroleum are reflected in the prices of the fuel for production equipment and the acquisition cost of environmental management products through oil-based raw materials. In some waste management customer agreements, the invoicing intervals and contractual terms do not allow for monthly price increases. For this reason, increases in fuel prices can only be transferred to the prices of services with a delay. The Company has hedged against part of the price risk related to diesel oil by means of commodity derivative contracts. These contracts are subject to hedge accounting in accordance with IAS 39.

The Company seeks to manage the raw-material price risk related to environmental products by making agreements on fixed prices for a period not longer than the validity period of prices confirmed by suppliers. Although the Company seeks to reduce the raw-material price risk related to the world market price of petroleum and to environmental products as described above, there are no guarantees that fluctuations in the world market price of petroleum and/or the prices of other raw materials will not have a material adverse effect on the Company's business operations, operating result and financial position.

Interest rate risk

Lassila & Tikanoja's interest rate risk is mainly related to floating-rate loans where the related cash flows change according to the interest rate level. Because the demand for Lassila & Tikanoja's services or the prices of its services are not significantly dependent on market fluctuation, the Company seeks to keep its interest expenses as stable as possible. For this reason, it seeks to hedge more than 50% of the cash flows related to floating-rate loans against the interest rate risk by means of interest rate swaps.

On 31 December 2013, 40% of its loans were either fixed-rate or hedged by means of interest rate swaps (2012: 68%), and 60% were floating-rate (2012: 32%). In other words, changes in the interest rate level are not reflected in full in interest expenses. All interest rate swap agreements used to hedge cash flows comply with the Group's risk management policy, and all of the agreements are subject to hedge accounting in accordance with IAS 39.

Most of Lassila & Tikanoja's net sales come from long-term service agreements. Due to the high predictability of cash flows, Lassila & Tikanoja's financial policy determines that the Company seeks to keep the amount of its interest-generating assets small in relation to its need for short-term financing and invested in relatively short-term instruments.

The Company seeks to continually evaluate and monitor the financing needed for its business operations so that the Company has sufficient liquid assets for financing its operations and paying its maturing loans. On 30 June 2014, the Company's cash and cash equivalents stood at EUR 20.5 million. The Company's liquidity and the sufficiency of its financing are monitored monthly. Any disruptions in the cash flow from basic business operations would weaken Lassila & Tikanoja's financial position.

Materialised interest rate risks would make it more difficult for the Company to acquire external funding and weaken its financial position.

Credit and counterparty risk

Financial instruments involve a risk that the counterparty is not able to fulfil its payment obligations as agreed. The counterparty risk is managed by making financing and derivative agreements only with the largest Nordic banks and making investments related to liquidity management only in certificates of deposit and commercial papers issued by operators with a high credit rating in accordance with the counterparty list approved by Lassila & Tikanoja's Board of Directors. No impairment is expected on investments outstanding on the date of the Registration Document.

Lassila & Tikanoja has a broad customer base that consists of companies, institutions, office and commercial properties, institutional property owners, housing cooperatives, the public sector and households. Trade receivables mainly consists of a large amount of relatively small receivables, with no significant credit loss risk concentrations. Lassila & Tikanoja has credit monitoring instructions in order to ensure that services and products are sold only to creditworthy customers or that an advance payment is required if a customer has an insufficient credit rating. Most of its customer relationships are based on long-term service agreements, and security is not usually required from customers.

Domestic collection operations related to trade receivables are carried out by financial administration in a centralised manner. Foreign subsidiaries are responsible for the collection of their trade receivables locally. In 2013, 90% of the Company's net sales came from Finland. On the balance sheet date, the maximum amount of the Group's credit risk is best reflected by the balance sheet values of financial assets on 31 December 2013 in case the contract counterparties are not capable of fulfilling their obligations related to financial instruments.

In the period 1/1–30/6/2014, the Company recognised a total of EUR 3.3 million in credit losses and impairment losses on trade receivables, of which EUR 2.7 million were receivables from L&T Recoil Ltd, a company that had filed for bankruptcy. In the period 1/1–30/6/2013, the Company recognised a total of EUR 0.7 million in credit losses and impairment losses on trade receivables. In the financial year 2013, the Company recognised a total of EUR 1.2 million in credit losses and impairment losses on trade receivables. The maximum amount of the Company's credit risks corresponds to the carrying amounts of its financial assets.

Materialised credit and/or counterparty risks may have a material adverse effect on the Company's business operations, operating result and financial position.

Liquidity and refinancing risks

Liquidity risk management serves to ensure that Lassila & Tikanoja is continually able to fulfil the financial obligations related to its operations at as low a cost as possible. Lassila & Tikanoja seeks to maintain a good liquidity position through efficient cash management and investments in money market instruments that can be realised quickly. The Company monitors its liquidity situation in real time and uses cash flow forecasts to predict its liquidity situation. The liquidity of domestic Group companies is offset through Group accounts, and the Group's financial administration is responsible for investing liquidity surplus. The Company seeks to ensure the availability of financing by using several banks in its financing operations. The refinancing risk is managed by diversifying loan maturity and seeking to keep the average duration of the long-term loan portfolio at two years.

Lassila & Tikanoja seeks to keep its cash assets relatively small and ensure sufficient credit facilities in liquidity management. For short-term financing needs arising from cash flow fluctuations, Lassila & Tikanoja has committed credit facilities (EUR 30 million in total) and a commercial paper programme (EUR 100 million) in place. On 31 December 2013, the Group's liquid assets and investments totalled EUR 58.4 million (2012: 14.6 million). Of the commercial paper programme, EUR 30 million was in use (2012: 12 million).

Long-term loans drawn down by Lassila & Tikanoja include equity ratio and interest cover ratio covenants that limit the granting of additional security interests to other financiers and the discontinuation or transfer of present business operations. If Lassila & Tikanoja fails to meet the requirements related to the agreed financial covenants, the financier has the right to terminate and demand repayment of the loans covered by the covenant agreement. Breach of financial covenants may cause the Company's financial expenses to increase, or the Company may be required to repay its loans in part or in full over a short period time. The most significant risks of breach of covenants are related to EBITDA fluctuations as a result of the market situation or a possible need to increase the Company's working capital through debt financing. The Company seeks to manage the risk by negotiating with financiers and maintaining its readiness for various financing solutions.

On 30 June 2014, financial loans covered by covenants totalled EUR 70.7 million (30 June 2013: 74.0 million). The Company was not in breach of the financial covenants related to its loan agreements during the financial years 2011–

2014 up until the date of the Registration Document. The interest coverage ratio covenant related to a loan of EUR 9.1 million may be in danger of breach at the time of its next review. The indicator is affected by the payment of a guarantee commitment of EUR 16.7 million related to L&T Recoil Ltd in early 2014. The payment is recognised in financial expenses. The next time of review is the balance sheet date of 31 December 2014, and the financier has been requested to grant a waiver with regard to a possible breach of the covenant.

Materialised liquidity and refinancing risks may have a material adverse effect on the Company's business operations, operating result and financial position.

Goodwill and acquisition cost allocated to intangible assets

Goodwill is the part of the acquisition cost by which the total of the consideration, non-controlling interest in the object of acquisition and earlier holding exceed the fair value of the net assets of the acquired companies at the time of acquisition. No amortisation is recorded for goodwill. Instead, goodwill is tested for impairment annually. On the balance sheet, goodwill is presented at original acquisition cost, net of any impairment.

As a result of business acquisitions, the Company's balance sheet includes significant goodwill. On 30 June 2014, goodwill totalled EUR 108.2 million, or 58% of the Company's equity, which stood at EUR 187.1 million. Goodwill is tested annually, during the fourth quarter of the year, and at other times if necessary. In the review period 1/1–30/6/2014, the Company deemed that there was no need for testing. In the financial year 2013, the Company recognised EUR 7.0 million in impairment on goodwill. The Company did not recognise any impairment on goodwill in the financial year 2012. In the financial year 2011, the Company recognised EUR 4.6 million in impairment on goodwill.

Intangible assets acquired in business combinations are recognised at fair value. The useful life of intangible assets is estimated to be definite or indefinite. Intangible assets recognised in merging business operations of Lassila & Tikanojainclude customer relationships, non-competition agreements and environmental permits, among other assets. They have definite useful lives, ranging from three to thirteen years. In 2011, the Company recognised an additional write-down of EUR 6.8 million in non-competition agreements at fair value.

The cash flow forecasts used in impairment testing are based on financial forecasts prepared by the Company's management. It is possible that the assumptions related to cash flow forecasts do not materialise, and the ensuing impairments on goodwill may have a material adverse effect on the Company's operating result and financial position.

PRESENTATION OF INFORMATION RELATED TO FINANCIAL STATEMENTS AND CERTAIN OTHER INFORMATION

Financial information

The Company's audited consolidated financial statements and the parent company's audited financial statements for the financial years that ended on 31 December 2011, 31 December 2012 and 31 December 2013, as well as the Company's unaudited interim report for the six-month period that ended on 30 June 2014, are included in this Registration Document for reference and are available on the Company's website at http://www.lassila-tikanoja.fi/en/company/investors/financialreports/.

The Company's audited consolidated financial statements for the financial years that ended on 31 December 2011, 31 December 2012 and 31 December 2013 were prepared in accordance with the International Financial Reporting Standards ("**IFRS**") adopted by the European Union ("**EU**").

The Company's interim report for 1 January to 30 June 2014 was prepared in accordance with IAS 34 *Interim Financial Reporting*. The Company has applied the same accounting principles to the interim report as to its previous financial statements, with the exception of the new standards, interpretations and amendments to existing standards approved by the EU, which were adopted on 1 January 2014.

In the Company's consolidated financial statements, transactions denominated in a foreign currency have been recognised in the Company's functional currency using the exchange rate of the transaction date. Monetary items denominated in a foreign currency have been converted into euros using the exchange rate of the balance sheet date. The income statements of the Group companies that do not use the euro as their functional currency have been converted into euros using the average exchange rate of the financial period. The balance sheets of such Group companies have been converted into euros using the exchange rate of the balance sheet date. The translation difference arising from converting the result and the comprehensive income for the financial period has been recognised in the translation difference reserve under equity. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries, as well as translation differences in equity items accumulated after the acquisition, are recognised in the translation difference reserve. Goodwill and fair value adjustments to the carrying amounts of the assets and liabilities arising from the acquisition of a foreign entity are treated as assets and liabilities of the relevant entity and translated into euros using the exchange rate of the balance sheet date.

Presentation of figures and tables

The financial and other information presented in this Registration Document has been rounded. For this reason, in certain cases, the sum of the figures in a column or row does not always exactly match the total presented for the column or row. In addition, certain percentages have been calculated using the exact figures before rounding them. Such percentages do not necessarily correspond to the percentages that would have resulted if the calculation had been based on rounded figures.

Information pertaining to the market, economy and sector

The information presented in this Registration Document that pertains to the market, economy or sector has been acquired or derived from sector-specific and other sources, including publications of the Ministry of Employment and the Economy, Statistics Finland and the Finnish Association of Civil Engineers (RIL) as well as Directive 2012/27/EU. Lassila & Tikanoja has acquired this third-party information from partly public sources. The information has been reproduced appropriately, and – to the extent that Lassila & Tikanoja is aware – it has been possible to ensure, based on information published or submitted to Lassila & Tikanoja by said third party, that no facts have been omitted from the information that would cause the information presented in this Registration Document to be misleading or inaccurate. Sector-specific publications generally state that the information contained in them has been acquired from sources that are considered to be reliable, but the information is not guaranteed to be accurate or complete. Lassila & Tikanoja has not verified such information independently.

Statements presented elsewhere in this Registration Document that concern Lassila & Tikanoja's market areas, its market position on said areas and other companies operating in the market are based solely on Lassila & Tikanoja's experiences, internal studies and estimates as well as Lassila & Tikanoja's own reports on market conditions that the Company considers to be reliable. However, Lassila & Tikanoja cannot guarantee that any of the assumptions are accurate or correctly reflect Lassila & Tikanoja's position in the market in question, and none of the internal studies or information produced by Lassila & Tikanoja have been verified using external sources. Lassila & Tikanoja evaluates the growth rate of the market in its line of business and the development of its market shares mainly based on the present demand for the services it provides, information published by competitors and estimates pertaining to competitors' capacity as well as sector-specific publications, reports and other statistics. Unless otherwise mentioned, the statements related to market growth and market shares refer to volume growth rather than sales growth.

THE COMPANY, MEMBERS OF THE BOARD OF DIRECTORS, CEO, AUDITORS AND ADVISOR

Company

Lassila & Tikanoja plc
Business ID: 1680140-0
Address: Sentnerikuja 1, FI-00440 Helsinki
Domicile: Helsinki

Members of Lassila & Tikanoja's Board of Directors

Name	Position
Heikki Bergholm	Chairman of the Board
Eero Hautaniemi	Vice Chairman of the Board
Hille Korhonen	Member of the Board
Laura Lares	Member of the Board
Sakari Lassila	Member of the Board
Miikka Maijala	Member of the Board

The business address of the members of the Board is: c/o Lassila & Tikanoja Oyj, Sentnerikuja 1, FI-00440 Helsinki

President and CEO of Lassila & Tikanoja

Pekka Ojanpää serves as President and CEO of Lassila & Tikanoja.

The business address of the President and CEO is: c/o Lassila & Tikanoja Oyj, Sentnerikuja 1, FI-00440 Helsinki

Lassila & Tikanoja's auditor

KPMG Oy Ab
Töölönlahdenkatu 3 A
FI-00100 Helsinki
Responsible auditor: APA Lasse Holopainen

Lassila & Tikanoja's legal adviser in preparing the Registration Document

Attorneys-at-Law Juridia Bützow Ltd
Fabianinkatu 29 B
FI-00100 Helsinki

AVAILABILITY OF THE REGISTRATION DOCUMENT

This Registration Document will become available in Finnish on 28 August 2014 at the latest on the Company's website at http://www.lassila-tikanoja.fi/yritys/sijoittajat/rekisterointiasiakirja. Investors can order a paper printout of the Registration Document free of charge by email from ir@lassila-tikanoja.fi or by post from Lassila & Tikanoja plc, P.O. Box 28, FI-00441 Helsinki.

ASSURANCE PERTAINING TO THE REGISTRATION DOCUMENT

The Company has prepared this Registration Document and is responsible for the accuracy of the information included in the Registration Document. The Company assures that it has ensured with sufficient care that, to the best of its judgement, the information presented in this Registration Document corresponds to facts and that nothing with a probable effect has been omitted.

Helsinki, 28 August 2014

Lassila & Tikanoja plc

CERTAIN CONSIDERATIONS

Forward-looking statements

This Registration Document includes forward-looking statements that describe, among other aspects, the present views and expectations of the Company's management with regard to the Lassila & Tikanoja Group's financial position and business strategy as well as plans and goals concerning future operations and targets (including development plans related to the Company's products and services). Such statements are presented under “Risk factors”, “Segment review”, “Business operations”, “Operating result and financial position” and elsewhere in this Registration Document. Forward-looking statements are related to the Company and the Lassila & Tikanoja Group and to the sectors and fields in which it operates, including certain financial targets that the Company has set for itself. Statements that include the expression “expect”, “intend”, “plan”, “predict”, “believe”, “forecast”, “become”, “evaluate”, “seek”, “aim”, “may”, “should”, “could” or “continue”, or other similar expressions, are forward-looking statements.

All forward-looking statements involve risks and uncertainty and cannot be regarded as guarantees of the future. The Company's and Lassila & Tikanoja Group's result and ability to reach their financial targets may differ essentially from what is presented in the forward-looking statements included in this Registration Document. The development of the Lassila & Tikanoja Group in the future may differ from such statements due to, for example, the factors described under “Risk factors” earlier in this Registration Document. For this reason, the “Risk factor” section should be studied together with the other statements of caution included in this Registration Document. Furthermore, even if the Lassila & Tikanoja Group's operating result, financial position and liquidity as well as the development of its sector are in line with the forward-looking statements included in this Registration Document, said result or development are not necessarily indicative of the results for future financial periods or future development.

All of the forward-looking statements included in this Registration Document reflect Lassila & Tikanoja's present views of future events and involve risks, uncertainty factors and assumptions presented in this Registration Document with regard to the Lassila & Tikanoja Group's business operations, operating result, growth strategy and liquidity. Unless otherwise deemed on account of applicable laws and decrees (including the Securities Markets Act), the Company does not commit to publicly updating or evaluating any forward-looking statements based on new information, future development or other reasons. Before making an investment decision, those considering an investment must take particular account of the factors mentioned in this Registration Document that may cause actual results to differ from predicted results.

Information presented on websites is not included in the Registration Document

Information presented on Lassila & Tikanoja's website (http://www.lassila-tikanoja.fi) or any other website does not constitute a part of this Registration Document (with the exception of information that is included in this Registration Document through reference as presented under “Documents included through reference” and that is available on Lassila & Tikanoja's website at http://www.lassila-tikanoja.fi/yritys/sijoittajat/rekisterointiasiakirja), and those considering an investment must not base their decision to invest in securities on such information.

STOCK MARKET INFORMATION

On the date of this Registration Document, the Company holds a total of 38,798,874 shares. Each share entitles its holder to one vote at the Company's general meetings. The shares have no nominal value. The shares are traded publicly on the Helsinki Stock Exchange under the stock symbol LAT1V. The following table presents the highest and lowest price, closing price and trade-weighted average price as well as trading volume for the Company's share on the Helsinki Stock Exchange for each period included in this Registration Document. The closing price of the Lassila & Tikanoja share on the Helsinki Stock Exchange was EUR 13.89 on 27 August 2014.

Share price on the Helsinki Stock Exchange, EUR	**2011**	**2012**	**2013**	**2014[1)]**
Highest	15.18	12.15	15.59	15.84
Lowest	9.49	8.59	11.60	13.77
At the end of the period	11.49	11.64	15.23	14.10
Trade-weighted average price	12.12	10.59	13.78	14.62

Trading volume on the Helsinki Stock Exchange	**2011**	**2012**	**2013**	**2014[1]**
Number of shares (1,000)	8,915	9,974	7,221	4,853
% of the average number of shares at the end of the period	23.0	25.8	18.7	2.6

Source: NASDAQ OMX Helsinki Ltd

(1) Information for the period 2 January to 31 July 2014

CERTAIN FINANCIAL INFORMATION

The following tables present certain information on the Lassila & Tikanoja Group's interim financial statements for the six-month periods that ended on 30 June 2014 and 30 June 2013 and consolidated financial statements for the financial years that ended on 31 December 2013, 31 December 2012 and 31 December 2011. The summary presented here must be examined together with the information provided later in this Registration Document under "Operating result, financial position and future outlook" and with Lassila & Tikanoja's interim reports and consolidated financial statements that have been included through reference. The Company's audited consolidated financial statements for the financial years that ended on 31 December 2013, 31 December 2012 and 31 December 2011 were prepared in accordance with the IFRS. The Company's unaudited interim reports for the six-month periods that ended on 30 June 2014 and 30 June 2013 were prepared in accordance with IAS 34 *Interim Financial Reporting*. The Company has applied the same accounting principles to the interim reports as to its previous financial statements, with the exception of the new standards, interpretations and amendments to existing standards approved by the EU, which were adopted at the beginning of the following year. The Company's consolidated financial statements for 2013 and 2012 were audited by the authorised public accountant firm KPMG Oy Ab. The consolidated financial statements for 2011 were audited by the authorised public accountant firm PricewaterhouseCoopers Oy. The consolidated financial statements mentioned above and the related auditing reports are included in this Registration Document through reference, as is the Company's unaudited interim report for the six-month period that ended on 30 June 2014, and are available on the Company's website at http://www.lassila-tikanoja.fi/en/company/investors/financialreports/. The summary below does not include all of the information presented in the consolidated financial statements.

Information from consolidated financial statements

	1/1–30/6/2014	**1/1–30/6/2013**	**1/1–31/12/2013**	**1/1–31/12/2012**	**1/1–31/12/2011**
	IFRS	**IFRS**	**IFRS**	**IFRS**	**IFRS**
(EUR million)	**(unaudited)**	**(unaudited)**	**(audited)**	**(audited)**	**(audited)**
Net sales	319.2	336.6	668.2	674.0	652.1
Cost of sales	-285.6	-303.9	-597.3	-602.6	-584.2
Gross profit	33.6	32.7	70.9	71.4	68.0
Other operating income	2.8	1.7	4.3	7.7	3.0
Sales and marketing expenses	-7.5	-7.4	-14.5	-16.7	-15.2
Administrative expenses	-6.7	-6.2	-13.0	-12.1	-11.4
Other operating expenses	-7.2	-1.0	-2.5	-1.6	-1.7
Impairment, property, plant and equipment and other non-current assets	-	-5.0	-5.0	-0.3	-5.7
Impairment, goodwill and other intangible assets	-	-	-7.0	0.0	-11.4
Operating profit	**15.1**	**14.8**	**33.2**	**48.4**	**25.6**
Financial income and expenses, total	-17.6	-1.0	-2.9	-5.4	-4.6
Profit before tax	**-2.6**	**13.8**	**30.3**	**43.0**	**21.0**
Taxes, total	-2.6	-3.8	-8.1	-8.5	-4.0
Profit for the period	**-5.1**	**9.9**	**22.2**	**34.5**	**17.0**

Attributable to:					
Equity holders of the company....................	-5.1	9.9	22.2	34.5	17.0
Non-controlling interest	0.0	0.0	0.0	0.0	0.0

Consolidated statement of comprehensive income

	1/1–30/6/2014	1/1–30/6/2013	1/1–31/12/2013	1/1–31/12/2012	1/1–31/12/2011
	IFRS	**IFRS**	**IFRS**	**IFRS**	**IFRS**
(EUR million)	**(unaudited)**	**(unaudited)**	**(audited)**	**(audited)**	**(audited)**
Profit for the period.......	-5.1	9.9	22.2	34.5	17.0
Items not to be recognised through profit or loss					
Items arising from remeasurement of defined benefit plans	-		0.1	-0.2	-
Items not to be recognised through profit or loss, total..................	-		0.1	-0.2	-
Items potentially to be recognised through profit or loss					
Hedging reserve, change in fair value	-0.3	-0.3	-0.4	1.1	-0.5
Revaluation reserve					
Current available-for-sale financial assets	-	-			
Gains in the period	-	-	0.0	0.0	0.0
Current available-for-sale financial assets			0.0	0.0	0.0
Currency translation differences...................	-0.5	-0.8	-0.4	0.6	0.1
Currency translation differences recognised through profit or loss..............................	0.3	-	0.0	0.0	0.0
Currency translation differences, non-controlling interest	0.0	0.0	0.0	0.0	0.0
Items potentially to be recognised through profit or loss, total.........	-0.4	-1.1	-0.8	1.7	-0.4
Total comprehensive income, after tax...........	-5.5	8.8	21.4	36.0	16.6
Attributable to:					
Equity holders of the company......................	-5.5	8.8	21.5	36.0	16.6

Non-controlling interest	0.0	0.0	0.0	0.0	0.0

Information from the consolidated balance sheet

	30/6/2014	30/6/2013	31/12/2013	31/12/2012	31/12/2011
	IFRS	**IFRS**	**IFRS**	**IFRS**	**IFRS**
(EUR million)	**(unaudited)**	**(unaudited)**	**(audited)**	**(audited)**	**(audited)**
Assets					
Goodwill	108.2	119.9	112.8	120.2	119.5
Other non-current assets, total	188.1	208.1	198.2	215.9	246.3
Current assets, total	149.2	144.3	185.0	145.2	128.5
Total assets	445.4	472.3	496.0	481.3	494.3
Equity and liabilities					
Equity attributable to equity holders of the parent company..............	186.8	217.8	211.2	232.7	217.7
Non-controlling interest	0.2	0.3	0.2	0.3	0.3
Total equity..............	187.1	218.1	211.5	233.0	217.9
Liabilities					
Non-current liabilities, total	77.4	83.3	99.0	95.2	126.4
Current liabilities, total	181.0	170.9	185.5	153.1	150.0
Total liabilities	258.4	254.3	284.5	248.3	276.4
Total equity and liabilities.....................	445.4	472.3	496.0	481.3	494.3

Information from the consolidated cash flow statement

	1/1–30/6/2014	1/1–30/6/2013	1/1–31/12/2013	1/1–31/12/2012	1/1–31/12/2011
	IFRS	**IFRS**	**IFRS**	**IFRS**	**IFRS**
(EUR million)	**(unaudited)**	**(unaudited)**	**(audited)**	**(audited)**	**(audited)**
Net cash flow from operating activities	27.3	44.4	86.4	80.5	74.5
Net cash flow from investing activities	-7.2	-13.1	-26.5	-32.0	-68.0
Net cash flow from financing activities	-58.2	-30.6	-15.9	-42.1	-12.9
Net change in liquid assets.......................	-38.0	0.6	44.1	6.4	-6.4
Cash and cash equivalents at the beginning of the period	58.5	14.6	14.6	8.1	14.5
Effect of changes in	0.0	-0.1	0.2	0.1	-0.1

foreign exchange rates					
Cash and cash equivalents at the end of the period	20.5	15.1	58.5	14.6	8.1

Key financial performance indicators

	1/1–30/6/2014	1/1–30/6/2013	1/1–31/12/2013	1/1–31/12/2012	1/1–31/12/2011
	IFRS	IFRS	IFRS	IFRS	IFRS
	(unaudited)	(unaudited)	(audited)*	(audited)*	(audited)*
Net sales, EUR million....	319.2	336.6	668.2	674.0	652.1
Operating profit, EUR million............................	15.1	14.8	33.2	48.4	25.6
% of net sales.............	4.7	4.4	5.0	7.2	3.9
Profit before tax, EUR million............................	-2.6	13.8	30.3	43.0	21.0
% of net sales.............	-0.8	4.1	4.5	6.4	3.2
Economic value added (EVA), EUR million	4.9	4.3	12.4	24.1	-2.2
Return on equity (ROE), %.......................	-5.1	8.8	10.0	15.3	7.7
Return on investment (ROI), %.......	9.8	9.4	10.6	14.4	7.6
Net interest-bearing liabilities, EUR million.....	80.2	73.9	64.4	82.3	127.2
Gearing, %	42.9	33.9	30.4	35.3	58.3
Equity ratio, %................	43.2	47.3	43.7	49.4	44.5
Capital expenditure, EUR million	20.3	16.7	32.7	49.4	70.6
% of net sales.............	6.4	4.9	4.9	7.3	10.8
Average number of employees (FTE)...........	7,658	8,002	8,267	8,399	8,513
Number of employees at the end of the period ..	8,451	9,567	8,847	8,962	9,358

Key figures per share

	1/1–30/6/2014	1/1–30/6/2013	1/1–31/12/2013	1/1–31/12/2012	1/1–31/12/2011
	IFRS	IFRS	IFRS	IFRS	IFRS
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Earnings per share, EUR...............................	-0.13	0.26	0.57	0.89	0.44
P/E ratio	-	-	26.6	13.1	26.2
Closing price, EUR.........	15.05	13.40	15.23	11.64	11.49
Number of shares, adjusted for share issues, at the end of the period (million shares)...............	38.7	38.7	38.7	38.7	38.7
	-	-			
Dividend/earnings, %	-	-	87.2	39.3	0.0
Dividend/share, EUR......	-	-	0.50	0.35	0.00
Effective dividend yield, %	-	-	3.3	6.4	0.0
Equity per share, EUR....	4.83	5.63	5.46	6.01	5.63

Calculation of key figures

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

EVA:
operating profit – cost calculated on invested capital (WACC)

Equity per share:
equity attributable to shareholders of the parent company / undiluted total number of shares, adjusted for share issues, at the end of the period

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

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

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

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

Net interest-bearing liabilities:
interest-bearing liabilities – liquid assets

DIVIDENDS AND DIVIDEND POLICY

The amount of dividend paid by Lassila & Tikanoja is tied to the result for the financial period. Profits not considered necessary for ensuring the healthy development of the Group are distributed to shareholders.

The Board of Directors proposed to the Annual General Meeting held on 19 March 2014 that a dividend of EUR 0.50 per share be paid on the basis of the balance sheet to be adopted for the financial year 2013. Lassila & Tikanoja's Annual General Meeting approved the proposal and decided that a dividend of EUR 0.50 be paid for 2013. On the basis of a decision made by an Extraordinary General Meeting, the Company paid a dividend of EUR 0.35 per share for the financial year 2012. The Company did not pay a dividend for the financial year 2011.

Lassila & Tikanoja paid a capital repayment of EUR 0.75 per share for the financial year 2012. The Company paid a capital repayment of EUR 0.55 per share for the financial year 2011. The capital repayments were made from the Company's invested unrestricted equity reserve.

In accordance with the prevailing practice in Finland, dividends are generally paid only once a year for shares in Finnish companies, after the Annual General Meeting has adopted the company's financial statements and decided on dividend distribution based on a proposal made by the company's board of directors.Dividend distribution generally requires a majority decision of the shareholders represented at the annual general meeting. According to the Finnish Limited Liability Companies Act (21 July 2006/624, "**Limited Liability Companies Act**"), dividends can be paid on grounds other than the audited financial statements for the previous financial period. A company can pay interim dividends based on profits gained during the year in progress, provided that the distribution of dividends is based on audited interim financial statements. With its decision that determines the maximum dividend, the annual general meeting can authorise the board of directors to decide on the distribution of dividends or assets from the unrestricted equity reserve. The authorisation cannot be effective for longer than until the beginning of the following annual general meeting. In accordance with the Limited Liability Companies Act and the Company's Articles of Association, the Company's Annual General Meeting must be held within six months of the end of the previous financial year.

In accordance with the Limited Liability Companies Act, a limited liability company can distribute its unrestricted equity, net of assets determined in the articles of association that must not be distributed. However, according to the Limited Liability Companies Act, assets shall not be distributed if it is known or should be known at the time of the distribution decision that the company is insolvent or that the distribution will cause the insolvency of the company. The dividend cannot exceed the amount of distributable assets. The parent company of the Group cannot pay a dividend that is higher than the amount of distributable assets in the latest financial statements of the parent company that have been adopted. The Company's Articles of Association do not include regulations that prevent assets from being distributed.

OPERATING RESULT AND FINANCIAL POSITION

The following information must be examined together with Lassila & Tikanoja's unaudited interim report and audited consolidated financial statements that are included in this Registration Document through reference and with the section "Certain financial information" of this Registration Document. This report includes forward-looking statements that involve uncertainty factors and risks. In addition, investors must study the sections "Risk factors" and "Certain considerations – Forward-looking statements" in this Registration Document.

The description of the operating result and financial position is based on Lassila & Tikanoja's audited consolidated financial statements for the financial years 2011, 2012 and 2013, prepared and presented in accordance with the IFRS, and unaudited interim report for the six-month period that ended on 30 June 2014, including comparison information.

The definitions "financial year 2011", "year 2011" and "2011" refer to the financial period that ended on 31 December 2011. "Financial year 2012", "year 2012" and "2012" refer to the financial period that ended on 31 December 2012. "Financial year 2013", "year 2013" and "2013" refer to the financial period that ended on 31 December 2013. "Financial year 2014", "year 2014" and "2014" refer to the financial period that will end on 31 December 2014.

Lassila & Tikanoja's auditors have audited accounts, financial statements and administration in accordance with good auditing practice. The auditor's reports are included in Lassila & Tikanoja's consolidated financial statements for 2011–2013 (see "Other considerations – Material included through reference").

Factors affecting Lassila & Tikanoja's operating result and financial position

The Group's customer base consists of private customers, corporate customers and public-sector operators. The Group has around 200,000 private customers and a total of around 15,000 corporate and public-sector customers.

Lassila & Tikanoja's net sales and profitability mainly depend on sales development, the general market situation and the Company's ability to provide high-quality services at a competitive price. Profitability is affected by the general price development of services, competition, the availability of the required resources, the overall salary level and the Company's ability to enhance the efficiency of its operations in response to price requirements in the market. In addition, the general economic situation may have an effect on Lassila & Tikanoja Group's business environment. In addition to the economic situation, various external factors, including political decisions, may have an effect on Lassila & Tikanoja's operating conditions in its current countries of operation. At the moment, the Company is not aware of any external factors that would have a material effect on its operating conditions in its current countries of operation.

Net sales

The Company's net sales consist of payments from customers for services produced, recycled raw materials sold to industry and waste-based and renewable power plant fuels sold to power plants and industry. In addition, the Company sells environmental products, such as waste bins, and sells and leases larger equipment, such as waste compactors, for processing waste and recycled materials.

Operating expenses

Lassila & Tikanoja's most significant operating expenses are related to the cost of sales, sales and marketing expenses, administrative expenses and other operating expenses.

Cost of sales

In the six-month period that ended on 30 June 2014, Lassila & Tikanoja's cost of sales amounted to EUR 285.6 million, or 93.0% of all operating expenses, consisting mainly of personnel expenses, subcontracting expenses, depreciation on equipment in use, rents and other operating expenses. In the six-month period that ended on 30 June 2013, Lassila & Tikanoja's cost of sales amounted to EUR 303.9 million, or 93.9% of all operating expenses. In the financial year 2013, the cost of sales totalled EUR 597.3 million, or 93.4% of all operating expenses (2012: 602.6 million, or 95.1% of all operating expenses; 2011: 584.2 million, or 92.8% of all operating expenses).

Sales and marketing expenses

In the six-month period that ended on 30 June 2014, Lassila & Tikanoja's sales and marketing expenses totalled EUR 7.5 million, or 2.4% of all operating expenses, consisting mainly of personnel expenses, sales promotion expenses, travel expenses and other operating expenses. In the six-month period that ended on 30 June 2013, Lassila & Tikanoja's sales and marketing expenses totalled EUR 7.4 million, or 2.3% of all operating expenses. In the financial year 2013, sales and marketing expenses totalled EUR 14.5 million, or 2.3% of all operating expenses (2012: 16.7 million, or 2.6% of all operating expenses; 2011: 15.2 million, or 2.4% of all operating expenses).

Administrative expenses

In the six-month period that ended on 30 June 2014, Lassila & Tikanoja's administrative expenses were EUR 6.7 million, or 2.2% of all operating expenses, consisting mainly of personnel expenses related to Group support functions, external services, depreciation and rents. In the six-month period that ended on 30 June 2013, Lassila & Tikanoja's administrative expenses were EUR 6.2 million, or 1.9% of all operating expenses. In the financial year 2013, administrative expenses were EUR 13.0 million, or 2.0% of all operating expenses (2012: 12.1 million, or 1.9% of all operating expenses; 2011: 11.4 million, or 1.8% of all operating expenses).

Other operating expenses

In the six-month period that ended on 30 June 2014, Lassila & Tikanoja's other operating expenses amounted to EUR 7.2 million, of which EUR 6.4 million consisted of write-downs related to L&T Recoil Ltd, a company that filed for bankruptcy. The write-down ensuing from L&T Recoil Ltd is included in "Group administration and other" in segment reporting. In the six-month period that ended on 30 June 2013, other operating expenses amounted to EUR 1.0 million. Other operating expenses mainly consisted of sales and scrapping losses from property, plant and equipment, impairment on trade receivables and other expenses. In 2013, other operating expenses totalled EUR 2.5 million, or 0.4% of all operating expenses. In 2012, other operating expenses totalled EUR 1.6 million, or 0.3% of all operating expenses. In 2011, other operating expenses totalled EUR 1.7 million, or 0.3% of all operating expenses.

Recent events and future outlook

The District Court of Helsinki dismissed the charges against Lassila & Tikanoja with regard to offences related to working hours legislation

On 3 July 2014, the District Court of Helsinki dismissed the prosecutor's claim for imposing a corporate fine on Lassila & Tikanoja and obligated the State to compensate the Company for its legal expenses arising from the case. According to the court, the Company's instructions and monitoring systems had been sufficient, and employees' safety or health had not been jeopardised. The ruling of the District Court of Helsinki was not yet legally valid on the date of the Registration Document.

The court deemed that five current or former supervisors of the Company were guilty of offences related to working hours legislation. Three of them were sentenced to pay 8–15 unit fines and two were left without a sentence by reason of the triviality of the criminal act.

The District Prosecutor dropped the charges against President and CEO Pekka Ojanpää for offences related to occupational health and safety and working hours legislation

On 30 April 2014, Lassila & Tikanoja plc was informed that the District Prosecutor for Helsinki had decided to drop the charges against Pekka Ojanpää, the Company's President and CEO, and eight other current and former members of Lassila & Tikanoja's management staff for offences related to occupational health and safety and working hours legislation.

In summer 2012, monitoring by the Regional State Administrative Agency for Southern Finland revealed that the legal limits of overtime work had been exceeded in some of Lassila & Tikanoja's units in the Helsinki metropolitan area. On the basis of the consideration of charges, the District Prosecutor for Helsinki had decided to press charges against 21 former and current members of management staff at Lassila & Tikanoja, including President and CEO Pekka Ojanpää. They were accused of offences related to occupational health and safety and working hours legislation. These alleged acts were suspected to have occurred between 2009 and 2012. In addition, the prosecutor demanded that the Company pay a corporate fine of a minimum of EUR 50,000.

Transfer of the Company's own shares

Based on the decision of the Annual General Meeting of Lassila & Tikanoja plc on 19 March 2014, Lassila & Tikanoja plc transferred 5,020 shares to the members of the Board of Directors as part of the remuneration of the Board.

The price per share of the transferred shares was EUR 14.31, which was the volume-weighted average price of the share on 26 March 2014.

A claim of EUR 16.7 million to the Company from the financiers of L&T Recoil Ltd

On 21 March 2014, Lassila & Tikanoja was informed that the financiers of the EcoStream Group had called in a loan granted to L&T Recoil Ltd, a company of the EcoStream Group. In addition, the company received a claim from the financing banks to pay approximately EUR 16.7 million on the basis of a guarantee commitment related to L&T Recoil Ltd's loans.

Lassila & Tikanoja's total risk associated with the EcoStream Group, including the guarantee commitment mentioned above, is approximately EUR 23.4 million, with the guarantee commitment of approximately EUR 16.7 million having an effect on cash flow.

The Company paid EUR 16.7 million pursuant to the guarantee commitment related to L&T Recoil Ltd's loans in the first quarter of 2014.

Decisions of Lassila & Tikanoja's Annual General Meeting of 19 March 2014

Held on 19 March 2014, Lassila & Tikanoja's Annual General Meeting (AGM) adopted the financial statements and consolidated financial statements for 2013 and discharged the President and CEO and the members of the Board of Directors from liability.

In addition, the AGM made the following decisions, among other resolutions:

- A dividend of EUR 0.50 will be paid for the financial year 2013.

- Heikki Bergholm, Eero Hautaniemi, Hille Korhonen, Sakari Lassila and Miikka Maijala were re-elected and Laura Lares was elected as a new member to the Board until the end of the following Annual General Meeting.

- The following annual fees will be paid to the members of the Board: EUR 46,250 to the Chairman, EUR 30,500 to the Vice Chairman and EUR 25,750 to the other members. Of the annual fee, 40% will be paid in Lassila & Tikanoja's shares held by the company or, if this is not possible, in shares acquired from the market, and 60% will be paid in cash. In addition, the following fees will be paid: EUR 1,000 per meeting to the Chairman, EUR 700 per meeting to the Vice Chairman and EUR 500 per meeting to the other members of the Board. Meeting fees will also be paid to the members of the committees established by the Board as follows: EUR 700 per meeting to the Chairman and EUR 500 per meeting to the other members of the committees.

- KPGM Oy Ab, Authorised Public Accountants, was re-elected as the auditor of the Company until the end of the following Annual General Meeting. KPMG Oy Ab has announced that it will appoint Lasse Holopainen, Authorised Public Accountant, as principal auditor.

- The Board of Directors was authorised to decide on the acquisition of the Company's own shares. The authorisation entitles the Board of Directors to acquire a maximum of 2,000,000 of the Company's own shares using the Company's unrestricted equity. The Company's own shares will be acquired in a proportion other than that of the existing shareholdings of the Company's shareholders through trading on regulated a market organised by NASDAQ OMX Helsinki Ltd ("Stock Exchange") at the market price quoted at the time of the acquisition.

- The Board of Directors was authorised to decide, in one or more instalments, on the issue of new shares or shares possibly held by the Company and/or the issue of option rights or other special rights entitling to shares in accordance with Section 1 of Chapter 10 of the Limited Liability Companies Act, with the maximum number of shares issued and/or transferred under the authorisation being 2,000,000. The authorisation thus includes the right to issue shares even in a proportion other than that of the shareholdings of the Company's current shareholders under the provisions of law, the right to issue shares against or without payment and the right to decide on a share issue to the company itself without payment subject to the provisions of the Limited Liability Companies Act on the maximum amount of treasury shares.

The completion of the divestment of the Company's Latvian business operations on 13 March 2014

Lassila & Tikanoja completed the sale of its Latvian business operations to Bioinvest SIA on 13 March 2014.

In the financial year 2013, the net sales of the divested business operations totalled around EUR 16 million, most of which is allocated to the Environmental Services division. As a result of the transaction, approximately 950 employees transferred to Bioinvest.

In accordance with the IFRS, Lassila & Tikanoja recognised a capital gain of approximately EUR 1–2 million from the transaction in its interim report for the first quarter of 2014.

Transfer of the Company's own shares

On 3 March 2014, Lassila & Tikanoja transferred a total of 35,818 of the Company's own shares to ten key persons included in the Group's share-based incentive programme. The transferred shares constituted the part of the remuneration from the share-based incentive programme for 2013 that is paid in shares.

Future outlook

Outlook for 2014

On 1 August 2014, the Company published the following forecast:

"Lassila & Tikanoja's net sales in 2014 are expected to remain at the 2013 level or slightly below. Operating profit excluding non-recurring items is expected to remain at the 2013 level or slightly below.

Previously, the company estimated that comparable net sales in 2014 would remain at the 2013 level, and operating profit excluding non-recurring items would remain at the 2013 level or improve slightly."

According to the management's view, the economic recession in Finland will continue to decrease industrial demand and material streams in construction and retail. It will also have a negative effect on the demand for services in Facility Services in the second half of 2014. As a result of operational efficiency, comparable net sales for Environmental Services improved in the first half of 2014, along with profitability. In Industrial Services, the Company succeeded in generating growth and improving its profitability during the first half of 2014. In Facility Services and Renewable Energy Sources, the Company continued to improve the efficiency of its operations in a challenging operating environment. According to the management's view, however, the Company's net sales and operating profit will not develop as strongly in the second half of 2014 as they developed in the previous year. The Company's management cannot affect changes that occur beyond its control. These include the general economic situation, general changes in personnel and labour costs due to the market situation and competition, any significant structural changes in the sector and other external changes that may have a material effect on the demand for the services offered by the Company.

Operating profit before non-recurring items refers to operating profit exclusive of essential costs related to operational reorganisation, non-recurring events approved by the Board of Directors and impairment.

Events after the publication of the interim report on 30 June 2014

No significant changes other than those presented in the section "Recent events and future outlook" and its subsections in this Registration Document have taken place in the Lassila & Tikanoja Group's financial position or business operations during the period between the publication of the interim report on 30 June 2014 and the date of this Registration Document.

Near-term uncertainty factors

Economic uncertainty may result in significant changes in the secondary raw material markets for Environmental Services and the demand for Facility Services and Industrial Services.

Uncertainties related to government subsidies for renewable fuels and to the continuity of such subsidies may affect demand for the services of Renewable Energy Sources.

Critical judgements in applying the Group's accounting principles

Lassila & Tikanoja's accounting principles are described in detail in the Company's financial statements that are included through reference in this Registration Document (see "Other considerations – Documents included through reference"). Accounting principles that require the management's critical judgement are described in this section.

The Group's management makes judgements when making decisions on the selection and application of accounting principles. This applies particularly to cases where the effective IFRS norms include alternative recognition, measurement and presentation methods.

The preparation of financial statements in accordance with the IFRS requires Lassila & Tikanoja's management to make estimates and assumptions that affect the amounts of assets and liabilities on the balance sheet date as well as income and expenses for the financial period. Actual results may differ from the estimates and assumptions. The most significant items involving estimates and judgements are described below.

Fair value measurement of assets and liabilities acquired in business combinations

Assets and liabilities acquired in business combinations are measured at fair value in line with IFRS 3. As far as possible, the management uses available market values when determining fair values. When this is not possible, the measurement is based on the historical revenues from the asset. In particular, the measurement of intangible assets is based on discounted cash flows and requires the management's estimate of future cash flows. These estimates are based on the management's best knowledge, but actual results may differ from the estimates (see Note 2 to the financial statements for 2013: "Business acquisitions"). The balance sheet values of assets are reviewed continuously for impairment.

Goodwill impairment testing

In testing goodwill for impairment, the recoverable amounts of the cash-generating units to which the goodwill belongs are determined on the basis of value-in-use calculations. These calculations require the management's judgement. The assumptions used are appropriate according to the management's judgement, but the estimated cash flows may differ materially from actual future cash flows (see Note 13 to the 2013 financial statements: "Goodwill impairment tests").

Operating result

The following review describes Lassila & Tikanoja's operating results for the audited financial years that ended on 31 December 2013, 31 December 2012 and 31 December 2011 and for the unaudited six-month periods that ended on 30 June 2014 and 30 June 2013. The description of the operating result focuses on net sales, operating costs, depreciation, operating profit, financial income and expenses, taxes and the result for the period, which are presented in the financial statements for the financial years in question and in the interim report for the period that ended on 30 June 2014.

Since 2013, the Company has reported its business operations in the following four segments: Environmental Services, Industrial Services, Facility Services and Renewable Energy Sources. In 2011 and 2012, the Company reported its business operations in the following four segments: Environmental Services, Cleaning and Office Support Services, Property Maintenance and Renewable Energy Sources.

The six-month period that ended on 30 June 2014 compared to the six-month period that ended on 30 June 2013 (unaudited)

Net sales

Lassila & Tikanoja's net sales for the period 1/1–30/6/2014 were EUR 319.2 million (1/1–30/6/2013: 336.6 million). Net sales decreased by 5.2%, mainly as a result of decreased demand for Facility Services and Renewable Energy

Sources. In the period 1/1–30/6/2014, comparable net sales decreased in Facility Services and Renewable Energy Sources. In Environmental Services, net sales remained at the same level as in the period 1/1–30/6/2013. In Industrial Services, net sales grew compared to the period 1/1–30/6/2013.

Costs

The cost of sales for the period 1/1–30/6/2014 totalled EUR 285.6 million, or 89.5% of net sales (1/1–30/6/2013: 303.9 million, or 90.3% of net sales).

Sales, marketing and administrative expenses for the period 1/1–30/6/2014 amounted to EUR 14.2 million, or 4.4% of net sales (1/1–30/6/2013: 13.6 million, or 4.1% of net sales). Reasons for the increase include an increase in personnel expenses and expert fees.

Other operating costs for the period 1/1–30/6/2014 were EUR 7.2 million, or 2.3% of net sales (1/1–30/6/2013: 1.0 million, or 0.3% of net sales). Of the total, EUR 6.4 million consisted of write-downs related to L&T Recoil Ltd, a company that had filed for bankruptcy. The increase mainly resulted from write-downs related to the EcoStream Group's bankruptcy. (See also "Recent events and future outlook – A claim of EUR 16.7 million to the Company from the financiers of L&T Recoil Ltd".)

Depreciation and impairment

Depreciation according to plan on tangible and intangible assets for the period 1/1–30/6/2014 amounted to EUR 20.1 million. Depreciation according to plan for the period 1/1–30/6/2013 amounted to EUR 26.1 million. In the period 1/1–30/6/2014, EUR 1.6 million of the depreciation was related to depreciation on intellectual property rights allocated in the business acquisition cost calculations (1/1–30/6/2013: 2.2 million). The reasons for reduced depreciation include more efficient use of equipment, which reduced replacement investments. In addition, no business acquisitions were made in 2013. The non-recurring impairment of EUR 5.0 million recognised in the review period 1/1–30/6/2013 was related to the revaluation of the EcoStream Ltd shares held by the Company.

Operating profit

Lassila & Tikanoja's operating profit for the period 1/1–30/6/2014 was EUR 15.1 million (1/1–30/6/2013: 14.8 million). Its operating profit increased by EUR 0.3 million as a result of increased operational efficiency, despite decreased net sales. Its operating margin for the period 1/1–30/6/2014 was 4.7% (1/1–30/6/2013: 4.4%).

Financial income and expenses

Financial income for the period 1/1–30/6/2014 totalled EUR 0.2 million (1/1–30/6/2013: 0.2 million). Financial expenses for the period 1/1–30/6/2014 amounted to EUR 17.8 million, including the payment of a guarantee commitment of EUR 16.7 million related to L&T Recoil Ltd's bankruptcy. Financial expenses for the period 1/1–30/6/2013 amounted to EUR 1.2 million, consisting mainly of interest on bank loans.

Income taxes

The Lassila & Tikanoja Group's income taxes for the period 1/1–30/6/2014 totalled EUR 2.6 million (1/1–30/6/2013: 3.8 million). This represents a decrease of EUR 1.3 million. The Lassila & Tikanoja Group's effective tax rate for the period 1/1–30/6/2014 was -100.7% (1/1–30/6/2013: 27.9%). Its effective tax rate for the period 1/1–30/6/2014 was affected by non-deductible write-downs.

Profit for the period

The Lassila & Tikanoja Group's loss for the period 1/1–30/6/2014 was EUR 5.1 million. Its profit for the period 1/1–30/6/2013 was EUR 9.9 million.

Information on Lassila & Tikanoja's business segments in the six-month period that ended on 30 June 2014 compared to the six-month period that ended on 30 June 2013 (unaudited)

In the periods 1/1–30/6/2014 and 1/1–30/6/2013, Lassila & Tikanoja reported its business operations in four segments: Environmental Services, Industrial Services, Facility Services and Renewable Energy Sources.

Environmental Services

Net sales for Environmental Services for the period 1/1–30/6/2014 decreased by 1.4% to EUR 125.1 million (1/1–30/6/2013: 126.8 million). Comparable net sales increased by 1.6% to EUR 123.0 million. Operating profit for the period 1/1–30/6/2014 was EUR 15.9 million (1/1–30/6/2013: 15.3 million). Operating profit before non-recurring items for the period 1/1–30/6/2014 was EUR 16.2 million (1/1–30/6/2013: 15.3 million).

Demand in the recycling business in the period 1/1–30/6/2014 was affected negatively by the decrease in the volume of recyclable materials, due to the market conditions. Demand developed favourably in waste management and Russian operations.

The net sales for the comparison period (1/1–30/6/2013) include EUR 3.9 million of net sales from the Latvian business operations
that were divested on 13 March 2014.

Operational profitability developed favourably as a result of improved operational efficiency.

Industrial Services

Net sales for the period 1/1–30/6/2014 were EUR 35.7 million (1/1–30/6/2013: 33.7 million). This represents an increase of 5.8%. Operating profit for the period 1/1–30/6/2014 was EUR 1.8 million (1/1–30/6/2013: 1.4 million). Operating profit before non-recurring items for the period 1/1–30/6/2014 was EUR 1.9 million (1/1–30/6/2013: 1.4 million).

The division's net sales for the period 1/1–30/6/2014 increased in all service lines, primarily as a result of good demand in the first quarter of 2014.

The division was able to improve the profitability of its operations as a result of efficiency improvement measures and increased volume.

Facility Services

Net sales for Facility Services for the period 1/1–30/6/2014 decreased by 7.9% to EUR 137.4 million (1/1–30/6/2013: 149.2 million). Operating profit for the period 1/1–30/6/2014 was EUR 2.6 million (1/1–30/6/2013: 3.3 million). Operating profit before non-recurring items for the period 1/1–30/6/2014 was EUR 2.8 million (1/1–30/6/2013: 3.7 million).

The division's net sales declined during 1/1–30/6/2014 compared to 1/1–30/6/2014, due to business downsizing in Sweden and lower than normal demand for seasonal work in Property Maintenance during the first months of 2014. The division's profitability during 1/1–30/6/2014 was burdened by the weak demand for the additional services in the Cleaning and Property Maintenance businesses and by the weak profitability of damage repair services.

Demand for the additional services of the division has declined, which has decreased both the net sales and the profitability of the division. The entire division is undergoing a major reorganisation process in order to adapt operations to the changes in market conditions. This affects the profitability of the business. The benefits of the process will gradually start to materialise in the second half of 2014.

Renewable Energy Sources

Net sales for Renewable Energy Sources (L&T Biowatti) for the period 1/1–30/6/2014 decreased by 24.9% to EUR 26.1 million (1/1–30/6/2013: EUR 34.8 million). Operating profit for the period 1/1–30/6/2014 was EUR 1.1 million, and operating profit before non-recurring items was EUR 1.1 million. Operating profit for the period 1/1–30/6/2013 was EUR 1.1 million, and operating profit before non-recurring items was EUR 0.9 million.
Net sales decreased in the period 1/1–30/6/2014, mainly due to the short heating season and the divestment of operations in eastern Finland. As a result of efficiency improvement measures, relative profitability improved during 1/1–30/6/2014 compared to 1/1–30/6/2014.

Financial year 2013 compared to financial year 2012

Net sales

Lassila & Tikanoja's net sales for the period 1/1–31/12/2013 were EUR 668.2 million (2012: 674.0 million). The change in net sales was -0.9%. Net sales for 2012 include EUR 8.0 million in net sales for L&T Recoil Ltd and the divested parts of the Eco-product business. Comparable net sales increased by 0.2% in the financial year 2013. Net sales increased in Industrial Services and Renewable Energy Sources and decreased in Facility Services and Environmental Services. Net sales for the financial year 2013 were divided between segments as follows: Environmental Services 38.0%, Industrial Services 10.8%, Facility Services 43.1% and Renewable Energy Sources 8.1%. Net sales for the financial year 2012 were divided between segments as follows: Environmental Services 38.5%, Industrial Services 9.9%, Facility Services 43.8% and Renewable Energy Sources 7.7%.

Costs

The cost of sales for the financial year 2013 totalled EUR 597.3 million, or 89.4% of net sales (2012: 602.6 million, or 89.4% of net sales).

Sales, marketing and administrative expenses for the period 1/1–31/12/2013 amounted to EUR 27.5 million, or 4.1% of net sales (2012: 28.8 million, or 4.3% of net sales). The reasons for the decrease during 2013 include *inter alia* lower sales and marketing expenses.

Other operating costs for the period 1/1–31/12/2013 amounted to EUR 2.5 million, or 0.4% of net sales (2012: 1.6 million, or 0.2% of net sales).

Depreciation and impairment

Depreciation according to plan on tangible and intangible assets for the period 1/1–31/12/2013 totalled EUR 42.0 million (2012: 43.3 million). In the period 1/1–31/12/2013, EUR 4.2 million of the depreciation was related to depreciation on intellectual property rights allocated in the business acquisition cost calculations (2012: 4.9 million). At the end of 2013, the Company tested all cash-generating units for impairment of goodwill and recognised a write-down of EUR 7.0 million in goodwill related to its business operations in Sweden. No need for write-downs was detected in other cash-generating units.

In 2013, the Company revalued its shareholding in EcoStream Ltd and recognised a write-down of EUR 5.0 million as a result.

Operating profit

Lassila & Tikanoja's operating profit for the financial year that ended on 31 December 2013 totalled EUR 33.2 million, including EUR 18.7 million in non-recurring items related to a write-down in goodwill on the Company's business operations in Sweden, and impairment on EcoStream Ltd shares, potential costs of closure of divested land areas and costs of closure and reorganisation of business operations. Its operating profit for the financial year that ended on 31 December 2012 was EUR 48.4 million. Its operating margin for the financial year 2013 was 5.0% (2012: 7.2%).

Financial income and expenses

Financial income for the financial year 2013 totalled EUR 0.5 million (2012: 0.9 million). Financial expenses for the financial year 2013 amounted to EUR 3.4 million (2012: 6.3 million). In 2013, financial expenses consisted of exchange rate losses and interest on bank loans. In 2012, financial expenses were higher as a result of a write-down (EUR 2.0 million) of interest receivables on subordinated loans granted to L&T Recoil Ltd and interest expenses (EUR 2.7 million) from loans measured at amortised acquisition cost.

Income taxes

The Lassila & Tikanoja Group's income taxes for the period 1/1–31/12/2013 totalled EUR 8.1 million (2012: 8.5 million). The Lassila & Tikanoja Group's effective tax rate for the financial year 2013 was 26.9% (2012: 19.9%). Non-deductible items were among the factors that increased the Company's effective tax rate for 2013. Changes in deferred taxes as a result of a change in the effective tax rate reduced the Company's effective tax rate for 2013.

Profit for the period

The Lassila & Tikanoja Group's profit for the financial year 2013 was EUR 22.2 million (2012: 34.5 million). This represents a decrease of EUR 12.3 million.

Information on Lassila & Tikanoja's business segments in the financial year 2013 compared to the financial year 2012

In 2013, Lassila & Tikanoja reported its business operations in four segments: Environmental Services, Industrial Services, Facility Services and Renewable Energy Sources. In 2012, Lassila & Tikanoja reported its business operations in four segments: Environmental Services, Renewable Energy Sources, Cleaning and Office Support Services and Property Maintenance. Its division into segments changed at the beginning of 2013 when Environmental Services was divided into Environmental Services and Industrial Services, and Cleaning and Office Support Services and Property Maintenance were merged to establish Facility Services. The Renewable Energy Sources segment remained unchanged.

Environmental Services

Net sales for Environmental Services for the financial year 2013 decreased by 2.9% to EUR 257.9 million (2012: 265.7 million). Operating profit was EUR 30.1 million (2012: 34.3 million). Operating profit before non-recurring items was EUR 35.1 million (2012: 30.6 million).

The comparison information for net sales includes EUR 8.0 million in net sales for L&T Recoil and the divested parts of the Eco-product business.

Improved operational efficiency contributed to the increase in operating profit.

Industrial Services

Net sales for Industrial Services for the financial year 2013 were EUR 75.5 million (2012: 70.0 million). This represent an increase of 7.9%. Operating profit was EUR 5.2 million (2012: 3.9 million). Operating profit before non-recurring items was EUR 6.7 million (2012: 4.4 million).

Net sales grew as a result of an increase in the demand for process cleaning. The demand for sewer maintenance services and environmental construction was modest in early 2013, but improved towards the end of the year.

Hazardous waste services enjoyed healthy demand and strong profitability throughout the review period.

Facility Services

Net sales for Facility Services for the financial year 2013 decreased by 2.3% to EUR 292.5 million (2012: 299.5 million). Operating profit was EUR 4.4 million (2012: 13.0 million). Operating profit before non-recurring items was EUR 11.9 million (2012: 14.7 million).

Net sales fell from the comparison period due to business downsizing in Sweden and reduced demand for property maintenance services in the second half of the year.

Costs related to the expansion of technical systems services had a negative effect on profitability, as did the weak profitability of damage repair services.

The Facility Services division implemented efficiency measures to improve its profitability. The benefits of these measures will materialise during 2014. Profitability improved in the cleaning business, particularly in Sweden.

The entire division is undergoing a major restructuring and reorganisation process to adapt operations to the changes in market conditions, particularly in cleaning and property maintenance.

Renewable Energy Sources

Net sales for Renewable Energy Sources (L&T Biowatti) for the financial year 2013 increased by 3.7% to EUR 58.0 million (2012: EUR 55.9 million). Operating profit was EUR 1.4 million (2012: a loss of 0.1 million). Operating profit before non-recurring items was EUR 1.1 million (2012: 0.1 million).

Net sales improved from the comparison period due to the strong demand for wood-based fuels.

In early 2013, profitability was burdened by the weaker energy content of fuels and higher logistics costs. Efficiency measures and an increase in net sales improved the operating profit.

The information presented below for the period 1/1–31/12/2012 has been adjusted in line with segment reporting in 2013. The figures are presented in millions of euros (EUR million).

Segments 2013	Environ-mental Services	Industrial Services	Facility Ser-vices	Renewable Energy Sources	Group ad-ministration and other	Elimina-tions/unallocated assets and liabilities	Group
(EUR million)	**(audited)**	**(audited)**	**(audited)**	**(audited)**	**(audited)**		**(audited)**
Net sales	257.9	75.5	292.5	58.0		-15.8	668.2
Internal sales	3.8	3.4	4.7	3.9		-15.8	0.0
External sales	254.1	72.1	287.8	54.1			668.2
Operating profit	30.1	5.2	4.4	1.4	-8.0		33.2
Operating profit, %	11.7	6.9	1.5	2.5			5.0
Assets	214.5	70.0	103.4	29.4	7.5	71.3	496.0
Liabilities	51.8	21.5	49.6	5.5	2.1	154.0	284.5
Capital expenditure	15.7	3.2	11.3	0.3	2.2		32.7
Depreciation and amortisation	21.9	6.6	13.2	0.3	0.0		42.0
Impairment			7.0		5.0		12.0

Segments 2012	Environ-mental Ser-vices	Industrial Services	Facility Services	Renewable Energy Sources	Group admin-istration and other	Elimina-tions/unallocated assets and liabilities	Group
(EUR million)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(audited)**		**(audited)**
Net sales	265.7	70.0	299.5	55.9		-17.1	674.0
Internal sales	5.9	3.1	4.0	4.1		-17.1	0.0
External sales	259.8	66.9	295.5	51.9			674.0
Operating profit	34.3	3.9	13.0	-0.1	-2.7		48.4
Operating profit, %	12.9	5.6	4.3	-0.1			7.2
Assets	228.5	81.6	105.7	30.2	9.9	25.5	481.3
Liabilities	42.4	18.7	50.1	6.1	1.4	129.6	248.3
Capital expenditure	16.1	11.3	14.7	0.5	6.8		49.4
Depreciation and amortisation	24.7	7.1	11.3	0.3	0.0		43.3
Impairment	0.3			0.3			

Financial year 2012 compared to financial year 2011

Net sales

Lassila & Tikanoja's net sales for the period 1/1–31/12/2012 were EUR 674.0 million (2011: 652.1 million). The change in net sales was +3.4%. Net sales grew compared to 2011, mainly due to increased demand for wood-based fuels, volume growth in Environmental Services and an expansion of the damage repair services network. Net sales for 2012 were divided between segments as follows: Environmental Services 48.5% (2011: 49.4%), Cleaning and Office Support Services 23.7% (2011: 23.9%), Property Maintenance 20.2% (2011: 20.3%) and Renewable Energy Sources 7.7% (2011: 6.4%). Net sales grew mainly as a result of an increase in new sales in Renewable Energy Sources.

Costs

The cost of sales for the financial year 2012 totalled EUR 602.6 million, or 89.4% of net sales (2011: 584.2 million, or 89.6% of net sales).

Sales, marketing and administrative expenses for the period 1/1–31/12/2012 amounted to EUR 28.8 million, or 4.3% of net sales (2011: 26.6 million, or 4.1% of net sales). The main reasons for the increase included an increase in personnel expenses and expert fees.

Other operating costs for the period 1/1–31/12/2012 amounted to EUR 1.6 million, or 0.2% of net sales (2011: 1.7 million, or 0.3% of net sales).

Depreciation and impairment

Depreciation according to plan on tangible and intangible assets for the period 1/1–31/12/2012 totalled EUR 43.3 million (2011: 44.5 million). At the end of 2012, the Company tested all cash-generating units for impairment of goodwill and detected no need for write-downs of impairment on goodwill. In 2011, the Company recognised a write-down of EUR 4.6 million in goodwill and EUR 7.7 million in other intangible assets related to L&T Biowatti Ltd.

Operating profit

Lassila & Tikanoja's operating profit for the financial year that ended on 30 December 2012 was EUR 48.4 million (2011: 25.6 million). Operating profit improved from the comparison period, mainly due to improved profitability in Renewable Energy Sources and the divestment of the Company's share in L&T Recoil Ltd, a loss-making joint venture. Operating profit for 2012 includes non-recurring capital gains on the divestment of L&T Recoil Ltd and the Eco-product business (EUR 4.4 million) and non-recurring impairment and reorganisation costs (EUR 3.4 million). Operating profit for 2011 includes a total of EUR 18.7 million in non-recurring costs related to impairment on L&T Biowatti Ltd and a reorganisation of business operations. Its operating margin for the financial year 2012 was 7.2% (2011: 3.9%).

Financial income and expenses

Financial income for the financial year 2012 totalled EUR 0.9 million (2011: 1.0 million). Financial expenses for the financial year 2012 amounted to EUR 6.3 million (2011: 5.6 million). In the financial year 2012, financial expenses consisted of interest expenses on bank loans, write-downs of interest expenses on receivables related to subordinated loans granted to L&T Recoil Ltd and interest expenses on loans measured at amortised acquisition cost. In the financial year 2011, financial expenses consisted of interest expenses on bank loans and interest expenses on loans measured at amortised acquisition cost.

Income taxes

The Lassila & Tikanoja Group’s income taxes for the period 1/1–31/12/2012 totalled EUR 8.5 million (2011: 4.0 million). The Lassila & Tikanoja Group’s effective tax rate for the financial year 2012 was 19.9% (2011: 19.2%).

Profit for the period

The Lassila & Tikanoja Group’s profit for the financial year 2012 was EUR 34.5 million (2011: 17.0 million). This represents an increase of EUR 17.5 million.

Information on Lassila & Tikanoja’s business segments in the financial year 2012 compared to the financial year 2011

In 2012 and 2011, Lassila & Tikanoja reported its business operations in four segments: Environmental Services, Cleaning and Office Support Services Property Maintenance and Renewable Energy Sources,.

Environmental Services

Net sales for Environmental Services for the financial year 2012 increased by 1.5% to EUR 330.7 million (2011: 325.9 million). Operating profit was EUR 38.1 million (2011: 34.0 million). Operating profit before non-recurring items was EUR 35.0 million (2011: 34.0 million).

The increase in net sales was mainly due to good demand for waste management and industrial services.

Operating profit for Environmental Services remained at the comparison period’s level. Successful production efficiency measures and improved profitability as a result of the divestment of L&T Recoil had a positive effect on the operating profit. However, the result was burdened by an increase in the cost of incineration and repairs, particularly in early 2012, and decreased profitability in foreign operations.

Cleaning and Office Support Services

Net sales for Cleaning and Office Support Services for the financial year 2012 totalled EUR 161.5 million (2011: 157.3 million). This represents an increase of 2.7%. Operating profit was EUR 7.6 million (2011: 7.1 million). Operating profit before non-recurring items was EUR 9.1 million (2011: 7.5 million).

Net sales grew slightly from the comparison period, due to business acquisitions carried out in the spring of the comparison period. The demand for contract work remained at a good level throughout the year despite tough price competition.

Operating profit for Cleaning and Office Support Services improved markedly from the comparison period as a result of successful contract work and improved profitability in Swedish operations. Operating profit was burdened by increased labour costs, which were not fully offset by increases in service prices.

Property Maintenance

Net sales for Property Maintenance for the financial year 2012 increased by 2.5% to EUR 138.0 million (2011: 134.6 million). Operating profit was EUR 5.3 million (2011: 8.2 million). Operating profit before non-recurring items was EUR 5.6 million (2011: 8.2 million).

Net sales grew from the comparison period, mainly due to an increased order base as a result of an expansion of the damage repair services network.

Operating profit for Property Maintenance decreased from the comparison period due to tighter price competition and higher subcontracting costs. In addition, profitability was burdened by the heavier than usual snowfall towards the end of the year.

Renewable Energy Sources

Net sales for Renewable Energy Sources (L&T Biowatti) for the financial year 2012 increased by 23.2% to EUR 55.9 million (2011: 45.4 million). Operating loss was EUR 0.1 million (2011: 21.3 million). Operating profit before non-recurring items was EUR 0.1 million (2011: -3.8 million).

Net sales grew markedly from the comparison period, with improved demand for wood-based fuels in comparison with fossil fuels boosting new sales.

Operating profit improved clearly as a result of volume growth and more efficient cost structure, even though the rainy summer and early autumn reduced the energy content of wood chips.

The figures in the table below are presented in millions of euros (EUR million).

Segments 2012	Environmental Services	Cleaning and Office Support Services	Property Maintenance	Renewable Energy Sources	Group administration and other	Eliminations/unallocated assets and liabilities	Group
(EUR million)	**(audited)**	**(audited)**	**(audited)**	**(audited)**	**(audited)**		**(audited)**
Net sales	330.7	161.5	138.0	55.9		-12.1	674.0
Internal sales	4.0	2.1	2.0	4.1		-12.1	0.0
External sales	326.7	159.5	136.0	51.9			674.0
Operating profit	38.1	7.6	5.3	-0.1	-2.7		48.4
Operating profit, %	11.5	4.7	3.9	-0.1			7.2
Assets	310.0	56.1	49.7	30.2	9.9	25.5	481.3
Liabilities	61.1	30.3	19.8	6.1	1.4	129.6	248.3
Capital expenditure	27.4	4.9	9.8	0.5	6.8		49.4
Depreciation and amortisation	31.8	5.0	6.3	0.3	0.0		43.3
Impairment	0.3			0.3			

Segments 2011	Environmental Services	Cleaning and Office Support Services	Property Maintenance	Renewable Energy Sources	Group administration and other	Eliminations/unallocated assets and liabilities	Group
(EUR million)	**(audited)**	**(audited)**	**(audited)**	**(audited)**	**(audited)**		**(audited)**
Net sales	325.9	157.3	134.6	45.4		-11.0	652.1
Internal sales	3.6	1.5	2.2	3.8		-11.0	0.0
External sales	322.3	155.8	132.4	41.7			652.1
Operating profit	34.0	7.1	8.2	-21.3	-2.4		25.6
Operating profit, %	10.4	4.5	6.1	-46.8			3.9
Assets	346.2	54.3	45.0	27.3	2.5	18.9	494.3
Liabilities	57.4	29.8	15.9	3.9	1.3	168.1	276.4
Capital expenditure	43.4	14.7	11.8	0.5	0.3		70.6
Depreciation and amortisation	30.8	4.9	4.9	3.9	0.0		44.5
Impairment				17.1			

Liquidity and sources of capital

Lassila & Tikanoja's main sources of financing include cash flow from operating activities, a commercial paper programme and loans from financial institutions.

Net cash flow from operating activities for the period 1/1–30/6/2014 was EUR 27.3 million (1/1–30/6/2013: 44.4 million; 2013: 86.4 million; 2012: 80.5 million; 2011: 74.5 million). Cash flow from operating activities has improved since 2011 due to improved operational efficiency and more efficient working capital management.

Cash flow used in investing activities in the period 1/1–30/6/2014 was EUR -7.2 million, consisting mainly of investments in property, plant and equipment and intangible assets and in business acquisitions and of proceeds from the sale of the Company's business operations in Latvia (1/1–30/6/2013: -13.1 million; 2013: -26.5 million; 2012: -32.0 million; 2011: -68.0 million). Key cash flows from investing activities consisted of investments in property, plant and equipment and intangible assets in the financial year 2013; investments in property, plant and equipment and intangible assets as well as business acquisitions and divestments in the financial year 2012; and investments in property, plant and equipment and intangible assets as well as business acquisitions in the financial year 2011.

Cash flow from financing activities for the period 1/1–30/6/2014 totalled EUR -58.2 million (1/1–30/6/2013: -30.6 million million; -15,9: -15.9 million; 2012: -42.1 million; 2011: -12.9 million). Cash flow from financing activities in the period 1/1–30/6/2014 consisted of dividends paid, loan repayments and the payment pursuant to a guarantee commitment of approximately EUR 16.7 million related to L&T Recoil Ltd's bankruptcy. Cash flow from financing activities in the period 1/1–30/6/2013 mainly consisted of capital repayments. Drawn-down loans, dividends and capital repayments to shareholders and repayments of long-term loans affected net cash flow from financing activities in 2013. Drawn-down loans, capital repayments to shareholders and repayments of long-term loans affected net cash flow from financing activities in 2012. Drawn-down loans, capital repayments to shareholders and repayments of long-term loans affected net cash flow from financing activities in 2011.

Lassila & Tikanoja's equity ratio stood at 43.2% on 30 June 2014 (30/6/2013: 47.3%; 31/12/2013: 43.7%; 31/12/2012: 49.4%; 31/12/2011: 44.5%). The Group's liquidity remained at a good level during the financial periods 2011–2013 and the period 1/1–30/6/2014.

The following table presents a summary of Lassila & Tikanoja's balance sheet on 30/6/2014, 30/6/2013, 31/12/2013, 31/12/2012 and 31/12/2011.

(EUR million)	30/6/2014 IFRS (unaudited)	30/6/2013 IFRS (unaudited)	31/12/2013 IFRS (audited)	31/12/2012 IFRS (audited)	31/12/2011 IFRS (audited)
Assets					
Goodwill	108.2	119.9	112.8	120.2	119.5
Other non-current assets, total	188.1	208.1	198.2	215.9	246.3
Current assets, total	149.2	144.3	185.0	145.2	128.5
Total assets	445.4	472.3	496.0	481.3	494.3
Equity and liabilities					
Equity attributable to equity holders of the parent company..............	186.8	217.8	211.2	232.7	217.7
Non-controlling interest	0.2	0.3	0.2	0.3	0.3
Total equity...............	187.1	218.1	211.5	233.0	217.9
Liabilities					
Non-current liabilities, total	77.4	83.3	99.0	95.2	126.4
Current liabilities, total	181.0	170.9	185.5	153.1	150.0
Total liabilities	258.4	254.3	284.5	248.3	276.4
Total equity and liabilities.....................	445.4	472.3	496.0	481.3	494.3

In the interim report for the period 1/1–30/6/2014, non-current assets on the Company's balance sheet mainly consisted of property, plant and equipment; goodwill and other intangible assets; and other non-current assets.

Liabilities on the balance sheet mainly consisted of bank loans, trade payables, provisions related to employees' holiday pay, and other liabilities. Bank loans stood at EUR 70.4 million on 31 July 2014. Of the total, EUR 25.0 million will mature within the next 12 months. In addition, the Company has a three-year credit facility of EUR 30.0 million that will mature on 2 December 2014. The Company intends to renew the credit facility, which is unused on the date of the Registration Document. In addition, the Company has a commercial paper programme of a maximum of EUR 100 million, of which EUR 70 million was unused on the date of the Registration Document. EUR 30 million of the commercial paper programme was in use and will mature on 15 September 2014.

Lassila & Tikanoja's debt financing does not involve unconventional security interests. Its most important financial covenants agreed with financiers include equity ratio covenants and EBITDA/net debt (See also "Risk factors – Liquidity and refinancing risks" above).

The Company finances its business operations with cash from cash flow from operating activities, external capital or, if necessary, by increasing equity funding. The Company's financial risk management policies are described in Note 37 ("Financial Risk Management") to the Company's financial statements for 2013.

The Company monitors its need for financing by carrying out short-term and long-term cash flow calculations to ensure sufficient financing. The Company finances its financial commitments and investments through its cash flow and, if necessary, by negotiating refinancing or additional financing with financiers and through equity financing. On 31 March 2014, Lassila & Tikanoja's cash and cash equivalents stood at EUR 20.5 million (30/6/2013: 15.1 million; 31/12/2013: 58.5 million; 31/12/2012: 12.1 million; 31/12/2011: 5.8 million).

Security interests and contingent liabilities

The following table presents the Company's contingent liabilities on the dates listed below.

(EUR million)	30/6/2014	30/6/2013	31/12/2013	31/12/2012	31/12/2011
	(unaudited)		(audited)	(audited)	(audited)
Mortgages on rights of tenancy	0.2	0.2	0.1	0.2	42.2
Enterprise mortgages	1.0	0.6	0.6	0.6	21.5
Other securities	0.2	0.2	0.2	0.2	0.2
Bank guarantees required for environmental permits	9.8	8.7	9.5	6.5	5.7
Leasing and other rental liabilities	9.6	14.0	13.4	16.2	27.4

Capital expenditure

The Lassila & Tikanoja Group finances its investments through its cash flow from operating activities and using various equity and debt instruments.

In the financial year 2013, Lassila & Tikanoja did not make extraordinary investments, such as corporate or business operation acquisitions. The Lassila & Tikanoja Group's capital expenditure in the period 1/1–30/6/2014 totalled EUR 20.3 million and was mainly related to business acquisitions and purchases of fixed assets.

In the period 1/1–30/6/2013, Lassila & Tikanoja's capital expenditure totalled EUR 16.7 million. In the financial year 2013, Lassila & Tikanoja capital expenditure totalled EUR 32.7 million. In the period 1/1–30/6/2013 and in the financial year 2013, capital expenditure was mainly related to property, plant and equipment and intangible assets. The Company did not carry out corporate or business operation acquisitions.

The Lassila & Tikanoja Group's capital expenditure in the period 1/1–31/12/2012 totalled EUR 49.4 million and was mainly related to corporate reorganisations and purchases of material and intellectual property rights. In 2012, the Company's corporate acquisitions and acquisition of business operations totalled EUR 2.5 million. Of the investments, EUR 6.9 million is related to the divestment of L&T Recoil Ltd and the related share arrangements.

The Lassila & Tikanoja Group's capital expenditure in the period 1/1–31/12/2011 totalled EUR 70.6 million and was mainly related to business acquisitions and purchases of material and intellectual property rights.Around one-third of the capital expenditure was related to a total of 16 acquisitions.

Risk management

Risk management at Lassila & Tikanoja aims to identify and prepare for significant risk factors and manage them optimally in order to ensure that the Company reaches its targets. Comprehensive risk management serves to manage the Group's risk as a whole and not just individual risk factors.

The Board of Directors approves the Company's risk management principles, monitors their implementation and evaluates the efficiency of the methods employed. The President and CEO is responsible for the organisation and implementation of risk management. The principles for financial risk management are defined in the Group's Financial Policy. The principles for insurance risk management are specified in the Risk Management and Insurance Policy.

The risk management process is defined in Lassila & Tikanoja's Integrated Management System. As part of the annual strategy process, risks are assessed at the level of the Group, divisions and foreign units as well as centralised functions that are considered to be critical. In each responsibility area, the executive management assesses its strategic, financial, operational and accident risk factors. Lassila & Tikanoja evaluates risks using a risk matrix, meaning that it also assigns monetary values to risks. Contingency plans are prepared for significant risks, and responsibility for risk management measures is assigned to the relevant parties. The most significant risks identified and the related preparations are reported to the President and CEO and the Board of Directors.

The Company's financial risk management is presented in more detail in the section "Risk factors – Financial risks" and its subsections and in Note 37 ("Financial risk management") to the Company's financial statements for 2013.

MARKET AND OPERATING ENVIRONMENT

General

Lassila & Tikanoja specialises in environmental management and property and plant support services. The company is a significant supplier of wood-based biofuels, recovered fuels and secondary raw materials. Lassila & Tikanoja is a service company that is transforming a consumer society into an efficient recycling society. In cooperation with its customers, the Company is reducing waste volumes, extending the service lives of properties, recovering materials and decreasing the use of raw materials and energy.

The economic recession was reflected in Lassila & Tikanoja's operations in 2013. The downturn in industrial production affected the demand for industrial support services in particular. The slowdown in construction and retail, among other factors, reduced secondary raw material trading volumes and intensified competition in technical systems services and repairs. Procurement in customer companies is increasingly professional, which translates into an increase in competitive bidding and higher efficiency requirements.

Market areas

General

Lassila & Tikanoja operates in Finland, Russia and Sweden. Its business operations are divided into four divisions: Environmental Services, Industrial Services, Facility Services and Renewable Energy Sources.

Finland

The Ministry of Finance expects the Finnish gross domestic product to grow by 0.5% in 2014, 1.5% in 2015 and 1.8% in 2016 (Ministry of Finance: Economic Survey, Spring 2014). The economic outlook remains unstable. The total market for Lassila & Tikanoja's services in Finland is approximately EUR 4.5 billion. It is expected to grow at an annual rate of around 3% under normal economic conditions.

Russia

The Company operates in Environmental Services in the Moscow region. The Company is monitoring the opportunities presented by the growing environmental management business in Russia with particular interest. In 2013, the Company expanded its business in Moscow to cover waste management services for corporate customers. Lassila & Tikanoja considers Russia to hold great potential for environmental and recycling services, as only around 10% of waste is recovered in the country. However, incomplete legislation impedes business development in Russia, and business risks are higher than in the Nordic countries. Due to the local business culture, undeveloped infrastructure and similar factors, the operating environment is more unstable than in the Nordic countries. In addition, the operating environment in Russia has a high level of bureaucracy. The crisis in Ukraine has significantly increased global political tension. In addition, trade restrictions imposed on Russia by the EU and the United States, as well as counter-restrictions imposed by Russia on foreign companies, may affect the operations of all non-Russian companies in Russia as well as the import of products from Russia and the export of products to Russia (See also "Risk factors – Risks related to the business environment in Russia"). Projects related to taxation related to waste, legislative reforms and producer liability are currently being planned. If they materialise, these projects will boost the growth of the entire sector in Russia and clarify practices.

Sweden

In Sweden, the Company operates in the cleaning business, which is part of Facility Services. The property service market in Sweden is highly developed, and customers want to purchase extensive service packages from a single provider. The outsourcing rate in property services is much higher than in Finland, particularly in municipalities, and continues to grow. With the exception of a few major service providers, the market is dominated by small operators and competition is extremely intense.

Market for Environmental Services

Lassila & Tikanoja's Environmental Services is one of the largest operators in its field in Finland, and the Company seeks to further strengthen its position. Environmental Services has a total of around 200,000 customers. Its customers are divided into three segments: of its net sales, 70% comes from corporate customers, 20% from the public sector and 10% from households. The Company's corporate customers include industrial, retail and logistics companies and property owners and managers.

The Company's management estimates that the total market for Environmental Services is around EUR 1.2 billion. The Company estimates that the market will grow at an annual rate of 2–3% during the strategy period 2012–2016.

The economic recession has reduced growth in recent years. The slowdown – particularly in retail and construction – is reflected in smaller waste streams. The Company is not expecting the amount of waste to increase in the future, but traditional waste management is a necessity, which makes it a stable business. Stricter environmental laws will increase recycling and generate growth in the recycling business.

Environmental Services also operates in Russia, where its area of operation covers around seven million people. The Company has served and intends to continue as a trailblazer in the Russian market.

Market for Industrial Services

The Company's management estimates that, in terms of net sales, Lassila & Tikanoja's Industrial Services is the second-largest operator in its sector in Finland. It has a total of approximately 7,500 customers. In addition to municipalities, its customers represent various industries, such as metal, energy, pulp and paper. Its customers also include property owners and managers. However, half of its net sales come from its 20 largest customers.

The Company's management estimates that the total market for Industrial Services is approximately EUR 300 million. The Company estimates that the market will grow at an annual rate of 4% during the strategy period 2012–2016.

In recent years, however, the economic downturn has affected Finnish industry and hindered market growth for Industrial Services. On the other hand, the weak economic situation is making companies carefully examine their operations and possibly outsource their non-core business operations.

Following the global financial crisis in 2008, industrial production plummeted in Finland, reaching its lowest point in 2009. Despite a slight recovery, production volumes in 2013 were only barely above the 2009 levels.

The new Waste Act will impose taxes on industrial landfill sites. This has prompted companies to seek new disposal solutions for their by-products. In other words, the market growth outlook for Industrial Services is positive if industrial production in Finland resumes growth.

The hazardous waste market is not expected to show significant growth, but it is a very profitable business. Because of its nationwide service network, Lassila & Tikanoja's market in this service line mainly consists of smaller municipalities and towns.

According to the *State of the Built Environment 2013* report (ROTI), Finland has a water mains network of around 100,000 kilometres and a sewer and storm sewer network of around 50,000 kilometres. This network is ageing and increasingly needs repairing. For the time being, the amount of damage in the water mains system has not increased significantly, but any future damage will be more extensive and take longer to repair.

According to the ROTI report, municipalities and cities have insufficient information on the actual condition of the water and sewer networks and often have to make decisions based on superficial knowledge. There is clearly a need for expert services in this field.

Market for Facility Services

The Company's management estimates that, in terms of net sales, Lassila & Tikanoja's Facility Services is the second-largest operator in its field in Finland. The market relevant to the Company is around EUR 3.0 billion. Lassila & Tikanoja's market share is around 10%, meaning that there is potential for growth.

The Company estimates that growth in the traditional cleaning business will be slow, but support services offer growth potential. The Company is able to offer support services to its existing customers in addition to cleaning.

The Company's management estimates that, in terms of net sales, Lassila & Tikanoja is the market leader in property maintenance. However, the market is highly fragmented and will allow further growth in Facility Services.

The Company's management estimates that, in terms of net sales, the Company is the second-largest operator in damage repair services. The Company has renewed its framework agreements with all of its major customers, and customer satisfaction is very high.

The Company's management estimates that, in terms of net sales, Lassila & Tikanoja is the fifth-largest provider of technical systems services in Finland. Energy represents a large part of property maintenance costs. Property owners and managers seek to optimise total costs rather than individual service costs. Energy consumption control and monitoring in properties are increasingly complex. At the same time, energy efficiency requirements are becoming stricter, following the European Union's commitment to enhance energy efficiency and reduce greenhouse gas emissions by 20% by 2020. The Company can offer technical systems services to its existing property maintenance customers. In other words, it has considerable growth potential in technical systems services.

Purchasing behaviour in the market for Facility Services has changed, with customers favouring more extensive service packages. Agreements cover larger geographical areas and a larger number of services. Finnish customers increasingly demand nationwide agreements, as this facilitates supplier management and reporting and enables closer relationships and better service development between the customer and the service provider.

In the private sector, most support functions have already been outsourced. In the public sector in Finland, however, the outsourcing rate is markedly lower than in most other EU countries. The Company believes that, in the next few years, municipalities will increase outsourcing as a result of the new procurement directive of the EU, new national procurement legislation and increasing pressures for productivity. This will create new business opportunities for Lassila & Tikanoja, with the outsourcing rate growing in the public sector.

Market for Renewable Energy Sources

Forest energy plays a major role in reaching Finland's climate goals. Renewable Energy Sources (L&T Biowatti) promotes the energy use of wood that is unsuitable for traditional wood processing.

The Company's Renewable Energy Sources division offers sustainable and clean wood and recovered fuel solutions to energy producers and forest services to forest owners. Lassila & Tikanoja delivers wood biomasses for energy production, particularly wood biomasses rejected by the traditional wood processing industry. It also uses the by-products of the forest industry to replace fossil fuels in energy production. Lassila & Tikanoja's business operations do not include energy production or wood processing.

The strength of Lassila & Tikanoja's Renewable Energy Sources lies in its ability to control the entire production chain, from raw material procurement to delivery. The Company has focused its operations and procurement organisations on regions that offer promising long-term growth potential for forest energy.

The Company's fuel production is scaled to customer needs. Since its procurement mainly covers whole and lopped trees, Lassila & Tikanoja can deliver premium quality fuel to large and small heating and power plants. The Company's extensive network of terminals enables it to ensure reliable deliveries throughout the year, even in the event of disruptions. The Company sources most of its wood directly from forest owners. In wood procurement, its forestry service organisation is complemented by an extensive network of partners. Harvesting, chipping, crushing and transport operations are also carried out in collaboration with long-term partners.

In the future, energy must mainly come from renewable sources. In its climate and energy strategy, Finland has made a commitment to increasingly replace fossil fuels with renewable energy and raise the proportion of renewable energy to 38% by 2020. In 2013, renewable energy represented around 30% of total energy consumption in Finland. Wood-based fuels constituted 80% of the share of renewable energy and 23% of total energy consumption.

The use of renewable energy will increase considerably in Finland by 2020. Most of the increase will come from wood biomasses. The favourable development in the use of renewable energy sources slowed in 2013, following a significant increase in the use of coal as a result of changes in subsidies for forest energy and the low prices of coal and emission rights.

Using wood for energy is an effective method of controlling climate change, as the carbon dioxide released from burning wood is bound in by new generations of growing trees. In other words, wood is a carbon-neutral fuel.

During the strategy process in 2012, Lassila & Tikanoja came to the conclusion that Renewable Energy Sources is not a core business operation.

Factors affecting Lassila & Tikanoja's operating environment

Towards a recycling society through material efficiency

European legislation and its development support the emergence of a recycling society, creating growth opportunities for recycling and environmental construction business. In Finland, material efficiency is one of the Finnish government's key projects. A working group proposal for a national material efficiency programme was published in December 2013. The goals of the Sustainable Growth through Material Efficiency programme include creating favourable conditions for ecologically sustainable growth and employment and promoting competitive and equal operating conditions.

The EU's waste standards and order of priority in waste management will be enforced in full by 2020, with the ultimate goal of reducing the total quantity of waste and increasing recycling. Financial incentives will be introduced to promote recovery and recycling. The use of waste for energy production will be limited to non-recyclable materials, and the landfill disposal of waste will practically be banned. In Finland, the EU Waste Directive was enforced with the new Waste Act, which took effect in 2012. The government decree on waste and the ban on the landfill disposal of organic waste, which will take effect in 2016, will require even more efficient recycling.

To meet the EU's recycling targets, Finland must identify ways to drastically increase recycling. Even though the landfill disposal of waste has decreased, the share of recycling has not increased as expected. According to the most recent waste statistics, the recycling rate was only 33% in 2012, with the target being 50%. The target has remained at the same level for nearly a decade. However, incineration has increased strongly in recent years.

Companies are actively seeking ways to improve their environmental management and raise their waste recovery rate. Lassila & Tikanoja helps its customers fulfil their environmental obligations and reach their environmental targets. Regular environmental reporting and monitoring enables the Company to identify each customer's individual needs and the best solutions.

The use of renewable energy sources must be increased

Global warming is one of our pressing challenges in the world today. The causes of global warming include the increasing amount of greenhouse gases in the atmosphere as result of constantly growing energy consumption and emissions from fossil fuels.

In its climate and energy strategy, Finland has made a commitment to increasingly replace fossil fuels with renewable energy and raise the proportion of renewable energy to 38% by 2020. This will primarily be achieved by increasing wood-based energy production. The favourable development in the use of renewable energy sources slowed in 2013 as a result of changes in subsidies for forest energy and the low prices of coal and emission rights.

In industrial processes, fossil fuels can also be replaced with recovered fuel from non-recyclable waste. This helps reduce landfill waste and the energy production costs of industrial companies.

Focus on lower total property management costs

The EU Energy Efficiency Directive took effect in December 2012, promoting optimal energy use. Savings are sought through statutory energy renovations of public buildings and through public procurement steering measures, corporate energy efficiency agreements and more efficient energy use in private households.

Finland must implement national legislation in line with the Energy Efficiency Directive no later than in June 2014. Energy consumption per capita in Finland is higher than in most other EU countries, partly because of our northern location and partly because of the amount of heavy industry.

Buildings constitute around 40% of all energy consumption in Finland. Stricter energy efficiency requirements and higher energy prices increase the importance of preventive maintenance, technical system solutions, energy management services and timely renovation in controlling the total cost of property maintenance.

Lassila & Tikanoja constantly develops energy efficiency solutions that help customers reach their energy targets. For example, its experts help customers identify and solve problems related to energy use by monitoring technical systems in buildings. In addition, Lassila & Tikanoja is a significant supplier of biofuels in Finland.

Outsourcing is a way to address the sustainability gap

Material, energy and labour costs continue to increase, eroding the competitive strength of Finland and Europe in general. Industrial companies are relocating production to developing markets. Tax revenues are decreasing as companies reduce domestic operations and pay taxes elsewhere. The ageing of the population is increasing pension, health-care and nursing costs while also reducing tax revenue and labour availability.

In Finland, industrial companies are increasingly focusing on their core business, seeking cost-efficiency by outsourcing non-core services. This creates business opportunities for the support services provided by the Company.

However, competition is intense, and prices are falling as industrial production decreases. Procurement is becoming more professional, purchases are centralised through fewer service providers and competitive bidding concerns more and more extensive service packages.

Increased service outsourcing in the public sector

The Finnish government has launched measures to bridge the public sector's sustainability gap. The government is seeking savings of EUR 2.0 billion in the municipal sector, which is creating pressure to improve the productivity of public services. The Company believes that municipalities will increasingly outsource their services in the near future to meet their cost-saving and efficiency goals.

Because of their cost-saving targets, municipalities may not necessarily be able to invest in support services, such as cleaning. New employees may not be hired to replace retiring ones, which leaves a heavier workload for the remaining employees, without the time or resources for service development.

By outsourcing support services to a specialised service provider, municipalities gain access to the latest tools and technologies. With the required number of employees always available, substitutes no longer need to be arranged. Procurement legislation will be reformed in the near future. This will increase flexibility in public contracts and allow the social and ecological aspects to be considered more carefully in procurement in addition to the price. The significance of responsible service production will continue to grow.

Outsourcing will create new opportunities for Lassila & Tikanoja, particularly for Facility Services, as long as the Company is able to meet cost-efficiency requirements and ensure labour availability.

BUSINESS OPERATIONS

General information on Lassila & Tikanoja

Lassila & Tikanoja is a service company that is transforming a consumer society into an efficient recycling society. In cooperation with its customers, the Company is reducing waste volumes, extending the useful lives of properties, recovering materials and decreasing the use of raw materials and energy. Lassila & Tikanoja helps its customers focus on their core business and protect the environment. Together with its customers, Lassila & Tikanoja creates well-being and new jobs.

Lassila & Tikanoja's customer base consists of private customers, corporate customers and public-sector operators. The Group has around 200,000 private customers and a total of around 15,000 corporate customers and public-sector customers.

The Group's headquarters is located in Helsinki. In addition to Finland, the Company operates in Sweden, Estonia and Russia.

The Lassila & Tikanoja Group's net sales for the period 1/1–30/6/2014 totalled EUR 319.2 million. Its operating profit for the same period was EUR 15.1 million. The Lassila & Tikanoja Group's operating profit for the period 1/1–30/6/2013 amounted to EUR 14.8 million. In the first half of 2014, its net sales decreased by 5.2% and its operating profit increased by EUR 0.3 million compared to the corresponding period of the previous year.

The following table presents the Lassila & Tikanoja Group's net sales, operating profit, profit for the period and number of employees for the financial years 2011–2013 and the periods 1/1–30/6/2014 and 1/1–30/6/2013. For more detailed information, see "Operating result and financial position".

	1/1–30/6		1/1–31/12		
	2014	**2013**	**2013**	**2012**	2011
			IFRS		
(EUR million)	**(unaudited)**	**(unaudited)**	**(audited)**	**(audited)**	(audited)
Net sales	319.2	336.6	668.2	674.0	652.1
Operating profit (EBIT)	15.1	14.8	33.2	48.4	25.6
% of net sales	4.7	4.4	5.0	7.2	3.9
Profit for the period	-5.1	9.9	22.2	34.5	17.0
% of net sales	-1.6	3.0	3.3	5.1	2.6
Number of employees (average)	7,658	8,002	8,267	8,399	8,513

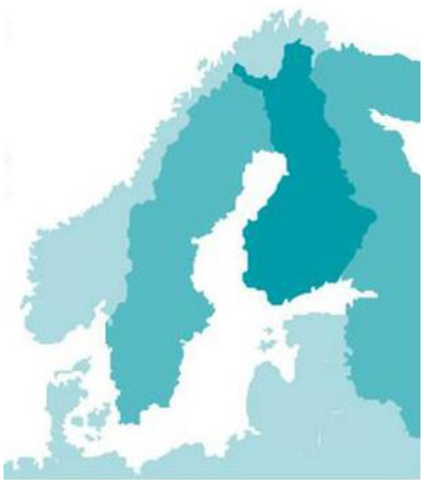
Lassila & Tikanoja's net sales were divided between market areas in the financial years 2011–2013 and the periods 1/1–30/6/2014 and 1/1–30/6/2013 as follows:

	1/1–30/6		1/1–31/12		
	2014	**2013**	**2013**	**2012**	2011
(EUR million)	**(unaudited)**		**(audited)**	(audited)	
Net sales					
Finland	299.2	308.7	599.2	587.8	560.2
Other countries	20.0	27.9	69.0	86.2	92.0
Group, total	319.2	336.6	668.2	674.0	652.1

On 1 January 2013, Lassila & Tikanoja reorganised the Group's business operations and reporting segments to better support the change in core business operations and focus areas. Since the beginning of 2013, the reporting segments have been Environmental Services, Industrial Services, Facility Services and Renewable Energy Sources.

In 2011 and 2012, the Company reported its business operations in four segments: Environmental Services, Cleaning and Office Support Services, Property Maintenance and Renewable Energy Sources.

On 30 June 2014, the Company had 8,451 employees. The Company operates in Finland, Sweden, Russia and Estonia.



History

Lassila & Tikanoja was founded in 1905 as a wholesale business. It has evolved into a service company that is transforming a consumer society into an efficient recycling society. The Company operates in Finland, Sweden and Russia,

1905: Lassila & Tikanoja is founded

Josef Lassila and Frithjof Tikanoja founded Lassila & Tikanoja in Vaasa in 1905. It was a wholesale business selling fabrics, knick-knacks and “heavy products” such as soap, Baltic herring, bagels and confectionery.

Over the years, its operations expanded to cover the whole country, and it developed into the largest privately owned wholesale company in the Nordic countries.

1923–1980: From the wholesale business to the clothing industry

In 1923, Lassila & Tikanoja began manufacturing clothes alongside its wholesale business. It was one of the largest clothing manufacturers in Finland until the 1980s. At its height, it had industrial operations in nearly 20 locations in Finland. Its best-known brands included Tiklas suits, shirts and tops and Topman shoes.

From the 1960s, exports accounted for more than 50% of its net sales, and the company had substantial operations in several European countries. In 1961, Lassila & Tikanoja became a public listed company on the Helsinki Stock Exchange.

1980s: New lines of business

In the 1980s, Lassila & Tikanoja expanded its operations through significant business acquisitions. At the beginning of 1982, it acquired J.W. Suominen Oy, a manufacturer of non-woven fabrics. In 1988, it acquired Amerplast Oy, which produced plastic flexi-packaging.

In 1989, Lassila & Tikanoja acquired 74% of Säkkiväline Oy’s shares. Säkkiväline had been established by Finnish paper bag manufacturers in the 1960s to market waste bags and promote the use of waste bag systems. A separate company, Säkkiväline Oy, was set up in 1967. Through acquisitions, Säkkiväline expanded its operations to cover waste collection, cleaning services, industrial cleaning and maintenance, and damage repair services. Property maintenance was included as a new operation in the late 1980s.

1990s: Environmental management becomes the largest division

At the beginning of the 1990s, Lassila & Tikanoja was a multi-business group of companies. Its operations were divided into the non-woven fabrics, flexi-packaging and webbing industries (J.W. Suominen, Amerplast, Inka), the service industry (Säkkiväline) and the clothing and footwear industries. The company divested its clothing and footwear manufacturing and wholesale operations in the early 1990s.

In 1995, Säkkiväline became a wholly owned subsidiary of Lassila & Tikanoja. Its net sales grew strongly throughout the 1990s, and it represented nearly 50% of the company's net sales at the end of the decade.

Säkkiväline and its services were developed systematically in the 1990s. Considerable investments were made in waste recovery and recycling. The cleaning business was developed further, and hazardous waste management was included in the range of services. In property maintenance services, the company developed a service control system with a control centre on call for 24 hours a day. Environmental product development focused particularly on products related to waste recovery.

With the acquisition of WM Ympäristöpalvelut in spring 2000, Säkkiväline became the leading provider of environmental management services in Finland.

2001: L&T

On 30 September 2001, Lassila & Tikanoja plc was divided into two separate companies: Lassila & Tikanoja plc and Suominen Corporation. With this division, the company assumed its present form.

Lassila & Tikanoja plc served as the parent company of Säkkiväline until Säkkiväline merged into its parent company on 31 March 2002. At the same time, the company introduced the L&T brand, which covers all of its divisions: Environmental Services, Property and Office Support Services and Industrial Services.

2014: Local and international

Lassila & Tikanoja operates in Finland, Sweden and Russia. In 2013, its net sales amounted to EUR 668.2 million. The Company has around 8,000 employees.

Strategy and targets

Lassila & Tikanoja's current strategy extends to 2016, but is reviewed annually. During spring 2013, the Company made minor adjustments to the extensive strategy work carried out in 2012. However, the financial targets for the strategy period remained unchanged.

Lassila & Tikanoja's strategy is based on its mission to change a consumer society into an efficient recycling society. Its goal is to build a society where existing materials and buildings are used as efficiently as possible, continued efforts are made to optimise energy consumption, and jobs and well-being are created through sustainable growth. This is achieved by improving customers' material efficiency, energy efficiency and cost-efficiency.

Lassila & Tikanoja's strategy for 2012 and 2013 focused strongly on reorganising its operations, harmonising its operating methods and ensuring cost-efficiency.

During 2013, the Company continued to reorganise its operations by merging Cleaning and Office Support Services and Property Maintenance to create a new division: Facility Services. This enables it to offer more extensive service packages more efficiently to its customers and ensure that the service runs smoothly and seamlessly as a whole.

In 2014, the Company continues to monitor its profitability closely. However, the main focus is on profitable growth. Lassila & Tikanoja primarily seeks organic growth in non-capital intensive service business that generates a steady cash flow. Its strong balance sheet enables investments in future growth. Its main market is Finland, where the size of the potential service market is more than EUR 4 billion.

Financial targets and outcomes

	Target 2016	Outcome 2013	Outcome 2012	Outcome 2011
Organic growth	5%	0.2%	1.4%	4.5%
Return on invested capital (ROI)*	20%	15.7%	14.4%	7.6%
Operating profit*	9 %	7.8%	7.0%	6.8%
Gearing	30–80%	30.4%	35.3%	58.3%

* Before non-recurring items

Business segments and service descriptions

The Lassila & Tikanoja Group's business operations have been divided into four divisions since 1 January 2013: Environmental Services, Industrial Services, Facility Services and Renewable Energy Sources.

The following table includes descriptions of the services provided by the divisions, the customer target groups of the divisions and the management's view of the market position of the divisions.

	Services	**Customers**	**Market position**
Environmental Services	Waste management, recycling services, environmental products	Companies, the public sector, households	1–2
Industrial Services	Industrial process cleaning, sewer maintenance services, hazardous waste, environmental construction	Industrial companies, municipalities	2
Facility Services	Property maintenance, technical systems, damage repair services, cleaning and office support services	Offices, commercial properties, housing co-operatives, the public sector, industrial companies and properties	2
Renewable Energy Sources	Forest services, wood-based and solid recovered fuels	Energy companies, forest owners	N/A

Environmental Services

Services provided by the Environmental Services division include waste management, recycling services and environmental products. In addition, Environmental Services provides Bajamaja sanitary services and event services, which include the lease of Bajamaja equipment as well as all the services that are vital to the success of an event, from planning to final cleaning.

Together with its customers, Environmental Services seeks ways to utilise waste in a cost-efficient and environmentally sound manner. Environmental management is increasingly becoming an integral part of overall material economy, where recycling helps save virgin raw materials.

The need for environmental services will increase in the near future, as natural resources are depleted and the cost of landfill disposal continues to rise. New waste legislation is steering material flows from landfill sites to recycling. The waste tax base will expand, and the amount of waste tax will increase by degrees. The Company is the market leader in environmental services in Finland.

In line with its strategy, the Company manages the entire value chain, from waste collection and processing to material sales. The Company responds to the challenges of the changing operating environment through a flexible operating model that enables it to seek cost-effective processing and final disposal options even outside its network of plants.

The competitive strengths of Environmental Services lie in the effective steering of waste and materials through the value chain, and in networking and the use of new technologies as a result of a flexible operating model, as well as sufficient resources and strong customer knowledge to increase its market share in free and growing corporate markets.

Industrial Services

Services provided by the Industrial Services division include environmental construction, industrial process cleaning, sewer maintenance services and hazardous waste management.

In Industrial Services, Lassila & Tikanoja integrates into its customers' core processes and helps them ensure operational reliability. In recent years, the general economic situation has made companies carefully examine their operations and outsource their non-core business operations. Industrial companies increasingly want to focus on their core business operations. Lassila & Tikanoja's Industrial Services makes this possible by providing the customer with support services. The Company offers comprehensive solutions for the reuse and safe final disposal of by-products and for sewer maintenance, industrial process cleaning and environmental construction.

Stricter environmental laws will steer industrial by-products away from landfill sites. The new Waste Act will impose taxes on industrial landfill sites. This has prompted companies to seek new disposal solutions for their by-products. Lassila & Tikanoja is expanding its network of recycling plants to be able to process a more diverse range of by-products in the future. In addition, by-products can be used in the construction of final disposal sites, among other purposes.

According to the *State of the Built Environment report* (ROTI), Finland has a water mains network of around 100,000 kilometres and a sewer and storm sewer network of around 50,000 kilometres. This network is ageing and increasingly needs repairing. For the time being, the amount of damage in the water mains system has not increased significantly, but any future damage will be more extensive and take longer to repair. According to the ROTI report, municipalities and cities have insufficient information on the actual condition of the water and sewer networks and often have to make decisions based on superficial knowledge. There is clearly a need for expert services in this field. Lassila & Tikanoja offers such services.

Facility Services

The Facility Services division consists of four service lines: Cleaning and Office Support Services, Property Maintenance, Technical Systems and Damage Repair Services. In addition to cleaning, Facility Services takes care of various support services, such as lobby and switchboard services, and property maintenance and technical systems. In damage repair services, the Company partners with leading insurance companies.

Cleaning and office support services provided by Lassila & Tikanoja ensure that the customer's facilities are clean and pleasant and that daily routines run smoothly. Environmentally sound cleaning service models are based on professional skills, sorting expertise and the use of environmentally friendly methods, substances and equipment. Cleaning services provided by Hygiene Services ensure a high level of hygiene in the food industry, health-care sector and industries that require clean rooms. Support services, such as lobby, mailing and switchboard services, and customised service packages support customers' operations.

Property Maintenance is responsible for providing services needed in the management of customers' properties. In a well-managed property, the facilities support productive operations, and the building is safe to use. The Company's customers range from small housing cooperatives to large commercial and production facilities. In line with the Company's strategy, Property Maintenance pays special attention to the energy efficiency of properties. In accordance with the operating model, the service technician identifies energy-saving opportunities in the property and reports them to the customer. Property maintenance services include the Ekohuolto eco-management service, energy management, the cleaning and repair of yards, minor repair and renovation, the planning and maintenance of green areas, the inspection and repair of playgrounds, modification work, the cleaning of common facilities in a property, basic and special cleaning and on-call services.

In technical systems maintenance, Lassila & Tikanoja takes care of technical systems in all states of property maintenance. Carefully planned and implemented measures increase the useful life of the property and reduce malfunctions, costs and the need for maintenance. Technical system maintenance services include electrical, HVAC and plumbing services, refrigeration and cooling services, automation services, operation management services, the annual maintenance of technical systems, fire alarm services, fire extinguishing technology, energy management and facility services.

Damage repair services provided by Lassila & Tikanoja will reduce damage, prevent further damage and reduce the duration of operational interruptions. The goal is to return the property to its original condition after the accident. Our damage repair services cover fire damage, water damage, the prevention of further damage, on-call services, renovation, specialty cleaning, the cleaning of ventilation ducts, environmental damage, rescue plans and damage repair agreements. If needed, Lassila & Tikanoja can provide comprehensive renovation services, from initial clearing to the rebuilding of the property. In damage repair services, the Company seeks to constantly develop new and more comprehensive services in response to its customers' needs.

Renewable Energy Sources

Renewable Energy Sources (L&T Biowatti) produces services tailored to customers' specific needs. Its customers include energy producers, wood processors, forest owners and heaters of small properties. Its core products include forest management services, such as energy wood thinning and first commercial thinning, targeted at forest owners. It serves energy producers by supplying fuels, such as wood chip fuel, wood by-product fuel and recycled fuel. In addition, it offers logistics services. Through the sale of forest services, the division procures wood raw material directly from forest owners and partners. Its extensive network of partners enables the division to serve small and major customers. Renewable Energy Sources offers services and products that promote the increase of clean energy use and production. It manages forests, helping them grow into valuable trees in the future and bind carbon more effectively to fight climate change.

Renewable Energy Sources offers forest services to forest owners and forestry operators, from small business owners to major industrial companies. Its services range from the management of commercial forests to land clearing and landscape management of the built environment. The Company offers the following forest services: thinning stand management, delivery sales, forest regeneration, and landscape management and land clearing, which involves clearing, the removal of trees and the cleaning of building sites and the fringes of airports, roads and electric lines.

Renewable Energy Sources serves energy producers by offering a variety of wood-based fuels and comprehensive fuel management solutions. As a part of forest services, the division produces fibre wood and logs for the forest and wood processing industries.

In addition, it supplies bedding to farms, surface materials for the construction of green areas and stabilising media for composts.

Information technology

Key information systems used by Lassila & Tikanoja in its internal operations and to support its business operations include production management systems used by the divisions and logistics systems as well as financial management, project management and human resources management systems. Information technology enables the Company to improve the efficiency of its administration, sales, business support functions and business operations, through route optimisation in Environmental Services, for example.

Competition

Lassila & Tikanoja's competitors include several operators in various sectors and business areas. In waste management in Environmental Services, its main competitors include private national operators, such as SITA and Renonorden, as well as municipal operators and small local waste management companies. In recycling, its competitors include Ekokem, Paperinkeräys, Kuusakoski and Stena, among other companies. In Facility Services, its main competitors include ISS and SOL in cleaning, ISS and Caverion in property maintenance, Are in technical system maintenance and Polygon in damage repair services. In Facility Services, the Company cooperates in certain areas with competitors that are well-established in other areas. In Industrial Services, the Company's main competitors include Eerola Yhtiöt in sewer maintenance, Ekokem in hazardous waste management and environmental construction, and Delete Group in process cleaning. In Renewable Energy Sources, its primary competition comes from alternative fuels, such as coal and peat.

Sales and marketing

The Company's most important sales channels include the direct interaction of division-specific sales organisations and seller networks with customers. In addition, the Company has a centralised customer service function, including a telephone service and electronic customer contact channels. The marketing functions report to the sales directors of the divisions.

Research and product development

Lassila & Tikanoja has participated in and continues to participate in several research projects that promote the use of alternative recycled fuels, the assessment and reduction of environmental effects, the development of new environmental business operations, the improvement of waste recycling efficiency and the development of new recycled fuels.

Research expenditure is recognised as an expense during the period in which it is incurred. Development expenditure is capitalised when the company can demonstrate the technical feasibility and commercial potential of the product under development and when the acquisition cost can be reliably determined. Other development expenditure is recognised as an expense.

The Company's current capitalised development expenditure is mainly related to software and system projects.

In the period 1/1–30/6/2014, research and product development expenses included in the Group's result amounted to EUR 0.9 million. Development expenditure capitalised on the balance sheet totalled EUR 1.0 million. In the period 1/1–30/6/2013, research and product development expenses included in the Group's result amounted to EUR 1.0 million. Development expenditure capitalised on the balance sheet totalled EUR 1.2 million. In the financial year 2013, research and product development expenses included in the Group's result amounted to EUR 1.9 million (2012: 1.7 million; 2011: 1.4 million). In the financial year 2013, development expenditure capitalised on the balance sheet totalled EUR 2.1 million (2012: 1.7 million; 2011: 1.6 million). In the financial year 2013, research and product development expenses represented 0.6% of the Group's net sales (2012: 0.5%, 2011: 0.5%).

Material contracts

Lassila & Tikanoja has not entered into material contracts outside the ordinary course of business.

Group structure

On the date of the Registration Document, Lassila & Tikanoja consists of the parent company Lassila & Tikanoja plc, eleven subsidiaries and an associated company.

Name	Country of establishment	Main location	Parent company's holding (%)	Parent company's share of votes (%)
L&T Relations Oy	Finland	Helsinki, Finland	100	100
L&T Toimi Oy	Finland	Helsinki, Finland	100	100
L&T Biowatti Oy	Finland	Helsinki, Finland	100	100
Kiinteistö Oy Vantaan Valimotie 33	Finland	Helsinki, Finland	100	100
L&T Hankinta Ky	Finland	Helsinki, Finland	100	100
Lassila & Tikanoja Service AB	Sweden	Stockholm, Sweden	0	0
L&T Östgöta AB	Sweden	Norrköping, Sweden	0	0
Lassila & Tikanoja Services OÜ	Estonia	Tallinn, Estonia	0	0
L&T Ecoinvest LLC	Russia	Dubna, Russia	0	0
L&T LLC	Russia	Dubna, Russia	0	0
The Russian-Finnish Company Ecosystem LLC	Russia	Dubna, Russia	0	0
Suomen Keräystuote Oy	Finland	Helsinki, Finland	40	40

L&T Relations Oy

L&T Relations Oy is a subsidiary of Lassila & Tikanoja, located in Helsinki. It serves as a holding company for foreign subsidiaries and owns the share capital of Lassila & Tikanoja Service AB, Lassila & Tikanoja Service OÜ, L&T LLC and L&T Ecoinvest LLC. L&T Relations Oy had no employees on 30 June 2014.

L&T Toimi Oy

L&T Toimi Oy is a subsidiary of Lassila & Tikanoja, located in Helsinki. Through its subsidiaries, the company provides operations related to environmental management and property maintenance. L&T Toimi Oy had no employees on 30 June 2014.

L&T Biowatti Oy

L&T Biowatti Oy is a subsidiary of Lassila & Tikanoja, located in Helsinki. The company provides comprehensive solutions related to forestry management as well as customer-specific services to energy producers, wood processors and forest owners. L&T Biowatti Oy had a total of 44 employees on 30 June 2014.

Kiinteistö Oy Vantaan Valimotie 33

Kiinteistö Oy Vantaan Valimotie 33 is a subsidiary of Lassila & Tikanoja, located in Helsinki. It owns a location used by Environmental Services at Valimotie 33, Vantaa. Kiinteistö Oy Vantaan Valimotie 33 had no employees on 30 June 2014.

L&T Hankinta Ky

L&T Hankinta Ky is a company with L&T Toimi Oy as the general partner. The company is located in Helsinki. L&T Hankinta Ky had a total of 309 employees on 30 June 2014.

Lassila & Tikanoja Service AB

Lassila & Tikanoja Service AB is a subsidiary of L&T Relations, located in Stockholm, Sweden. The company provides facility services. Lassila & Tikanoja Service AB had 309 employees on 30 June 2014.

L&T Östgöta Städ AB

Lassila & Tikanoja Östgota Städ AB is a subsidiary of Lassila & Tikanoja Service AB, located in Norrköping, Sweden. The company provides facility services. Lassila & Tikanoja Östgöta Städ AB had a total of 223 employees on 30 June 2014.

Lassila & Tikanoja Services OÜ

Lassila & Tikanoja Services OÜ is a subsidiary of L&T Relations Oy, located in Tallinn, Estonia. Lassila & Tikanoja Services OÜ had one employee on 30 June 2014.

L&T Ecoinvest LLC

Lassila & Tikanoja Ecoinvest LLC is a subsidiary of L&T LLC, located in Dubna, Russia. The company provides environmental services and sells environmental products. Lassila & Tikanoja Ecoinvest LLC had one employee on 30 June 2014.

L&T LLC

L&T LLC is a subsidiary of L&T Relations Oy, located in Dubna, Russia. The company provides environmental services and sells environmental products. L&T LLC had a total of 175 employees on 30 June 2014.

The Russian-Finnish Company Ecosystem LLC

The Russian-Finnish Company Ecosystem LLC is a subsidiary of L&T Relations, located in Dubna, Russia. The Russian-Finnish Company Ecosystem LLC had a total of 69 employees on 30 June 2014.

Suomen Keräystuote Oy

Suomen Keräystuote Oy is an associated company of Lassila & Tikanoja. Lassila & Tikanoja holds 40% of its shares and votes. Suomen Keräystuote Oy is located in Helsinki. The company is a producer corporation of recycled paper as described in the Waste Act. Suomen Keräystuote Oy had no employees on 30 June 2014.

Locations

On the date of the Registration Document, Lassila & Tikanoja's network of locations includes more than 100 locations in Finland and abroad. The Group's headquarters is located in Helsinki.

Lassila & Tikanoja mainly operates in leased facilities.

Intellectual property rights

In its business operations, Lassila & Tikanoja uses business names, logos, trademarks and registered designs that it owns or has gained the right to use through its operations. In terms of the Company's business operations, its most significant intellectual property right is the trademark and business name "L&T". In addition, the Company has rights to the lassila-tikanoja.fi and lassila-tikanoja.com domain names.

Lassila & Tikanoja holds two registered patents. Lassila & Tikanoja considers that the Group's business operations are not dependent on patents, licences or other aspects dependent on third parties.

Legal and official proceedings

On the date of the Registration Document, the Company or its subsidiaries are not involved in legal proceedings or arbitration that would have a material effect on the financial position or profitability of the Company or its subsidiaries. Furthermore, the Company or its subsidiaries are not aware of any threat of such proceedings or arbitration.

During the 12 months preceding the date of the Registration Document, the Company has been involved in a dispute related to its business operations that concerns damages, against which the Company is appropriately insured. The District Prosecutor of Helsinki demands that the Company pay a corporate fine of a minimum of EUR 50,000 for alleged offences related to occupational health and safety and working hours legislation that are suspected to have occurred between 2009 and 2012. On 3 July 2014, the District Court of Helsinki dismissed the prosecutor's claim for imposing a corporate fine on Lassila & Tikanoja and obligated the State to compensate the Company for its legal expenses arising from the case. According to the court, the Company's instructions and monitoring systems had been sufficient, and employees' safety or health had not been jeopardised. The ruling of the District Court of Helsinki was not yet legally valid on the date of the Registration Document. In addition, Lassila & Tikanoja is involved as a party in several minor disputes related to the Group's business operations. The outcome of these disputes will not have a material effect on the Group's financial position or profitability.

Insurance coverage

The Lassila & Tikanoja Group has insured its assets and business risks through normal business insurances.

COMPANY, ADMINISTRATION, MANAGEMENT AND EMPLOYEES

Lassila & Tikanoja in brief

Lassila & Tikanoja's registered business name is Lassila & Tikanoja Oyj (Lassila & Tikanoja plc in English). The Company is domiciled in Helsinki. Lassila & Tikanoja's registered street address is Sentnerikuja 1, 00440 Helsinki. Its registered telephone number is 010 636 111, and its registered email address is asiakaspalvelu@lassila-tikanoja.fi. According to Section 2 of its Articles of Association, the Company's field of operation is to practise – either directly or through subsidiaries or associated companies – service activity and protection services as part of environmental and property management, as well as production and trade of products related to the services mentioned above and other related business activity. The Company's field of operation also includes Group administration and financing services, and the Company may trade in securities and practise other investment activity.

Lassila & Tikanoja is a public limited liability company governed by the laws of Finland. Lassila & Tikanoja was originally founded as a wholesale business and entered in the Finnish Trade Register on 21 June 1905. On 30 September 2001, Lassila & Tikanoja plc was divided into two separate companies: Lassila & Tikanoja plc and Suominen Corporation. With this division, the company assumed its present form. Lassila & Tikanoja is entered in the Trade Register of the Finnish Patent and Registration Office under the business ID 1680140-0. Its financial year runs from 1 January to 31 December.

On 27 August 2014, its number of shareholders totalled 9,758.

Corporate Governance

Lassila & Tikanoja plc is a Finnish public limited liability company. Its decision-making and administration comply with the Limited Liability Companies Act and the Company's Articles of Association. Governance and control at the Company is divided between the Annual General Meeting, Board of Directors, and the President and CEO. In addition, the Company has a Group Executive Board, which operates within the mandate of the President and CEO.

The business address of the Board of Directors, the President and CEO, and the members of the Group Executive Board is: c/o Lassila & Tikanoja Oyj, Sentnerikuja 1, FI-00440 Helsinki. The Company's telephone number is 010 636 111, and its email address is asiakaspalvelu@lassila-tikanoja.fi.

Board of Directors

Provisions of the Articles of Association concerning the Board

In accordance with the Limited Liability Companies Act and the Company's Articles of Association, governance and control at the Company are divided between the shareholders represented at the Annual General Meeting, Board of Directors, and the President and CEO. In accordance with the Limited Liability Companies Act, the Board is responsible for attending to the Company's administration and ensuring the appropriate organisation of operations.

In accordance with the Company's Articles of Association, the Board of Directors comprises a minimum of three (3) and a maximum of seven (7) members. The term of the members of the Board expires at the end of the first Annual General Meeting following their election. The members of the Board of Directors are elected by the Annual General Meeting. They are eligible for re-election for an unlimited number of terms. A person who has attained the age of 70 cannot be elected to the Board of Directors. In accordance with the Company's Articles of Association, the Board elects a Chairman and a Vice Chairman from among its members and appoints the President and CEO of the Company.

Corporate governance system

Lassila & Tikanoja is a public limited company registered in Finland and listed on the Helsinki Stock Exchange. In its decision-making and administration, Lassila & Tikanoja complies with the Limited Liability Companies Act, other regulations governing listed companies and the Company's Articles of Association. In addition, Lassila & Tikanoja complies with the Guidelines for Insiders issued by Helsinki Stock Exchange and the Finnish Corporate Governance Code issued by the Securities Market Association on 15 June 2010. The Company has not deviated from the recommendations of the Code.

The Annual General Meeting, the Board of Directors and its two committees, and the President and CEO, assisted by the Group Executive Board, are responsible for Lassila & Tikanoja's administration and operations. The Company's internal auditing organisation is responsible for internal auditing, and auditors are responsible for external auditing. The President and CEO is responsible for day-to-day operations in line with the instructions and regulations of the Board of Directors. He is also responsible for the strategy process.

The Board's operating methods

The key duties and operating principles of the Board of Directors are defined in a written charter, which is published on the Company's website. The present Board adopted its charter at its constitutive meeting on 19 March 2014. The Board of Directors convenes as often as its duties require. It confirms its regular meetings annually. Meetings held prior to the publication of the financial statements and each interim report as well as strategy, budget and other meetings confirmed in the annual programme of the Board are considered to be regular meetings. In addition to regular meetings, the Board may hold extraordinary meetings, which may be arranged as telephone conferences. The Board evaluates its performance and working methods annually through internal self-evaluation.

The Board convened 15 times in 2011, 12 times in 2012 and 15 times in 2013. By the date of the Registration Document in 2014, the Board had convened nine times.

Permanent committees

The Board has an Audit Committee and a Remuneration Committee. The members of the committees are elected from among the members of the Board. The Audit Committee consists of a minimum of three members, who are independent of the Company, and at least one of the members must be independent of any major shareholders of the Company. The Remuneration Committee has a minimum of two members, who must be independent of the Company in accordance with the Corporate Governance Code for listed companies in Finland.

Audit Committee

The members of the Audit Committee are Eero Hautaniemi (Chairman), Sakari Lassila and Laura Lares.

The charter of the Audit Committee is approved by the Board. The committee convenes regularly, at least four times a year.

The duties of the Audit Committee include:

- Monitoring the financial position and financing of the Group
- Monitoring the reporting process of financial statements
- Supervising the financial reporting process
- Monitoring the efficiency of the Company's internal control, internal audit and risk management systems
- Reviewing the operating principles of the company's internal control system
- Reviewing the internal audit plans and reports
- Reviewing the company's corporate governance statement, including the description of the main features of internal control and risk management systems related to the financial reporting process
- monitoring the statutory audit of the financial statements and consolidated financial statements
- Evaluating the independence of the auditing company
- Evaluating the advisory services provided by the auditing firm
- Preparing the proposal and/or recommendation concerning the auditor of the company
- Maintaining contact with the auditor and reviewing the reports prepared for the committee by the auditor
- Assessing compliance with laws and provisions.

Remuneration committee

The members of the Remuneration Committee are Heikki Bergholm (Chairman), Hille Korhonen and Miikka Maijala.

The remuneration Committee convenes at least twice a year. The duties of the Remuneration Committee include:

- Processing, evaluating and making statements on the salary structure of the Group's management and employees as well as remuneration and incentive schemes
- Monitoring remuneration systems to ensure that the management's incentive schemes promote the achievement of the Company's targets and are based on personal performance

- Processing and preparing other issues related to the remuneration of managers and employees and drafting statements to the Board regarding them
- Processing and preparing executive appointment issues for consideration by the Board of Directors.

Members of the Board

Name	**Position on the Board**	**Born**	**Members of the Board since**
Heikki Bergholm	Chairman	1956	2008
Eero Hautaniemi	Member, Vice Chairman	1965	2007
Hille Korhonen	Member	1961	2009
Laura Lares	Member	1966	2014
Sakari Lassila	Member	1955	2011
Miikka Maijala	Member	1967	2010

Brief descriptions of the members of Lassila & Tikanoja's Board of Directors are presented below.

Heikki Bergholm
M.Sc. (Eng.)

Chairman of the Board since 2011, member since 2008; Chairman of the Remuneration Committee since 2011, member since 2010; independent member

Key work experience:
Suominen Corporation: President and CEO 2002–2006
The former Lassila & Tikanoja Group: President and CEO 1998–2001, Vice President 1997–1998, President of business units 1986–1997
Lassila & Tikanoja Oy: CFO 1985–1986
Industrialisation Fund of Finland Ltd: Researcher and Development Manager 1980–1985

Membership on other Boards:
Solidium Oy (since 2013), Lakan Betoni Oy (since 1986, Chairman), Maillefer International Oy (2010–2014), Seniorirahasto Oy (since 2010), Finnish Foundation for Cardiovascular Research (since 2013), Yrjö-Koskinen Family Association (since 2013), Duckies Kindergarten (since 2012), Institutum Romanum Finlandiae (since 2011), Etua Oy (since 2008), Association for the Foundation for Economic Education (since 2005), Henna and Pertti Niemistö Ars Fennica Art Foundation (since 2005), Tehokkaan Tuotannon Tutkimussäätiö (since 2003), MB Funds (since 2002), Spa Hotel Ikaalinen Holding Oy (2010–2014), Forchem Oy (2007–2013), Componenta (2003–2012, Chairman), L&T Recoil Ltd (2010–2012, Chairman), Helsinki Bourse Club (2003–2010), Kemira Oyj (2004–2007), Pohjola-Yhtymä Oyj (2003–2005), Sponda Oyj (1998–2004), Suominen Corporation (2006–2011)

Eero Hautaniemi
M.Sc. (Econ.)

President and CEO of Oriola-KD Corporation since 2006

Vice Chairman of the Board since 2011, member since 2007; Chairman of the Audit Committee since 2011, member since 2009; independent member

Key work experience:
GE Healthcare Finland Oy: President 2004–2005
GE Healthcare IT: General Manager, Oximetry, Supplies and Accessories business area 2003–2004
Instrumentarium Corporation: positions in financial and business management 1990–2003

Membership on other Boards:
Ecostream Oy (2012–2013), L&T Recoil Oy (2010–2012), Nurminen Logistics Oyj (2009–2012)

Hille Korhonen
Lic. Tech.

President and CEO of Alko Oy since 2013

Member of the Board since 2009, member of the Remuneration Committee since 2010; independent member

Key work experience:
Fiskars Corporation: Vice President, Operations (responsible for manufacturing, sourcing and logistics strategies) 2008–2012, Iittala Group: Group Director, Operations 2003–2009
Executive positions within worldwide delivery chain strategies and processes at Nokia Corporation 2000–2003, Nokia Networks 1998–2000 and Nokia Mobile Phones 1996–1997
Outokumpu Copper: positions in logistics and marketing development 1993–1996

Membership on other Boards:
Nokian Tyres plc (since 2006), Ilmarinen Mutual Pension Insurance Company, Supervisory Board (since 2014), Federation of Finnish Commerce (since 2014), Mint of Finland Group (2008–2010)

Laura Lares
Ph.D in Technology

Managing Director of Woimistamo Oy since 2012

Member of the Board and the Audit Committee since 2014, independent member

Key work experience:
Kalevala Koru Oy & Lapponia Jewelry Oy: Managing Director 2007–2012
UPM Kymmene Corporation: Director of Wood Products Division, Director of Business Development & Human Resources 2004–2006

Membership on other Boards:
Lappeenranta University of Technology (since 2009), Woikoski Oy (since 2012), Aalef Oy (since 2013), Kr-tiimi Oy (since 2013), Kinkaronkka Oy (since 2014)

Sakari Lassila
M.Sc. (Econ.)

Indcrea Oy: Managing Director, Board member, Partner

Member of the Board and the Audit Committee since 2011, independent member

Key work experience:
Cupori Group Oy: member of the Management Board (2008–2014), Managing Director of Cupori AB (2012–2014)
Carnegie Investment Bank AB, Finland Branch: executive positions 2002–2005
Alfred Berg Finland Oyj: executive positions within investment banking 1994–2002
Citibank Oy: head of corporate bank 1991–1994
Union Bank of Finland: supervisory and executive positions 1983–1991

Membership on other Boards:
Evald and Hilda Nissi Foundation, Vice Chairman of the Board (member since 1987), Aplagon Oy, Chairman of the Board (since 2009)

Miikka Maijala
M.Sc. (Eng.)

CEO of Clinius Ltd since 2006

Member of the Board and the Audit Committee since 2010, independent member

Key work experience:
GE Healthcare Finland Oy: Business Segment Manager 2004–2006
Instrumentarium Corporation (now GE Healthcare Finland Oy): Director, Business Development 2000–2004
Instrumentarium Corporation: supervisory and executive positions within sales, marketing and financial management 1992–2000

Board members' fees and benefits

Annual fees have been paid to the members of the Board of Directors for the financial years 2011–2013. Of the annual fee, 40% is paid in Lassila & Tikanoja's shares held by the company or, if this is not feasible, in shares acquired from the market, and 60% is paid in cash. The same procedure will apply to the annual fees paid to Board members for the financial year 2014.

For the financial years 2011–2013, fees and other benefits were paid to Board members as follows:

Fees (EUR)	**2011**	**2012**	**2013**
Name			
Heikki Bergholm	69,750	66,650	64,050
Eero Hautaniemi	40,450	45,200	45,000
Hille Korhonen	35,750	33,750	34,250
Laura Lares	-	-	-
Sakari Lassila	33,750	34,250	36,450
Miikka Maijala	35,250	34,250	36,250
Matti Kavetvuo	45,300		
Juhani Lassila	2,100		
Fees paid to the Board, total	**262,350**	**214,100**	**216,000**

Meeting fees (EUR/meeting)	**2011**	**2012**	**2013**	**2014**
Chairman/Board meeting	1,000	1,000	1,000	1,000
Chairman/Committee meeting	700	700	700	700
Members/Board and Committee meetings	500	500	500	500

Board members are entitled to compensation for travel expenses based on actual costs. No voluntary pension contributions have been paid on behalf of Board members in 2014.

Board members' shareholding and options

On the date of this Registration Document, the number of Lassila & Tikanoja shares owned personally by Board members totalled 919,280, representing around 2.4% of all shares and votes in Lassila & Tikanoja. Board members do not hold options rights in Lassila & Tikanoja. Parties regarded as related parties to Board members do not own shares in the Company.

Board members' shareholdings in Lassila & Tikanoja are listed below.

Name	**Position on the Board**	**Shares**
Heikki Bergholm	Chairman	820,000
Eero Hautaniemi	Vice Chair	11,620
Hille Korhonen	Member	5,033
Laura Lares	Member	719
Sakari Lassila	Member	10,002
Miikka Maijala	Member	71,906
Total		**919,280**

Other information pertaining to Board members

The Board members do not have conflicts of interests concerning their position as members of Lassila & Tikanoja's Board of Directors and their private interests or other duties. Board members' shareholdings in Lassila & Tikanoja are presented in the section "Administration, management and employees – Lassila & Tikanoja's Board of Directors – Board members' shareholdings and options" in this Registration Document.

During the five years (5) preceding the date of this Registration Document, the Board members have not been party to bankruptcies or liquidations of any companies or entities in the capacity of a member of an administrative, management or supervisory body.

The Board members have not been convicted of fraud, embezzlement, theft, tax offence or violation, subsidy offence or violation, extortion, business offence, concealment or money laundering offence, forgery offence, offence by a debtor, environmental offence, security markets offence or other punishable act related to business operations or the pursuit of financial benefit during the past five (5) years. No legal, administrative or similar authority has lodged official charges against the members of the Board during the past five (5) years, no order or prohibition has been imposed on a Board member that would prevent him or her from serving as a member of board of directors of a limited liability company or otherwise managing or practising business.

According to the insider guidelines observed by the Company, insiders are not permitted to engage in trading with the Company's shares during a four-week period before the publication of an interim report or financial statements.

Lassila & Tikanoja's management

The President and CEO and Group Executive Board

On the date of the Registration Document, Pekka Ojanpää serves as President and CEO of Lassila & Tikanoja. The President and CEO is responsible for day-to-day operations in line with the instructions and orders of the Board of Directors and the provisions of the Limited Liability Companies Act. He is also responsible for the strategy process. The Board selects the President and CEO.

In addition to the President and CEO Pekka Ojanpää and CFO Timo Leinonen, the members of Lassila & Tikanoja's Group Executive Board are Vice Presidents Petri Salermo, Ville Rantala and Petri Myllyniemi, HR Director Kirsti Matero, Business Development Director Tuomas Mäkipeska and Chief Procurement Officer Antti Tervo.

Name	**Position or area of responsibility**	**Born**	**Served since**
Pekka Ojanpää	President and CEO	1966	2011
Timo Leinonen	CFO	1970	2013
Petri Salermo	Vice President	1970	2001
Ville Rantala	Vice President	1971	2009
Petri Myllyniemi	Vice President	1964	2013
Kirsi Matero	HR Director	1968	2012
Tuomas Mäkipeska	Business Development Director	1978	2012
Antti Tervo	Chief Procurement Officer	1978	2012

Brief descriptions of the members of Lassila & Tikanoja's Group Executive Board are presented below.

Pekka Ojanpää
M.Sc. (Econ.)

President and CEO since 2011

Key work experience:

Kemira Oyj: President, Municipal & Industrial segment 2008–2011; President, Kemira Specialty business area 2006–2008; Executive Vice President of Procurement & Logistics 2005–2006
Nokia Oyj: Vice President, Electromechanics Supply Line Management 2001–2004; Managing Director of Nokia Hungary 1998–2001; sales and logistics managerial positions in Nokia Mobile Phones 1994–1998

Other key positions:
Technopolis Oy: Board member (from 2014), Ilmarinen Mutual Pension Insurance Company: Supervisory Board member (from 2012), Kiinteistötyönantajat ry: Board member (from 2013), Finnish Tennis Support Foundation (from 2014), Mediverkko Yhtymä Oy (2013–2014), Sievo Oy (2007–2011)

Timo Leinonen
M.Sc. (Admin.)

CFO since 2013

Key work experience:
Ixonos Plc: CFO 2008–2012
Suomen Terveystalo Oyj: CFO 2006–2008
Tieto-X Oyj: CFO 2002–2006, Business Controller 2000–2002
APT Sijoitus Oy: Financial Advisor 1999–2000
Uusimaa Regional Tax Office: Tax Auditor 1998–1999

Other key positions:
Marketing Agency Ööö: Chairman of the Board (2008–2014), Tamtop Oy: Chairman of the Board (2011–2013), Euversum Oy, member of the Board (since 2011), Fair Value Consulting Oy: Chairman of the Board (since 2007)

Petri Salermo
QBA

Vice President, Environmental Services since 2013

Key work experience:
Lassila & Tikanoja plc: Business Director, Environmental Services 2009–2012; Sales Director, Environmental Services 2003–2009; Sales Manager, Environmental Services 2001–2003
Europress Oy: Sales Director 1998–2001, managerial positions in sales 1995–1998

Ville Rantala
M.Sc. (Econ.)

Vice President, Industrial Services since 2013; Vice President, Renewable Energy Sources since 2011

Key work experience:
Lassila & Tikanoja plc: CFO 2009–23 January 2013; President and CEO (acting) 13 June to 31 October 2011
L&T Biowatti Oy: Managing Director 2011–2012
Suunto Oy: Director, Finance and Business Development 2007–2009
UPM Kymmene Corporation: Finance Director, Fine and Specialty Papers Division 2006–2007, Business Controller 2002–2006, Controller 2000–2002
Salomon Sport Finland Oy: Finance Manager 1999–2000

Other key positions:
L&T Recoil Oy: Board member (2010–2012)

Petri Myllyniemi
M.Sc. (Econ.)

Vice President, Facility Services since 2013

Key work experience:
ISS Palvelut Oy: Business Director, Uusimaa region customer accounts 2011–2012; Business Director, Technical Service and Building Management 2005–2011

Are Oy: Executive Vice President and Vice President, Maintenance and Service Business 1999–2005; Service Manager 1995–1999; managerial and planning positions at Onninen-Termo Oy 1989–1994

Kirsi Matero
M.Sc. (Econ.)

HR Director since 2012

Key work experience:
Atria Oyj: Group Vice President, Human Resources 2010–2011
Pfizer Oy: HR Director 2007–2010
Nokia Mobile Phones: Senior Business HR Manager 2004–2007
Nokia Mobile Phones and Nokia Networks: Business HR Manager and Competence Development Manager 1998–2003
Adulta Oy: Programme Manager 1996–1998
Shell Oil Products: Product Manager 1994–1995

Tuomas Mäkipeska
M.Sc. (Econ.)

Business Development Director since 2012

Key work experience:
Deloitte: Management Consultant, Strategy & Operations 2005–2012
Fiskars Corporation: Project Manager 2004–2005
Rieter Automotive Management AG: Market Analyst 2003
Tapiola Group: Finance Assistant 2000–2002

Antti Tervo
M.Sc. (Econ.)

Chief Procurement Officer since 2012

Key work experience:
Siemens, North West Europe: Head of Commodity Management 2009–2012; Project Manager, Procurement and Supply Chain Management 2008–2009
Siemens Oy: Director, Procurement 2005–2009; Procurement Manager 2003–2005; Supply Chain Consultant 2001–2003

Duties of the Group Executive Board

The Group Executive Board assists the President and CEO in the management of the Company's business operations. The President and CEO selects and the Board of Director appoints the members of the Group Executive Board at the President and CEO's proposition.

The Group Executive Board convenes once a month and holds additional meetings if necessary. Its meetings can be held as videoconferences or teleconferences.

The Group Executive Board prepares monthly reports, investments, Group guidelines and policies, long-term plans, operating plans for each period of twelve months and financial statements for the Board to decide on.

The management's fees and benefits

The management's fees, other benefits and incentive schemes

The Board of Directors decides on the salaries, fees and other benefits of the President and CEO and his direct reports. The Board has a Remuneration Committee, which is responsible for processing and preparing other issues related to the remuneration of managers and employees and drafting statements to the Board concerning these issues.

The remuneration system for the President and CEO and other members of the Group Executive Board consists of a fixed monthly salary with fringe benefits, performance-based fees and a share-based incentive programme.

The President and CEO's retirement age and pension are determined in accordance with the standard Finnish employment pension system (TYEL). In 2013, the President and CEO was paid a total of EUR 708,000 in salary, benefits and performance-based fees (2012: 396,000). Jari Sarjo served as President and CEO of the Company until 13 June 2011. His salary in 2011 was EUR 187,000. Ville Rantala served as temporary President and CEO of the Company from 13 June to 31 October 2011. His salary for the period was EUR 63,000, including fringe benefits. Pekka Ojanpää has served as President and CEO of the Company since 1 November 2011. His salary in 2011 was EUR 66,000, including fringe benefits.

The compensation paid to members of the Group Executive Board in 2013 consisted of a monthly salary and other benefits included in their employment contracts as well as performance-based fees determined by the Board for each financial year on the basis of the Company's operating profit before non-recurring items and EVA result. In the financial year 2013, salaries and fees, including fringe benefits, paid to members of the Lassila & Tikanoja's Group Executive Board totalled EUR 1,092,000 (2012: 913,000; 2011: 794,000). The salaries paid to the President and CEO are not included in the total of salaries and fees paid to the Group Executive Board.

The Board of Directors decides on remuneration and incentives for the Company's management and key persons at the Remuneration Committee's proposal.

Performance-based bonus scheme

The Company has a performance-based bonus scheme. The Board decides on the grounds for bonuses annually in advance. Based on the operating profit before non-recurring items, performance-based fees equal the recipient's salary for 3–6 months at maximum. The Board of Directors decides on remuneration in response to the Rumuneration Committee's proposition.

Incentive system

Share-based incentive programme 2014

On 18 December 2013, Lassila & Tikanoja plc's Board of Directors decided on a new share-based incentive programme for 2014 as part of the incentive and commitment scheme for the Company's key personnel.

The earnings period of the programme began on 1 January 2014 and ends on 31 December 2014. Potential rewards will be paid during the year following the earnings period partly as shares and partly in cash. Any rewards to be paid for 2014 will be based on the Group's EVA result.

No reward will be paid if a key person's employment ends before the reward payment. Any shares earned through the incentive programme must be held for a minimum of two years following the payment. After that, the members of the Group Executive Board are still required to hold Company shares with a value equal to their gross salary for six months, and the other programme participants with a value equal to their gross salary for three months, as long as they are employed by the company.

A maximum of 39,105 Lassila & Tikanoja plc shares may be paid out on the basis of the programme.

Any shares to be paid out as rewards will be transferred from the shares held by the company. The programme covers 10 persons.

Share-based incentive programme 2013

On 17 December 2012, Lassila & Tikanoja plc's Board of Directors decided on a one-year share-based incentive programme as part of the incentive and commitment scheme for the company's key personnel.

The earnings period began on 1 January 2013 and ended on 31 December 2013. The rewards were paid partly as shares and partly in cash. The rewards to be paid for 2013 were based on the Group's EVA result.

Any shares earned through the incentive programme must be held for a minimum period of two years following the payment. After that, the members of the Group Executive Board are still required to hold the Company's shares with a value equal to their gross salary for six months, and the other programme participants with a value equal to their gross salary for three months, as long as they are employed by the company.

A maximum of 53,300 Lassila & Tikanoja plc's shares were allowed to be paid out on the basis of the programme.

The shares to be paid out as rewards were transferred from the shares held by the company. The programme covered 10 persons.

A total of 35,818 shares for 2013 were transferred with in the programme.

Long-term stock option plans

The Company does not have stock option plans in place.

Notice periods and termination payments

The notice period for the President and CEO is six months. If the Company terminates the employment contract, the President and CEO is entitled to a termination payment that equals
his salary for 12 months.

The notice period for members of the Group Executive Board is six months.

Shareholding of the President and CEO and the members of the Group Executive Board

On the date of this Registration Document, the number of Lassila & Tikanoja shares owned personally by the President and CEO and the members of the Group Executive Board and their related parties totalled 69,452, representing around 0.2% of all shares and votes in Lassila & Tikanoja.

The shareholdings of the President and CEO and the members of the Group Executive Board and related parties in Lassila & Tikanoja are listed below.

Name	**Position or area of responsibility**	**Shares**
Pekka Ojanpää	President and CEO	23,527
Timo Leinonen	CFO	2,821
Petri Salermo	Vice President	6,550
Ville Rantala*	Vice President	21,200
Petri Myllyniemi	Vice President	4,368
Kirsi Matero	HR Director	3,384
Tuomas Mäkipeska	Business Development Director	2,964
Antti Tervo	Chief Procurement Officer	2,664
	Total	69,452

* Ville Rantala's related parties own a total of 1,974 shares in the Company.

Other information pertaining to the management

The President and CEO and the members of the Group Executive Board do not have conflicts of interests concerning their position as managers of Lassila & Tikanoja and their private interests or other duties. The shareholdings of the President and CEO and the members of the Group Executive Board in Lassila & Tikanoja are presented in the section "Company, administration, management and employees – Lassila & Tikanoja's Board of Directors – President and CEO's and Group Executive Board members' shareholdings and options" in this Registration Document.

During the five years (5) preceding the date of this Registration Document, the President and CEO and the members of the Group Executive Board have not been party to bankruptcies or liquidations of any companies or entities in the capacity of a member of an administrative, management or supervisory body, with the exception customary voluntary dissolutions of companies to streamline the structure of a group of companies.

The President and CEO or the members of the Group Executive Board have not been convicted of fraud, embezzlement, theft, tax offence or violation, subsidy offence or violation, extortion, business offence, concealment or money laundering offence, forgery offence, offence by a debtor, environmental offence, security markets offence or other punishable act related to business operations or the pursuit of financial benefit during the past five (5) years. No legal, administrative or similar authority has lodged official charges against the President and CEO or the members of the Group Executive Board during the past five (5) years, and no order or prohibition has been imposed on the President and CEO or the members of the Group Executive Board that would prevent them from serving as a member of board of directors of a limited liability company or otherwise managing or practising business.

According to the insider guidelines observed by the Company, insiders are not permitted to engage in trading with the Company's shares during a four-week period before the publication of an interim report or financial statements.

Related-party transactions

Lassila & Tikanoja's related parties consist of its subsidiaries and associated companies, the President and CEO, the members of the Group Executive Board and the members of the Board of Directors, and the L&T sickness fund.

Transactions with joint venture companies were carried out at market prices.

In the financial year 2013, the payments made by the Company to the L&T sickness fund totalled EUR 786,000 (2012: EUR 780,000).

No loans were granted to people regarded as related parties of the Group, and no guarantees or other collateral were granted on their behalf.

With the exception of customary intra-Group transactions, Lassila & Tikanoja has not carried out significant transactions or similar arrangements with its related parties during the financial year in progress or the financial years that ended on 31 December 2013, 31 December 2012 and 31 December 2011.

Salaries and other benefits paid by Lassila & Tikanoja to its Board members and management are presented in the sections "Company, administration, management and employees – Board members' fees and benefits" and "The management's fees and benefits".

Auditors

By the date of the Registration Document, the authorised public accountant firm KPMG Oy Ab, with APA Lasse Holopainen as the responsible auditors, had audited the Company's consolidated financial statements for the financial years that ended on 31 December 2013 and 31 December 2012. The public accountant firm PricewaterhouseCoopers Oy, with APA Heikki Lassila as the responsible auditor, had audited the Company's consolidated financial statements for the financial year that ended on 31 December 2011. Financial statements for the financial years that ended on 31 December 2013, 31 December 2012 and 31 December 2011 are included in the Registration Document through reference.

Number of employees by country

Full-time and part-time employees, total

Employees at the end of the financial year	2013	2012	2011
Finland	7,088	7,035	7,381
Latvia	939	912	895
Sweden	582	783	838
Russia	238	232	243
Total	**8,847**	**8,962**	**9,357**

The Lassila & Tikanoja Group had a total of 8,451 employees on 30 June 2014 (30 June 2013: 9,567).

SHARES AND SHARE CAPITAL

General

On the date of the Registration Document, Lassila & Tikanoja's registered share capital is EUR 19,399,437, and its registered total number of shares is 38,798,874. All of the shares are paid up. The Company's Articles of Association do not include restrictions on the number of shares. Lassila & Tikanoja shares have no nominal value. Lassila & Tikanoja has one class of shares. Each share provides its holder with equal rights.

Authorisations to share issues, options or special rights

Authorisation of 19 March 2014

The Company's Annual General Meeting authorised the Board of Directors to decide, in one or more instalments, on the issue of new shares, of shares possibly held by the Company and/or the issue of option rights or other special rights entitling to shares in accordance with Section 1 of Chapter 10 of the Limited Liability Companies Act, with the maximum number of shares issued and/or transferred under the authorisation being 2,000,000. This corresponds to approximately 5.2% of the Company's total number of shares on the date of the notice to the meeting.

The authorisation can be used to finance or implement acquisitions or other arrangements or investments included in the Company's business operations, or as part of the Company's share-based incentive programme, or for other purposes determined by the Board.

The authorisation entitles the Board of Directors to decide on all terms and conditions of the share issue and the issuance of special rights in accordance with Section 1 of Chapter 10 of the Limited Liability Companies Act. The authorisation thus includes the right to issue shares even in a proportion other than that of the shareholdings of the Company's current shareholders under the provisions of law, the right to issue shares against or without payment and the right to decide on a share issue to the Company itself without payment under the provisions of the Limited Liability Companies Act on the maximum amount of treasury shares.

The authorisation is valid for 18 months from the date of the decision.

Authorisation of 12 March 2013

The Company's Annual General Meeting authorised the Board of Directors to decide, in one or more instalments, on the issue of new shares of shares possibly held by the Company and/or the issue of option rights or other special rights entitling to shares in accordance with Section 1 of Chapter 10 of the Limited Liability Companies Act, with the maximum number of shares issued and/or transferred under the authorisation being 500,000.

The authorisation can be used to finance or implement acquisitions or other arrangements or investments included in the Company's business operations, or as part of the Company's share-based incentive programme, or for other purposes determined by the Board.

The authorisation entitles the Board of Directors to decide on all terms and conditions of the share issue and the issuance of special rights in accordance with Section 1 of Chapter 10 of the Limited Liability Companies Act. The authorisation thus includes the right to issue shares even in a proportion other than that of the shareholdings of the Company's current shareholders subject to the provisions of law, the right to issue shares against or without payment and the right to decide on a share issue to the Company itself without payment subject to the provisions of the Limited Liability Companies Act on the maximum amount of treasury shares.

The authorisation is valid until 12 September 2014.

Changes in the number of shares

	Number of outstanding shares (1,000 shares)	Share capital, EUR million	Share premium reserve, EUR million	Invested unrestricted equity fund, EUR million	Own shares, EUR million	Total, EUR million
1/1/2014	38,707	19.4	-	0.3	-1.1	18.6
Transfer of own shares	36				0.5	0.5
Transfer of own shares	5				0.1	0.1
30/6/2014	**38,747**	**19.4**	**-**	**0.3**	**-0.5**	19.2
1/1/2013	38,692	19.4	-	29.4	-1.4	47.4
Transfer of own shares	10				0.2	0.2
Capital repayment .				-23.2		-23.3
Transfer of own shares	5				0.1	0.1
Capital repayment .				-5.8		-5.8
Recognition of share-based benefits as expenses.....				-0.1		-0.1
31/12/2013	**38,707**	**19.4**	**-**	**0.3**	**-1.1**	18.6
1/1/2012	38,685	19.4	-	50.7	-1.4	68.7
Capital repayment .				-21.3		-21.3
Unpaid capital repayment				-0,0		-0,0
Transfer of own shares without consideration	7					
31/12/2012	**38,692**	**19.4**	**-**	**29,381**	**-1.4**	47.4
1/1/2011	38,738	19.4	50.7		-0.8	69.2
Acquisition of own shares	-3				-0.0	-0.0
Acquisition of own shares	-5				-0.1	-0.1
Acquisition of own shares	-7				-0.1	-0.1
Acquisition of own shares	-5				-0.1	-0.1
Acquisition of own shares	-6				-0.1	-0.1
Acquisition of own shares	-4				-0.0	-0.0
Acquisition of own shares	-3				-0.0	-0.0
Acquisition of own shares	-3				-0.0	-0.0
Acquisition of own shares	-4				-0.0	-0.0
Acquisition of own shares	-8				-0.1	-0.1
Acquisition of own shares	-5				-0.1	-0.1
Transfer of share premium reserve to invested unrestrict-			-50.7	50.7		0.0

ed equity fund........						
31/12/2011	38,685	19.4	-	50.7	-1.4	68.7

Own shares

On the date of the Registration Document, Lassila & Tikanoja holds 51,409 treasury shares, with a total carrying amount of 536,308. The Company's share has no nominal value. Lassila & Tikanoja's subsidiaries do not hold the Company's own shares.

Option rights and other special rights to shares

General

On the date of the Registration Document, the Company does not have a stock option plan in place.

	2013 shares	**Average subscription price, EUR**	**2012 shares**	**Average subscription price, EUR,**	**2011 shares**	**Average subscription price, EUR**
Options allocated to key employees at the beginning of the period	-	-	168,000	16.20	368,000	22.03
Issued during the period	-	-	-	-	-	-
Lost during the period	-	-	-	-	-	-
Implemented	-	-	-	-	-	-
Expired	-	-	168,000	16.20	200,000	26.80
Outstanding at the end of the period	-	-	0	0	168,000	16.20
Implementable at the end of period	-	-	0	-	168,000	16.20

Lassila & Tikanoja's shareholders

Lassila & Tikanoja had a total of 9,758 registered shareholders on 27 August 2014.

The following table presents the Company's ten (10) largest shareholders on 27 August 2014.

	Shareholder	Shares	%
1.	Evald and Hilda Nissi Foundation	2,413,584	6.22
2.	Mandatum Life	2,181,238	5.62
3.	Nordea Funds	1,912,417	4.93
4.	Maijala Juhani	1,529,994	3.94
5.	Ilmarinen Mutual Pension Insurance Company	1,362,803	3.51
6.	Tapiola Group	876,270	2.26
7.	Bergholm Heikki	820,000	2.11
8.	Maijala Mikko	720,000	1.86
9.	Elo Mutual Pension Insurance Company	614,073	1.58
10.	Varma Mutual Pension Insurance Company	600,690	1.55
	Ten largest shareholders, total	13,031,069	33.59
	Nominee registered, total	6,769,784	17.45
	Other	18,998,021	48.97
	Total	38,798,874	100.00

Shareholder agreements

Lassila & Tikanoja is not aware of any agreements or arrangements related to shareholding or the exercise of voting rights in Lassila & Tikanoja between shareholders or between Lassila & Tikanoja and its shareholders or other such agreements or arrangements that would be likely to have a material effect on the value of Lassila & Tikanoja shares.

Amendment of shareholders' rights

According to the Limited Liability Companies Act, shareholders' rights can be amended by amending the Articles of Association. An amendment of the Articles of Association requires a decision that must be supported by at least two-thirds (2/3) of the votes cast and the shares represented at the General Meeting.

Lassila & Tikanoja has one (1) class of shares and each share provides its holder with equal rights. Amending the Articles of Association to change the proportion of the rights related to shares in the same class requires consent from all shareholders, or consent from those whose shares the amendment concerns in addition to a decision to amend the Articles of Association.

General Meetings

According to the Limited Liability Companies Act, the shareholders exercise their power of decision at the General Meeting. According to Lassila & Tikanoja's Articles of Association, the Annual General Meeting must be held annually in the Company's domicile by the end of April on a date decided by the Board of Directors. The Annual General Meeting must decide, among other things, on the adoption of the financial statements, the use of profit shown in the balance sheet, the discharge from liability of the members of the Board of Directors and the President and CEO, the number of the members of the Board of Directors and the election of the members of the Board of Director the and election of the auditor.

According to Lassila & Tikanoja's Articles of Association, the notice of a General Meeting must be published on the Company's website no earlier than two (2) months and no later than three (3) weeks prior to the General Meeting, but at least nine (9) days prior to the record date of the General Meeting. In addition, the Company may, if the Board of Directors so decides, publish the time, place of the General Meeting and the address of the Comnany's website in a newspaper within the same time frame.To participate in the General Meeting of Shareholders, a shareholder must inform the Company of his or her participation on the date indicated in the invitation at the latest. The date may not be earlier than ten (10) days before the General Meeting.

According to the Limited Liability Companies Act, shareholders who are entered in the register of shareholders maintained by Euroclear Finland Oy ("Euroclear") in accordance with the Act on the Book-Entry System ten (10) days before the General Meeting are entitled to attend the General Meeting and exercise their vote. If nominee-registered shareholders wish to exercise their vote at the General Meeting, they must request to be entered temporarily in the register of shareholders maintained by Euroclear and the entry shall be made ten (10) days before the General Meeting. A quorum at the General Meeting does not require a certain number of participants.

In addition to the Annual General Meetings, companies can hold Extraordinary General Meetings when necessary. Depending on the issue to be decided, qualified majority rules are applied, such as two-thirds of the votes cast and the shares represented at the meeting, in accordance with the Limited Liability Companies Act. Neither the Limited Liability Companies Act or the Company's Articles of Association require a certain number of participants for the Geneal Meeting to have a quorum.

According to the Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting dealt with by the next General Meeting, if the shareholder so demands in writing. Furthermore, an Extraordinary General Meeting must be held if an auditor or shareholders with a total of one tenth (1/10) of all shares so demand in writing in order for a given matter to be dealt with.

Duty of redemption

Lassila & Tikanoja's Articles of Association do not include a redemption clause.

According to the Securities Markets Act, a shareholder whose portion exceeds three-tenths (3/10) or half (1/2) of the voting rights carried by the shares of a company after the share of the company has been admitted to public trading (*a party under the obligation to launch a bid*) shall launch a fair price takeover bid for all the remaining shares and securities entitling to its shares issued by the company (*mandatory bid*). If the securities resulting in the above mentioned threshold being exceeded have been acquired through a takeover bid made for all shares issued by the offeree company and for securities entitling to its shares issued by the offeree company, the obligation to launch a mandatory bid shall, however, not arise. According to the Limited Liability Companies Act, a shareholder with more than 90 per cent of all shares and votes in the company shall have the right to redeem the shares of the other shareholders at the fair price (*right of redemption*). Furthermore, a shareholder whose shares may be redeemed shall have the corresponding right to demand that the shareholder's shares be redeemed (*duty of redemption*).

Voting rights

Shareholders can attend a General Meeting and use their voting rights either in person or by way of proxy representation. If an owner of nominee-registered shares wishes to attend the General Meeting and exercise his or her voting rights, the shareholder must temporarily enter the shares in the shareholder register no later than ten days before the General Meeting.

As a rule, decisions at General Meetings are made by the simple majority of the votes cast. However, some decisions – such as amendments to the Articles of Association, deviation from shareholders' pre-emptive subscription right in a share issue and, in some cases, decisions on the merger or dissolution of a company – require a majority of at least two-thirds of the votes cast and the shares represented at the General Meeting. In addition, some decisions – such as an amendment to the proportion of rights related to shares in the same class and the increase of the company's or its shareholders' rights of redemption – require consent from all shareholders or, if the amendment only concerns the rights of certain shareholders, consent from such shareholders in addition to the relevant majority requirement. According to Lassila & Tikanoja's Articles of Association, no shareholder may cast more than one-fifth (1/5) of the total number of votes represented at the General Meeting.

Distribution of dividends and other profits

In accordance with the prevailing practice in Finland, dividends are generally paid only once a year for shares in Finnish companies, and only after the General Meeting has adopted the company's financial statements and decided on dividend distribution based on a proposal made by the company's Board of Directors. In other words, dividend distribution requires a majority decision at the General Meeting. According to the Limited Liability Companies Act, dividends can be paid on grounds other than the audited financial statements for the previous financial period. A company can pay interim dividends based on profits gained during the year in progress, provided that the distribution of dividends is based on audited interim financial statements. With its decision that determines the maximum dividend, the General Meeting can authorise the Board of Directors to decide on the distribution of dividends or assets from the unrestricted equity reserve. The authorisation cannot be effective for longer than until the beginning of the following Annual General Meeting.

According to the Limited Liability Companies Act, equity is divided into restricted and unrestricted equity. This division is significant in determining the amount of distributable assets. Restricted equity consists of the share capital, fair value reserve and the revaluation reserves under the Accounting Act as well as the share premium reserve and reserve fund. Other equity reserves are part of the unrestricted equity. The dividend cannot be higher than the amount of distributable assets in the adopted financial statements. However, assets shall not be distributed if it is known or should be known at the time of the distribution decision that the company is insolvent or that the distribution will cause the insolvency of the company. Distributable assets include profit for the financial year, retained earnings from previous financial years and the company's other unrestricted equity items, net of the loss indicated in the balance sheet and the amount that shall be transferred to the reserve fund or otherwise not distributed in accordance with the Articles of Association. The parent company of the Group cannot pay a dividend that is higher than the amount of distributable funds in the latest adopted financial statements of the parent company.

According to the Limited Liability Companies Act, the distribution of profits may also be based on the parent company's confirmed balance sheet for the financial year in progress, meaning that interim dividends can be distributed based on the result for the financial year in progress. When deciding on the distribution of profits, significant changes in the financial position of the company since the adoption of its latest balance sheet must be taken into account in addition to the stipulations of the Limited Liability Companies Act.

The amount of dividend cannot be higher than the amount proposed by the Board of Directors, unless shareholders with at least one-tenth of all shares make such a demand at the Annual General Meeting before the decision on the use of the profits has been made. If such a demand is made, at least half of the profits for the previous financial period must be distributed as dividends, within the limits of the distributable assets described above, less the amounts not to be distributed under the Articles of Association or the amount of the distributable assets described above, if smaller. The amount of dividends demanded by shareholders cannot be higher than 8% of the equity of the company, and any dividends distributed for the financial period before the Annual General Meeting will be deducted from the amount.

Dividends and other distributions are paid to shareholders or the holders of their nominee-registered shares who are entered in the shareholder register on the record date. The shareholder register is maintained by Euroclear through the relevant book-entry account operator. In the book-entry system, dividends are paid to the shareholders via bank transfer to the shareholders' accounts entered in the register. All of the shares in the Company – including those offered in a share issue after the increase in equity or restricted equity has been entered in the Trade Register – provide equal rights to dividends and other distributions (including the distribution of the Company's assets in a dissolution).

According to the Limited Liability Companies Act, the right to dividends expires in three years from the dividend payment date.

Other unrestricted equity is divided largely in the same manner as that contained in the explanation of dividends above.

Own shares

According to the Limited Liability Companies Act, a company can use its distributable assets to acquire its own shares. The General Meeting decides on the acquisition of own shares. The General Meeting can also authorise the Board of Directors to decide on using unrestricted equity to acquire own shares. The authorisation is valid for a fixed period of time, which cannot be longer than 18 months. After an acquisition of own shares, the nominal value of or the votes provided by treasury shares held by a public limited liability company, directly or through its subsidiaries, must not exceed 10% of the company's share capital or the total of votes provided by all shares.

Transfer of shares

When selling shares that are in the book-entry system, the shares are transferred from the seller's book-entry account to the buyer's book entry account. The sale is registered as an advance transaction until it has been cleared and the shares have been paid, after which the buyer is automatically entered in the company's register of shareholders. If the shares are nominee-registered, their sale is not required to be entered in the book-entry system, unless the nominee changes as a result of the sale or the shares are otherwise transferred from an asset management account.

FINNISH SECURITIES MARKET

General

The securities market in Finland is supervised by the Financial Supervisory Authority (FSA). The principal statute governing the securities market is the Securities Markets Act (17 December 2012, 746/2012), which regulates on company and shareholder disclosure obligations, admission to listing, trading in listed securities, public tender offers and insider dealing, among other aspects. The FSA monitors compliance with these regulations.

The Securities Markets Act determines the minimum disclosure requirements for Finnish companies that are applying for listing on the Helsinki Stock Exchange or making a public offering of securities in Finland. The information provided on matters with a material effect on the value of a security must be sufficient for making a sound evaluation of the securities and their issuer. Finnish listed companies are obligated to publish financial information on the company regularly and disclose any aspects that are likely to have a material effect on the value of their shares. The Transparency for Listed Companies Directive (2004/109/EC) concerning regular disclosure requirements was implemented in Finland on 15 February 2007.

A shareholder must submit a disclosure notification to the listed company and the Financial Supervisory Authority without undue delay when his or her portion reaches or exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 50% or 90% or two thirds of the voting rights or total number of shares. A disclosure notification must also be submitted when a shareholder is party to an agreement or other arrangement that, when implemented, will result in the said threshold being reached or exceeded or in the portion of holdings falling below the threshold. After receiving the notification, the listed company must publish the information and spefically submit it to the Helsinki Stock Exchange.

According to the Securities Markets Act, a shareholder whose portion exceeds three-tenths (3/10) or half (1/2) of the voting rights carried by the shares of a company after the share of the company has been admitted to public trading shall launch a fair price madatory takeover bid for all the remaining shares and securities entitling to its shares issued by the company . If the securities resulting in the threshold that is referred to above being exceeded have been acquired through a takeover bid made for all shares issued by the offeree company and for securities entitling to its shares issued by the offeree company, the obligation to launch a mandatory bid shall, however, not arise. If there is one shareholder in the offeree company whose portion of voting rights exceeds the portion described above, the obligation to launch a bid will not arise until the portion of voting rights exceeds the portion of voting rights of said shareholder. If the above mentioned threshold of the voting rights is exceeded solely as a result of measures taken by the offeree company or by another shareholder, the obligation to launch a bid will not arise until the shareholder acquires or subscribes to more shares of the offeree company or otherwise raises his portion of voting rights in the offeree company. If the threshold for a mandatory bid is exceeded as a result of shareholders acting in concert in launching a voluntary public bid for shares in the offeree company, the obligation to launch a bid will not arise if their acting in concert is limited to making a public bid. The obligation to launch a bid expires if the shareholder obligated to launch a bid or another person acting in concert gives up the portion of the voting rights that exceeds the threshold for a mandatory bid, within one month of the date when the obligation arose, by transferring shares of the offeree company or otherwise reducing his or her share in the offeree company. For the mandatory bid obligation to expire, the shareholder obligated to launch a bid and those acting in concert with him or her must not use their voting rights in the offeree company within the period of one month. In addition, the shareholder with the mandatory bid obligation must publish his or her intent to give up the portion of voting rights that exceeds the threshold for a mandatory bid at the same time as he or she publishes the information on the mandatory bid obligation. The information on the portion of voting rights having fallen below the threshold for a mandatory bid must be published without delay. According to the Limited Liability Companies Act, a shareholder with more than90 per cent of all shares and votes in the company (redeemer) shall have the right to redeem the shares of the other shareholders at the fair price (right of redemption). Furthermore, a shareholder whose shares may be redeemed shall have the corresponding right to demand that the shareholder's shares be redeemed (*duty of redemption*). Detailed regulations have been issued concerning the calculation of shares and votes mentioned above.

The Criminal Code of Finland (19 December 1889/38, including amendments) includes provisions on breaches of the disclosure obligation, misuse of insider information and market manipulation. These breaches are criminal offences. The Securities Markets Act and the Act on the Financial Supervisory Authority (878/2008) authorise the Financial Supervisory Authority to impose administrative sanctions for breaches of regulations to the extent that they do not fall within the scope of the Criminal Code. For example, the Financial Supervisory Authority can issue a public warning or impose administrative or financial sanctions for breaches of regulations concerning disclosure requirements, public purchase offers, insider registers and market manipulation.

Trading and clearing on the Helsinki Stock Exchange

Trading in securities on the Helsinki Stock Exchange and the clearing of transactions at Euroclear Finland Oy ("Euroclear") takes places in euros, with the minimum tick size for trading quotations being EUR 0.01, except for the 25 most actively traded stocks, as their tick sizes depend on their prices. All price information is produced and published in euros only.

The Helsinki Stock Exchange uses the INET trading platform. INET is an order-based system where sales orders and purchase orders from brokers are executed when price and volume information and other conditions match. A trading day at the Helsinki Stock Exchanges generally consists of the pre-trading period, trading period, closing call and post-trading period. During the pre-trading period, from 9 a.m. to 9.45 a.m., assignments can be saved, amended or deleted. The opening call begins at 9.45 a.m. and ends at 10 a.m. Round-lot orders entered during the pre-trading period and existing orders that are valid for more than one day are automatically transferred to the opening call. Continuous trading takes place from 9.45 a.m. to 6.25 p.m. Continuous trading begins sequentially after the opening call at 10.00 a.m., when the first share is assigned an opening price and becomes subject to continuous trading. Opening prices for all shares are determined within a period of approximately ten minutes, and trading based on market demand continues until the closing call at 6.25 p.m. The closing call ends at around 6.30 p.m., when the closing prices are determined and continuous trading ends. The post-trading period runs from 6.30 p.m. to 7 p.m. Only contract transactions for shares can be registered during the post-trading period, at prices established during the trading day.

Transactions are primarily cleared by matching them in the clearing system of the Euroclear Multilateral Clearing Facility, which serves as the central counterparty, and executed in the automatic clearing system of Euroclear on the third (3^{rd}) banking day following the transaction date, unless otherwise agreed by the parties.

Book-entry system

General

A book-entry system refers to a system where physical share certificates have been converted into book-entry securities and entered into the book-entry account. All companies listed on the Helsinki Stock Exchange are required to join the book-entry system. The book-entry system is centralised at Euroclear, which provides clearing and registration services related to securities in Finland. Euroclear maintains a book-entry register of equity and debt securities. Euroclear maintains company-specific registers of shareholders in companies that have joined the book-entry system and provides book-entry account services for shareholders who choose not to use commercial services offered by account operators. Companies and account operators who have joined the book-entry system are responsible for basic custodian costs incurred by Euroclear from maintaining book-entry accounts. Account operators – such as banks, investment service companies and clearing parties authorised by Euroclear – manage and make entries in book-entry accounts.

Registration procedure

All shareholders in a company who have joined the book-entry system must open a book-entry account with Euroclear or an account operator or register their shares through the nominee registration process. Finnish shareholders are not allowed to register their shares through nominee registration. A joint account, with the issuer as the account holder, is created in the Euroclear book-entry register for shareholders who have not converted their shares into book-entries. All transfers of securities registered in the book-entry system are carried out as transfers between accounts in the information system. The account operator confirms entries by sending notifications of entries to the account holder. Account holders also receive an annual statement of their holdings at the end of the calendar year.

All book-entry accounts must contain information on the account holder and the holders of rights related to other book-entries in the account, or the custodian administering the assets in a nominee-registered account, and the account operator managing the account. The required information includes the type and number of book-entries in the account as well as rights and restrictions related to the account and the book-entries in the account. Any nominee-registered accounts must be indicated. Euroclear and all account operators are obligated to keep the information that they receive confidential. However, Euroclear and the company must disclose certain information related to the shareholder register, including the name, address and nationality of the account holder, with the exception of nominee registration.

Upon request, the Financial Supervisory Authority is entitled to receive certain information on the nominee-registered holders of securities.

Each account operator is responsible for any errors or omissions in the book-entry register that it maintains and for any disclosure of confidential information. If an account holder has suffered a loss arising from an erroneous entry or an amendment to rights related to registered securities, or a removal of such rights, and the account operator is unable to compensate for the loss, the account holder is entitled to compensation from the statutory registration fund of Euroclear. The capital of the registration fund must be at least 0.000048% of the average total market value of the book-entries included in the system during the preceding five calendar years, but at least EUR 20 million. The compensation paid to the party that suffered the loss is equal to the amount of damages claimed from a single account operator, but a maximum of EUR 25,000. The registration fund is obligated to compensate for losses related to a single event up to EUR 10 million.

Custody and nominee registration of securities

A non-Finnish shareholder may authorise an account operator (or a foreign operator approved by Euroclear) to manage nominee registration on its behalf. Owners of nominee-registered shares are entitled to dividends and all subscription rights and financial and administrative rights related to shares registered in their name. If an owner of nominee-registered shares wishes to attend the General Meeting, the owner must temporarily register the shares in his or her name no later than ten days before the General Meeting. Upon request, a custodial nominee account holder is required to disclose the name of the actual shareholder, if known, and the number of shares owned by the shareholder to the Financial Supervisory Authority and the company in question. If the name of the actual shareholder is not known, the custodial nominee account holder must disclose the corresponding information on the representative acting on behalf of the actual shareholder and submit a written statement confirming that the actual shareholder is not a Finnish natural person or legal entity.

Finnish operators acting on behalf of Clearstream and Euroclear Bank, S.A./N.V, an operator of Euroclear, have nominee accounts in the book-entry system, meaning that non-Finnish shareholders may hold their shares through their accounts with Euroclear or Clearstream. Shareholders wishing to hold their shares in the book-entry securities system in their own name, but who do not maintain a book-entry account in Finland, are required to open a book-entry account with Euroclear or through an account operator, and a euro account at a bank in Finland.

Investor compensation fund

According to Finnish law, investors are divided into professional and non-professional investors. Professional investors include business enterprises and public corporations that can be expected to be familiar with the securities market and its risks. In addition, a customer can declare in writing that he or she can be regarded as a professional investor based on his or her expertise and experience as an investor. As a rule, however, private persons are regarded as non-professional investors. Credit institutions, as well as investment service companies that manage or hold customers' assets and that do not solely provide investment advice, brokerage services or multilateral trading, must belong to an investor compensation fund. An investor compensation fund ensures the payment of clear, undisputed and overdue receivables when an investment service company or credit institution is unable to pay receivables to investors within a specific period of time, for reasons other than temporary insolvency. An investor compensation fund only pays compensation to non-professional investors. An investor is compensated for 90% of his or her receivables, up to EUR 20,000. The fund does not compensate for losses arising from share performance or bad investment decisions. In other words, customers continue to be responsible for the consequences of their investment decisions. The fund compensates for deposits in credit institutions in case of bank insolvency, up to EUR 100,000 from the Deposit Guarantee Fund. Assets are covered either by the Deposit Guarantee Fund or by an investor compensation fund, but not both.

OTHER CONSIDERATIONS

Documents included through reference

The following documents are included in this document through reference and are available on the Company's website at http://www.lassila-tikanoja.fi/yritys/sijoittajat/rekisterointiasiakirja for as long as the Registration Document is valid:

a) Report by the Lassila & Tikanoja Board of Directors and Lassila & Tikanoja's financial statements and auditor's report for the financial year that ended on 31 December 2013.
b) Report by the Lassila & Tikanoja Board of Directors and Lassila & Tikanoja's financial statements and auditor's report for the financial year that ended on 31 December 2012.
c) Report by the Lassila & Tikanoja Board of Directors and Lassila & Tikanoja's financial statements and auditor's report for the financial year that ended on 31 December 2011.
d) Lassila & Tikanoja's unaudited interim report for the six-month period that ended on 30 June 2014.

e) Lassila & Tikanoja's Articles of Association

Documents available for reference

The Company's Articles of Association, the Financial Supervisory Authority's decision of 28 August 2014 concerning this Registration Document, the auditor's report on the performance estimate included in the Registration Document (Appendix 1) and copies of the documents specified under "Documents included through reference" above are available for reference during the validity period of this Registration Document during standard office hours on weekdays at Lassila & Tikanoja's registered business address: Sentnerikuja 1, 00440 Helsinki.

APPENDIX

1. Auditor's report on the performance estimate included in the Registration Document (only in Finnish)

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TILINTARKASTAJIEN RAPORTTI ESITTEESEEN SISÄLTYVÄSTÄ TULOSENNUSTEESTA

Lassila & Tikanoja Oyj:n hallitukselle esitteeseen liitettäväksi

Annamme komission asetuksen (EY) N:o 809/2004 liitteen 1 kohdassa 13.2 tarkoitetun lausuntomme Lassila & Tikanoja Oyj:n 28.8.2014 päivätyn rekisteröintiasiakirjaan sisältyvästä Lassila & Tikanoja Oyj:n johdon kokoamasta vuoden 2014 tulosennusteesta, joka on esitetty rekisteröintiasiakirjan kohdassa "Tulevaisuudennäkymät, Tulosennuste vuodelle 2014", jonka mukaan Lassila & Tikanojan vuoden 2014 liikevaihdon arvioidaan olevan samalla tasolla tai hieman alempi kuin vuonna 2013 ja operatiivisen toiminnan liikevoiton*) samalla tasolla tai hieman alempi kuin vuonna 2013.

*) Lassila & Tikanoja Oyj:n määritelmä operatiivisen toiminnan liikevoitolle on "liikevoitto puhdistettuna toiminnan uudelleenjärjestelyihin, hallituksen hyväksymiin kertaluontoisiin tapahtumiin sekä arvonalennuksiin liittyvillä olennaisilla kuluilla".

Liikkeeseenlaskijan vastuu

Liikkeeseenlaskija vastaa tulosennusteen kokoamisesta sekä niiden keskeisten oletusten määrittelemisestä, joihin tulosennuste perustuu komission asetuksen (EY) N:o 809/2004 mukaisesti

Tilintarkastajan velvollisuudet

Tilintarkastajan tulee antaa lausuntonsa siitä, että tulosennuste on asianmukaisesti koottu esitettyjen tietojen perusteella, ja että tulosennusteen kokoamisessa on noudatettu liikkeeseenlaskijan tilinpäätöksen laatimisperiaatteita.

Olemme suorittaneet työmme KHT-yhdistyksen ohjeen "Tulosennuste ja – arvio – ohje tilintarkastajalle" mukaisesti. Emme ole suorittaneet esitteeseen sisältyvän tulosennusteen tai sen kokoamisen yhteydessä käytettyjen tietojen ja oletusten tilintarkastusta tai yleisluonteista tarkastusta.

Olemme suunnitelleet ja suorittaneet työmme siten, että olemme saaneet tarpeellisen määrän tarkoitukseen soveltuvaa evidenssiä saadaksemme kohtuullisen varmuuden siitä, että tulosennuste on asianmukaisesti koottu esitettyjen tietojen perusteella ja että kokoamisessa on noudatettu Lassila & Tikanoja Oyj:n tilinpäätöksen laatimisperiaatteita.

Lausunto

Lausuntonamme esitämme, että käsityksemme mukaan tulosennuste on asianmukaisesti koottu esitettyjen tietojen perusteella, ja että tulosennusteen kokoamisessa on noudatettu liikkeeseenlaskijan tilinpäätöksen laatimisperiaatteita.

Varaumat ja raportin luovuttamista koskeva rajoitus

Tulevaisuuden toteutuma tulee todennäköisesti poikkeamaan ennakoidusta, koska tulevaisuutta koskevat oletukset eivät useinkaan toteudu odotetulla tavalla ja poikkeamat saattavat olla olennaisia.

Tämä raportti on annettu liitettäväksi ainoastaan komission asetuksen (EY) N:o 809/2004 mukaiseen esitteeseen. Työmme ei ole suoritettu Yhdysvalloissa yleisesti hyväksyttyjen tilintarkastus- tai muiden standardien ja käytäntöjen mukaisesti ja siten siihen ei tulisi luottaa kuten työ olisi suoritettu kyseisten standardien ja käytäntöjen mukaisesti.

Helsingissä 28.8.2014

KPMG Oy Ab

Lasse Holopainen
KHT