

LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 30 JUNE 2013

- **Net sales for the second quarter EUR 168.9 million (EUR 169.7 million); operating profit EUR 8.5 million (EUR 14.1 million); operating profit excluding non-recurring items EUR 13.4 million (EUR 12.1 million); earnings per share EUR 0.14 (EUR 0.24)**
- **Net sales for January–June EUR 336.6 million (EUR 341.0 million); operating profit EUR 14.8 million (EUR 19.1 million); operating profit excluding non-recurring items EUR 20.2 million (EUR 17.2 million); earnings per share EUR 0.26 (EUR 0.31)**
- **Non-recurring costs primarily attributable to the EUR 5.0 million write-down on EcoStream Oy's shares.**
- **Full-year net sales in 2013 are expected to remain at the 2012 level. Operating profit, excluding non-recurring items, is expected to remain at the 2012 level or improve slightly.**

CEO PEKKA OJANPÄÄ:

“We pursued our strategy implementation in the second quarter, and the efficiency improvement measures produced the expected results. We were able to improve our operating profit year-on-year and to generate a strong cash flow. The current economic uncertainty is reflecting on demand in the industrial sector and on the material flows in retail trade, which in turn is halting our net sales growth.”

GROUP NET SALES AND FINANCIAL PERFORMANCE**Second quarter**

Lassila & Tikanoja's net sales for the second quarter decreased by 0.5% to EUR 168.9 million (EUR 169.7 million). Operating profit was EUR 8.5 million (EUR 14.1 million), and operating profit excluding non-recurring items was EUR 13.4 million (EUR 12.1 million), representing 7.9% (7.2%) of net sales. Earnings per share were EUR 0.14 (EUR 0.24).

Comparable net sales includes EUR 3.3 million worth of net sales generated by L&T Recoil and the divested parts of the eco product business.

Gain from the sale of L&T Recoil shares boosted operating profit by EUR 4.2 million in the comparison period while the non-recurring write-down of EUR 5.0 million on EcoStream Oy shares reduced it in the review period.

January-June

Lassila & Tikanoja's net sales for January–June amounted to EUR 336.6 million (EUR 341.0 million); an decrease of 1.3%. Operating profit was EUR 14.8 million (EUR 19.1 million), and operating profit excluding non-recurring items was EUR 20.2 million (EUR 17.2 million), representing 6.0% (5.0%) of net sales. Earnings per share were EUR 0.26 (EUR 0.31).

Comparable net sales includes EUR 7.3 million worth of net sales generated by L&T Recoil and the divested parts of the eco product business.

Operating profit was taxed by the non-recurring reorganisation costs of EUR 0.7 million (EUR 2.0 million). Gain from the sale of L&T Recoil shares boosted operating profit by EUR 4.2 million in the comparison period while the non-recurring write-down of EUR 5.0 million on EcoStream Oy shares reduced it in the review period.

Financial summary

	4-6/ 2013	4-6/ 2012	Change %	1-6/ 2013	1-6/ 2012	Change %	1-12/ 2012
Net sales, EUR million	168.9	169.7	-0.5	336.6	341.0	-1.3	674.0
Operating profit excluding non-recurring items, EUR million*	13.4	12.1	10.0	20.2	17.2	17.1	47.4
Operating margin excluding non-recurring items, %	7.9	7.2		6.0	5.0		7.0
Operating profit, EUR million	8.5	14.1	-40.0	14.8	19.1	-22.5	48.4
Operating margin, %	5.0	8.3		4.4	5.6		7.2
Profit before tax, EUR million	7.9	10.8	-26.9	13.8	14.8	-6.6	43.0
Earnings per share, EUR	0.14	0.24	-41.7	0.26	0.31	-16.1	0.89
EVA, EUR million	3.4	7.9	-57.0	4.3	6.4	-32.8	24.1

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

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

The division's net sales for the second quarter were down by 3.7% to EUR 66.6 million (EUR 69.1 million). Operating profit totalled EUR 9.1 million (EUR 12.4 million) and operating profit excluding non-recurring items was EUR 9.1 million (EUR 8.7 million).

Comparable net sales includes EUR 3.3 million worth of net sales generated by L&T Recoil and the divested parts of the eco product business.

Despite the decrease in material flows in the recycling, building and retail sectors, the division was able to improve its profitability. Efficiency enhancement measures and effective cost control contributed to the increase in operating profit.

January-June

The Environmental Services division's net sales for January–June amounted to EUR 126.8 million (EUR 134.6 million), showing a decrease of 5.8%. Operating profit totalled EUR 15.3 million (EUR 16.6 million) and operating profit excluding non-recurring items was EUR 15.3 million (EUR 13.0 million).

Comparable net sales includes EUR 7.3 million worth of net sales generated by L&T Recoil and the divested parts of the eco product business.

Comparable net sales remained at the comparison period's level even though the recycling material volume declined following the slowdown in the building and retail trade sectors. Net sales growth could be attributed to new customer contracts and positive developments in the waste management business.

Efficiency enhancement measures and effective cost control contributed to the increase in operating profit.

Industrial Services**Second quarter**

The division's net sales for the second quarter totalled EUR 20.0 million (EUR 20.2 million), showing an decrease of 0.8%. Operating profit totalled EUR 1.9 million (EUR 2.2 million) and operating profit excluding non-recurring items was EUR 1.9 million (EUR 2.5 million).

Demand for industrial services perked up in the second quarter. Meanwhile the demand for environmental construction and sewer maintenance services remained weak at the beginning of the second quarter, which had a negative effect on both net sales and operating profit.

January-June

The division's net sales for January-June totalled EUR 33.7 million (EUR 33.1 million), showing an increase of 2.0%. Operating profit totalled EUR 1.4 million (EUR 0.9 million) and operating profit excluding non-recurring items was EUR 1.4 million (EUR 1.3 million).

Net sales grew following an increase in demand for process cleaning. Demand for sewer maintenance services and environmental construction was modest at the start of the year, but improved towards the end of the review period.

The demand for our hazardous waste services remained strong throughout the period, helping to maintain a healthy profit level.

Facility Services**Second quarter**

The division's net sales for the second quarter were up by 1.4% to EUR 73.4 million (EUR 72.4 million). Operating profit totalled EUR 2.8 million (EUR 1.0 million) and operating profit excluding non-recurring items was EUR 2.9 million (EUR 2.1 million).

The demand for damage repair services returned to normal and, especially in Sweden, the profitability of cleaning business improved year-on-year, affecting the second quarter's operating profit.

January-June

The division's net sales for January-June were down by 1.8% to EUR 149.2 million (EUR 152.0 million). Operating profit totalled EUR 3.3 million (EUR 2.6 million) and operating profit excluding non-recurring items was EUR 3.7 million (EUR 3.8 million).

The division's net sales declined from the comparison period due to reduced demand for damage repair services and decline in the Swedish operations.

Costs incurred from the expansion of technical systems services had a negative effect on profitability, as did the weak demand for damage repair services in the first half.

The Facility Services division implemented efficiency enhancement measures to improve its profitability. Profitability improved in the cleaning business, particularly in Sweden.

Renewable Energy Sources**Second quarter**

Second quarter net sales of Renewable Energy Sources (L&T Biowatti) were up by 7.4% to EUR 13.0 million (EUR 12.1 million). The division recorded an operating profit of EUR 0.1 million (operating loss EUR 0.7 million), and an operating loss excluding non-recurring items of EUR 0.1 million (operating loss EUR 0.6 million).

The demand for wood-based fuels remained brisk in the second quarter. Efficiency enhancement measures had a positive impact on the division's profitability.

January-June

January-June net sales of Renewable Energy Sources (L&T Biowatti) were up by 17.1% to EUR 34.8 million (EUR 29.7 million). Operating profit amounted to EUR 1.1 million (EUR 0.1 million), and operating profit excluding non-recurring items was EUR 0.9 million (EUR 0.2 million).

There was a significant improvement in the division's net sales from the comparison period, due to strong demand for wood-based fuels.

Profitability suffered from the weak energy content of fuels and higher logistics costs. Operating profit improved following net sales growth and the efficiency improvement measures.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	4-6/ 2013	4-6/ 2012	1-3/ 2013	1-3/ 2012	1-12/ 2012
Operating profit	8.5	14.1	14.8	19.1	48.4
Non-recurring items:					
Gain on sale of L&T Biowatti Oy equipment	-0.3		-0.3		
Impairment of EcoStream Oy shares	5.0		5.0		
Gain on sale of holding in L&T Recoil Oy		-4.2		-4.2	-4.2
Impairment of hazardous waste treatment facilities		0.3		0.3	0.5
Gain on sale of eco product business					-0.2
Restructuring costs	0.2	1.9	0.7	2.0	2.9
Operating profit excluding non-recurring items	13.4	12.1	20.2	17.2	47.4

FINANCING

Cash flows from operating activities amounted to EUR 44.4 million (EUR 31.6 million). A total of EUR 9.7 million in working capital was released (EUR 2.4 million released).

At the end of the period, interest-bearing liabilities amounted to EUR 89.0 million (EUR 129.5 million). L&T Recoil accounted for EUR 17.7 million of the interest-bearing liabilities in the reference period. Guarantees of EUR 16.4 million given by Lassila & Tikanoja to other providers of finance for these liabilities are still in force. In addition L&T had receivables from EcoStream Group of EUR 3.3 million.

Net interest-bearing liabilities amounted to EUR 73.9 million, showing a decrease of EUR 8.4 million from the beginning of the year and EUR 38.8 million from the comparison period.

Net finance costs in the January-June amounted to EUR 1.0 million (EUR 4.3 million). Net finance costs were 0.3% (1.3%) of net sales.

The average interest rate on long-term loans (with interest-rate hedging) was 2.2% (2.5%). Long-term loans totalling EUR 16.2 million will mature during the rest of the year.

The equity ratio was 47.3% (43.3%) and the gearing rate 33.9 (53.8). Liquid assets at the end of the period amounted to EUR 15.1 million (EUR 16.7 million).

Of the EUR 100 million commercial paper programme, EUR 15.0 million (EUR 34.0 million) was in use at the end of the period. A committed limit totalling EUR 30.0 million was not in use, as was the case in the comparison period.

DISTRIBUTION OF ASSETS

The Annual General Meeting held on 12 March 2013 resolved that the profit for 2012 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.60 per share was paid for the financial year 2012. The capital repayment, totalling EUR 23.2 million, was paid to the shareholders on 22 March 2013.

CAPITAL EXPENDITURE

Capital expenditure for January-June totalled EUR 16.7 million (EUR 27.8 million) and was mainly comprised of machine and equipment purchases.

PERSONNEL

In January-June the average number of employees converted into full-time equivalents was 8,002 (8,220). The total number of full-time and part-time employees at the end of the period was 9,567 (9,817). Of them 7,602 (7,689) people worked in Finland and 1,965 (2,128) people in other countries.

SHARE AND SHARE CAPITAL

Traded volume and price

The volume of trading excluding the shares held by the company in Lassila & Tikanoja plc shares on NASDAQ OMX Helsinki in January-June was 3,796,733 which is 9.8% (14.6%) of the average number of outstanding shares. The value of trading was EUR 49.5 million (EUR 59.1 million). The trading price varied between EUR 11.60 and EUR 14.19. The closing price was EUR 13.40. The market capitalisation excluding the shares held by the company was EUR 518.7 million (EUR 362.1 million) at the end of the period.

Own shares

At the end of the period the company held 92,247 of its own share shares, representing 0.2% of all shares and votes.

Share capital and number of shares

The company's registered share capital amounts to EUR 19,399,437, and the number of outstanding shares to 38,706,627 shares. The average number of shares excluding the shares held by the company totalled 38,701,195.

Share-based incentive programme 2013

Lassila & Tikanoja plc's Board of Directors decided on 17 December 2012 on a new share-based incentive programme. The programme's earnings period began on 1 January 2013 and ends on 31 December 2013. Potential rewards to be paid for the year 2013 will be based on the EVA result of Lassila & Tikanoja group. Potential rewards will be paid partly as shares and partly in cash. A maximum total of 53,300 Lassila & Tikanoja plc shares may be paid out on the basis of the programme. The programme covers 10 persons.

Shareholders

At the end of the period, the company had 9,485 (9,525) shareholders. Nominee-registered holdings accounted for 17.9% (15.3%) of the total number of shares.

Authorisation for the Board of Directors

The Annual General Meeting held on 12 March 2013 authorised Lassila & Tikanoja plc's Board of Directors to make decisions on the repurchase of the company's own shares using the company's unrestricted equity. In addition, the Annual General Meeting authorised the Board of Directors to decide on the share issue and the issuance of special rights entitling to shares.

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

The Board of Directors is authorised to decide on issuance of new shares or shares possibly held by the Company through share issue and/or issuance of option rights or other special rights entitling to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that by virtue of the authorisation altogether 500,000 shares, which is 1.3% of the total number of shares, may be issued and/or conveyed at the maximum. The share issue authorisation will be effective for 18 months.

RESOLUTIONS BY THE GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 12 March 2013, adopted the financial statements for the financial year 2012 and released the members of the Board of Directors and the President and CEO from liability.

The AGM resolved that the profit for 2012 be placed in retained earnings and that no dividend be paid. A capital repayment of EUR 0.60 per share, as proposed by the Board of Directors, was paid for the financial year 2012 on the basis of the balance sheet adopted. The capital repayment, totalling EUR 23.2 million, payment date was on 22 March 2013.

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

KPMG Oy Ab, Authorised Public Accountants, was elected auditor. KPMG Oy Ab named Lasse Holopainen, Authorised Public Accountant, as its principal auditor.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 12 March 2013.

BOARD OF DIRECTORS

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

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

SUMMARY OF STOCK EXCHANGE RELEASES PURSUANT TO ARTICLE 4, CHAPTER 6 OF THE SECURITIES MARKETS ACT

In a release published on 25 March 2013, the company announced the comparable figures for 2012 based on the new business structure.

In a release published on 9 April 2013, the company announced that as part of EcoStream Oy's capital arrangements, Lassila & Tikanoja plc subscribed for EcoStream Oy shares for a total of EUR 2.0 million on 8 April 2013. The subscription price was EUR 3.00 per share. This subscription was financed through a conversion of Lassila & Tikanoja's remaining sale price receivable from the L&T Recoil Oy divestment, EUR 2.0 million, into EcoStream Oy shares. Consequently, the arrangement had no direct impact on cash flow. Following this arrangement and EcoStream Oy's other capital arrangements, Lassila & Tikanoja's ownership in EcoStream Oy fell to approximately 16.4 per cent.

In connection with the arrangement, Lassila & Tikanoja's Board of Directors decided on a write-down of all shares held by Lassila & Tikanoja plc to EUR 3.00 per share. As a result of this write-down, the company will record an impairment of EUR 5.1 million on EcoStream Oy's shares for the second quarter.

After the write-down, the balance sheet value of the EcoStream shares held by L&T will be approximately EUR 3.6 million.

The impairment will be treated as a non-recurring cost item, with no impact on cash flow.

EVENTS AFTER THE PERIOD

In a release published on 1 July 2013, the company announced that the consideration of charges relating to L&T's overtime investigation was complete. The police investigation and the consideration of charges were aimed at the overtime work of 25 of L&T's property maintenance employees. On the basis of the consideration of charges, the District Prosecutor for Helsinki has decided to press charges against

21 former and current management staff at Lassila & Tikanoja, including Pekka Ojanpää, President and CEO since 1 November 2011.

NEAR-TERM RISKS AND UNCERTAINTIES

Economic uncertainty may cause major changes in the Environmental Services division's secondary raw material markets and in the Industrial Services division's demand.

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

More detailed information on L&T's risks and risk management is available in the Annual Report for 2012, in the report of the Board of Directors, and in the consolidated financial statements.

OUTLOOK FOR THE REST OF THE YEAR

Full-year net sales in 2013 are expected to remain at the 2012 level. Operating profit, excluding non-recurring items, is expected to remain at the 2012 level or improve slightly.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY–30 JUNE 2013

CONSOLIDATED INCOME STATEMENT

EUR 1 000	4-6/ 2013	4-6/ 2012	1-6/ 2013	1-6/ 2012	1-12/ 2012
Net sales	168 882	169 692	336 603	340 978	673 985
Cost of sales	-149 488	-151 299	-303 855	-311 010	-602 581
Gross profit	19 394	18 393	32 748	29 968	71 404
Other operating income	1 368	5 011	1 746	5 559	7 708
Selling and marketing costs	-3 764	-4 945	-7 404	-9 036	-16 745
Administrative expenses	-2 991	-3 408	-6 237	-6 416	-12 090
Other operating expenses	-499	-605	-1 047	-696	-1 584
Impairment, non-current assets	-5 027	-302	-5 027	-302	-302
Impairment, goodwill and other intangible assets					
Operating profit	8 481	14 144	14 779	19 077	48 391
Finance income	110	148	231	503	860
Finance costs	-700	-3 504	-1 229	-4 819	-6 256
Profit before tax	7 891	10 788	13 781	14 761	42 995
Income tax expense	-2 407	-1 447	-3 850	-2 656	-8 543
Profit for the period	5 484	9 341	9 931	12 105	34 452
Attributable to:					
Equity holders of the company	5 484	9 342	9 935	12 111	34 459
Non-controlling interest	0	-1	-4	-6	-7
Earnings per share for profit attributable to the equity holders of the company:					
Basic earnings per share, EUR	0.14	0.24	0.26	0.31	0.89
Diluted earnings per share, EUR	0.14	0.24	0.26	0.31	0.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	4-6/ 2013	4-6/ 2012	1-6/ 2013	1-6/ 2012	1-12/ 2012
Profit for the period	5 484	9 341	9 931	12 105	34 452
Other comprehensive income, after tax					
Items arising from re-measurement of defined benefit plans					-189
Total	0	0	0	0	-189
Hedging reserve, change in fair value	-1 213	348	-256	657	1 098
Revaluation reserve					
Gains in the period	-1	0	-2	3	2
Current available-for-sale financial assets	-1	0	-2	3	2
Currency translation differences	-1 081	-601	-831	80	627
Currency translation differences, non-controlling interest	-20	-15	-16	3	10
Other comprehensive income, after tax	-2 315	-268	-1 105	743	1 737
Total comprehensive income, after tax	3 169	9 073	8 826	12 848	36 000
Attributable to:					
Equity holders of the company	3 189	9 089	8 846	12 851	35 997
Non-controlling interest	-19	-16	-20	-3	3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1 000	6/2013	6/2012	12/2012
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	119 917	119 735	120 189
Customer contracts arising from acquisitions	6 396	9 027	7 880
Agreements on prohibition of competition	1 079	2 534	1 810
Other intangible assets arising from business acquisitions	46	67	57
Other intangible assets	8 580	8 968	8 494
	136 018	140 331	138 430
Property, plant and equipment			
Land	3 746	4 129	3 844
Buildings and constructions	49 957	47 604	52 393
Machinery and equipment	116 732	122 185	121 179
Other	85	85	86
Prepayments and construction in progress	4 352	5 423	2 657
	174 872	179 426	180 159
Other non-current assets			
Available-for-sale investments	4 254	7 293	7 284
Finance lease receivables	3 623	3 848	3 608
Deferred tax assets	3 447	3 713	3 845
Other receivables	5 823	2 946	2 755
	17 147	17 800	17 492
Total non-current assets	328 037	337 557	336 081
Current assets			
Inventories	26 044	26 941	24 884
Trade and other receivables	100 963	107 862	103 925
Derivative receivables	382	113	1 290
Prepayments	1 838	2 688	491
Current available-for-sale financial assets		6 997	2 499
Cash and cash equivalents	15 078	9 739	12 083
Total current assets	144 305	154 340	145 172
TOTAL ASSETS	472 342	491 897	481 253

EUR 1 000	6/2013	6/2012	12/2012
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the company			
Share capital	19 399	19 399	19 399
Share premium reserve			
Other reserves	-1 832	-1 729	-743
Unrestricted equity reserve	6 103	29 381	29 381
Retained earnings	184 216	150 200	150 233
Profit for the period	9 935	12 111	34 459
	217 821	209 362	232 729
Non-controlling interest	254	268	274
Total equity	218 075	209 630	233 003
Liabilities			
Non-current liabilities			
Deferred tax liabilities	30 637	30 301	31 313
Retirement benefit obligations	894	667	672
Provisions	4 194	2 589	4 304
Borrowings	46 724	74 208	57 961
Other liabilities	879	1 021	942
	83 328	108 786	95 192
Current liabilities			
Borrowings	42 293	55 260	38 915
Trade and other payables	127 648	116 630	112 880
Derivative liabilities	677	859	1 129
Tax liabilities		13	14
Provisions	321	719	120
	170 939	173 481	153 058
Total liabilities	254 267	282 267	248 250
TOTAL EQUITY AND LIABILITIES	472 342	491 897	481 253

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	6/2013	6/2012	12/2012
Cash flows from operating activities			
Profit for the period	9 931	12 105	34 452
Adjustments			
Income tax expense	3 850	2 657	8 543
Depreciation, amortisation and impairment	26 117	22 123	43 642
Finance income and costs	998	4 315	5 395
Gain on sale of shares		-4 413	-4 181
Other	-589	448	1 603
Net cash generated from operating activities before change in working capital	40 307	37 235	89 454
Change in working capital			
Change in trade and other receivables	-3 593	-17 313	-10 574
Change in inventories	-1 156	-2 177	-121
Change in trade and other payables	14 478	21 853	17 096
Change in working capital	9 729	2 363	6 401
Interest paid	-1 267	-3 036	-5 070
Interest received	240	526	830
Income tax paid	-4 640	-5 523	-11 127
Net cash from operating activities	44 369	31 565	80 488
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired		-807	-2 498
Proceeds from sale of subsidiaries and businesses, net of sold cash		7 820	7 820
Purchases of property, plant and equipment and intangible assets	-14 093	-21 381	-40 659
Proceeds from sale of property, plant and equipment and intangible assets	781	255	2 826
Purchases of available-for-sale investments			
Change in other non-current receivables	198	368	560
Proceeds from sale of available-for-sale investments			
Dividends received		1	1
Net cash used in investing activities	-13 114	-13 744	-31 950
Cash flows from financing activities			
Change in short-term borrowings	2 997	16 087	-5 781
Proceeds from long-term borrowings		10 200	10 200
Repayments of long-term borrowings	-10 425	-14 197	-25 254
Dividends paid and other asset distribution	-23 197	-21 254	-21 254
Repurchase of own shares			
Net cash generated from financing activities	-30 625	-9 164	-42 089

EUR 1 000	6/2013	6/2012	12/2012
Net change in liquid assets	630	8 657	6 449
Liquid assets at beginning of period	14 582	8 069	8 069
Effect of changes in foreign exchange rates	-134	10	64
Change in fair value of current available-for-sale investments			
Liquid assets at end of period	15 078	16 736	14 582
Liquid assets			
EUR 1 000	6/2013	6/2012	12/2012
Cash and cash equivalents	15 078	9 739	12 083
Available-for-sale financial assets		6 997	2 499
Total	15 078	16 736	14 582

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1 000	Share capital	Share premium reserve	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Equity at 1.1.2013	19 399	0	-785	2	41	29 381	184 692	232 729	274	233 003
Amendment in IAS19							-189	-189		-189
Equity at 1.1.2013	19 399	0	-785	2	41	29 381	184 503	232 540	274	232 814
Expense recognition of share-based benefits							18	18		18
Capital repayment						-23 278	299	-22 979		-22 979
Total comprehensive income			-831	-2	-256		9 935	8 846	-20	8 826
Other differences							-604	-604		-604
Equity at 30.6.2013	19 399	0	-1 616	0	-215	6 103	194 151	217 821	254	218 075
Equity at 1.1.2012	19 399	0	-1 412	0	-1 057	50 658	150 085	217 673	271	217 944
Amendment in IAS19							93	93		93
Expense recognition of share-based benefits										0
Capital repayment						-21 277	22	-21 255		-21 255
Total comprehensive income			80	3	657		12 111	12 851	-3	12 848
Equity at 30.6.2012	19 399	0	-1 332	3	-400	29 381	162 311	209 362	268	209 630

KEY FIGURES

	4-6/ 2013	4-6/ 2012	1-6/ 2013	1-6/ 2012	1-12/ 2012
Earnings per share, EUR	0.14	0.24	0.26	0.31	0.89
Earnings per share, diluted, EUR	0.14	0.24	0.26	0.31	0.89
Cash flows from operating activities per share, EUR	0.45	0.59	1.15	0.82	2.08
EVA, EUR million	3.4	7.9	4.3	6.4	24.1
Capital expenditure, EUR 1000	10 737	16 359	16 656	27 833	49 385
Depreciation, amortisation and impairment, EUR 1000	15 540	11 297	26 118	22 123	43 641
Equity per share, EUR			5.63	5.41	6.01
Return on equity, ROE, %			8.8	11.3	15.3
Return on invested capital, ROI, %			9.4	11.3	14.4
Equity ratio, %			47.3	43.3	49.4
Gearing, %			33.9	53.8	35.3
Net interest-bearing liabilities, EUR 1000			73 939	112 732	82 294
Average number of employees in full-time equivalents			8 002	8 220	8 399
Total number of full-time and part-time employees at end of period			9 567	9 817	8 962
Number of outstanding shares adjusted for issues, 1000 shares					
average during the period			38 701	38 686	38 688
at end of period			38 707	38 686	38 692
average during the period, diluted			38 710	38 709	38 701

ACCOUNTING POLICIES

This interim report release is in compliance with IAS 34 standard. The same accounting policies as in the annual financial statements for the year 2012 have been applied. The following new, revised or amended IFRS standards and IFRIC interpretations that have become effective in 2013 have not had an impact on the financial statements:

- IAS 19 (Amendment) Employee Benefits

Key changes: The amendment eliminates the use of the 'corridor' approach. The definition of estimated return on funded defined benefit plan assets will change. Financial cost is determined on the net assets (included in the obligation and in the plan). Impact on statement of financial position on 31 December 2012 and statement of comprehensive income for the period 1 January 2012–31 December 2012 EUR 189 thousand.

- IFRS 13 Fair Value Measurement

The new standard sets out the requirement to determine fair value and to disclose related information in the financial statements; the new standard also includes a definition of fair value. The use of fair value is not extended, but the standard offers guidelines for value definition when another standard requires or permits fair value measurements. IFRS 13 extends the disclosure requirement for assets measured at fair value not included in financial assets. The EU has not yet approved the new standard for application. The new standard is not expected to have a material impact on consolidated financial statements.

- IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendment includes more extensive disclosure requirements; entities are required to disclose numerical information on financial assets presented in net amount in the statement of financial position, and on financial assets subject to master netting arrangements or similar agreements, even if presented

in gross amount in the statement of financial position. The amendment will be adopted for application in the 2013 financial statements. The required disclosures must be presented retrospectively. The amendment has not yet been approved for application in the EU. The amendment does not have a material impact on the consolidated financial statements. The preparation of financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the carrying amounts on the balance sheet date for assets and liabilities and the amounts of revenues and expenses. In addition, the management makes judgements when making decisions on application of accounting policies. Actual results may differ from the estimates and assumptions.

The interim report has not been audited.

SEGMENT INFORMATION

Net sales

EUR 1 000	4-6/2013			4-6/2012			Total net sales, change %
	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	65 694	903	66 597	67 771	1 365	69 136	-3.7
Industrial Services	18 908	1 094	20 002	19 388	770	20 158	-0.8
Facility Services	72 309	1 086	73 395	71 436	940	72 376	1.4
Renewable Energy Sources	11 971	1 020	12 991	11 097	1 002	12 099	7.4
Eliminations		-4 103	-4 103		-4 077	-4 077	
L&T total	168 882	0	168 882	169 692	0	169 692	-0.5

EUR 1 000	1-6/2013			1-6/2012			Total net sales, change %
	External	Inter-division	Total	External	Inter-division	Total	
Environmental Services	124 801	1 997	126 798	131 543	3 060	134 603	-5.8
Industrial Services	31 988	1 744	33 732	31 577	1 504	33 081	2.0
Facility Services	147 100	2 091	149 191	150 222	1 774	151 996	-1.8
Renewable Energy Sources	32 714	2 047	34 761	27 636	2 047	29 683	17.1
Eliminations		-7 879	-7 879		-8 385	-8 385	
L&T total	336 603	0	336 603	340 978	0	340 978	-1.3

EUR 1 000	1-12/2012		
	External	Inter-division	Total
Environmental Services	259 791	5 870	265 661
Industrial Services	66 863	3 133	69 996
Facility Services	295 451	4 042	299 493
Renewable Energy Sources	51 880	4 067	55 947
Eliminations		-17 112	-17 112
L&T total	673 985	0	673 985

Operating profit

EUR 1 000	4-6/ 2013	%	4-6/ 2012	%	1-6/ 2013	%	1-6/ 2012	%	1-12/ 2012	%
Environmental Services	9 059	13.6	12 368	17.9	15 283	12.1	16 640	12.4	34 251	12.9
Industrial Services	1 895	9.5	2 199	10.9	1 376	4.1	942	2.8	3 892	5.6
Facility Services	2 830	3.9	1 025	1.4	3 259	2.2	2 621	1.7	12 980	4.3
Renewable Energy Sources	94	0.7	-733	-6.1	1 061	3.1	54	0.2	-61	-0.1
Group admin. and other	-5 397		-715		-6 200		-1 180		-2 671	
L&T total	8 481	5.0	14 144	8.3	14 779	4.4	19 077	5.6	48 391	7.2
Finance costs, net	-590		-3 356		-998		-4 316		-5 396	
Profit before tax	7 891		10 788		13 781		14 761		42 995	

Other segment information

EUR 1 000	6/2013	6/2012	12/2012		
Assets					
Environmental Services	220 751	239 502	228 457		
Industrial Services	74 761	82 294	81 573		
Facility Services	114 236	105 588	105 718		
Renewable Energy Sources	26 665	28 838	30 179		
Group admin. and other	10 823	9 704	9 853		
Unallocated assets	25 106	25 971	25 473		
L&T total	472 342	491 897	481 253		
Liabilities					
Environmental Services	51 375	44 270	42 381		
Industrial Services	22 199	19 431	18 687		
Facility Services	51 791	49 397	50 073		
Renewable Energy Sources	7 268	7 060	6 094		
Group admin. and other	1 052	1 054	1 378		
Unallocated assets	120 582	161 055	129 637		
L&T total	254 267	282 267	248 250		
EUR 1 000	4-6/ 2013	4-6/ 2012	1-6/ 2013	1-6/ 2012	1-12/ 2012
Capital expenditure					
Environmental Services	4 885	3 774	7 357	8 055	16 149
Industrial Services	1 071	2 598	1 585	4 499	11 272
Facility Services	2 846	3 050	5 541	8 242	14 727
Renewable Energy Sources	37	233	82	330	486
Group admin. and other	1 898	6 704	2 091	6 707	6 751
L&T total	10 737	16 359	16 656	27 833	49 385
Depreciation and amortisation					
Environmental Services	5 464	6 436	11 059	12 798	24 690
Industrial Services	1 684	1 676	3 347	3 320	7 084
Facility Services	3 287	2 813	6 526	5 561	11 276
Renewable Energy Sources	75	66	152	138	281
Group admin. and other	3	4	7	4	9
L&T total	10 513	10 995	21 091	21 821	43 340
Impairment					
Environmental Services		302		302	302
Group admin. and other	5 027		5 027		
L&T total	5 027	302	5 027	302	302

INCOME STATEMENT BY QUARTER

EUR 1 000	4-6/ 2013	1-3/ 2013	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012
Net sales						
Environmental Services	66 597	60 201	64 670	66 388	69 136	65 467
Industrial Services	20 002	13 730	18 770	18 145	20 158	12 923
Facility Services	73 395	75 796	74 789	72 708	72 376	79 620
Renewable Energy Sources	12 991	21 770	18 287	7 977	12 099	17 584
Group admin. and other						
Inter-division net sales	-4 103	-3 776	-4 725	-4 002	-4 077	-4 308
L&T total	168 882	167 721	171 791	161 216	169 692	171 286
Operating profit						
Environmental Services	9 059	6 224	6 592	11 019	12 368	4 272
Industrial Services	1 895	-519	1 161	1 789	2 199	-1 257
Facility Services	2 830	429	2 516	7 843	1 025	1 596
Renewable Energy Sources	94	967	269	-384	-733	787
Group admin. and other	-5 397	-803	-853	-638	-715	-465
L&T total	8 481	6 298	9 685	19 629	14 144	4 933
Operating margin						
Environmental Services	13.6	10.3	10.2	16.6	17.9	6.5
Industrial Services	9.5	-3.8	6.2	9.9	10.9	-9.7
Facility Services	3.9	0.6	3.4	10.8	1.4	2.0
Renewable Energy Sources	0.7	4.4	1.5	-4.8	-6.1	4.5
L&T total	5.0	3.8	5.6	12.2	8.3	2.9
Finance costs, net	-590	-408	-512	-568	-3 356	-960
Profit before tax	7 891	5 890	9 173	19 061	10 788	3 973

BUSINESS ACQUISITIONS

In January-June 2013 Lassila & Tikanoja made no business acquisitions.

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

CHANGES IN INTANGIBLE ASSETS

EUR 1 000	1-6/2013	1-6/2012	1-12/2012
Carrying amount at beginning of period	138 430	144 489	144 489
Business acquisitions		356	1 110
Other capital expenditure	1 466	954	2 322
Disposals		-1 455	-1 957
Amortisation and impairment	-3 570	-4 221	-8 023
Transfers between items			
Exchange differences	-308	208	489
Carrying amount at end of period	136 018	140 331	138 430

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1 000	1-6/2013	1-6/2012	1-12/2012
Carrying amount at beginning of period	180 159	207 522	207 522
Business acquisitions		515	2 438
Other capital expenditure	13 189	19 303	36 810
Disposals	-525	-30 143	-31 258
Depreciation and impairment	-17 521	-17 902	-35 619
Transfers between items			
Exchange differences	-430	131	266
Carrying amount at end of period	174 872	179 426	180 159

CAPITAL COMMITMENTS

EUR 1 000	1-6/2013	1-6/2012	1-12/2012
Intangible assets		220	109
Property, plant and equipment	4 279	5 050	1 953
Total	4 279	5 270	2 062

The Group's share of capital commitments

RELATED-PARTY TRANSACTIONS

(Joint ventures)

EUR 1 000	1-6/2013	1-6/2012	1-12/2012
Sales		939	939
Other operating income		24	24
Interest income		391	391
Non-current receivables			
Capital loan receivable		0	0
Current receivables			
Trade receivables		0	0
Loan receivables		0	0

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR 1 000	Financial assets and liabilities at fair value through profit or loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair values by balance sheet item	Fair value hierarchy level under IFRS 7
Non-current financial assets								
Available-for-sale investments			4 253			4 253	4 253	3
Finance lease receivables		3 623				3 623	3 826	
Other receivables		5 822				5 822	5 822	
Current financial assets								
Trade and other receivables		90 556				90 556	90 556	
Derivative receivables					382	382	382	2
Available-for-sale financial assets								2
Cash and cash equivalents		15 078				15 078	15 078	
Total financial assets		115 079	4 253		382	119 714	119 917	
Non-current financial liabilities								
Borrowings				46 725		46 725	46 893	
Other liabilities				561		561	561	
Current financial liabilities								
Borrowings				42 294		42 294		
Trade and other payables				61 971		61 971		
Derivative liabilities					677	677	677	2
Total financial liabilities				151 551	677	152 228	48 131	

CONTINGENT LIABILITIES**Securities for own commitments**

EUR 1 000	6/2013	6/2012	12/2012
Mortgages on rights of tenancy	186	186	186
Company mortgages	583	460	583
Other securities	180	200	178
Bank guarantees required for environmental permits	8 694	5 848	6 483

Other securities are security deposits.

Off balance sheet liabilities

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

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

The financial liabilities of L&T Recoil totalled EUR 32.8 million on 30 June 2013.

Operating lease liabilities

EUR 1 000	6/2013	6/2012	12/2012
Maturity not later than one year	5 129	6 332	5 556
Maturity later than one year and not later than five years	6 700	10 470	8 377
Maturity later than five years	2 183	2 443	2 274
Total	14 012	19 245	16 206

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

EUR 1 000	6/2013	6/2012	12/2012
Nominal values of interest rate and currency swaps*			
Maturity not later than one year	17 824		14 229
Maturity later than one year and not later than five years	20 339		28 940
Maturity later than five years	1 818		2 727
Total	39 981	0	45 896
Fair value	-630		-1 129
Nominal value of interest rate swaps**			
Maturity not later than one year		4 000	0
Maturity later than one year and not later than five years		18 364	0
Maturity later than five years		3 636	0
Total	0	26 000	0
Fair value		-314	0

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

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

Commodity derivatives

metric tonnes	6/2013	6/2012	12/2012
Nominal values of diesel swaps			
Maturity not later than one year	4524	3 816	5 136
Maturity later than one year and not later than five years	0	1 272	660
Total	4 524	5 088	5 796
Fair value, EUR 1000	-47	112	136

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

Currency forwards

EUR 1 000	6/2013	6/2012	12/2012
Volume of forward contracts			
Maturity not later than one year	0	0	775
Fair value	0	0	4

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

Cross currency interest rate swaps

EUR 1 000	6/2013	6/2012	12/2012
Maturity of cross currency interest rate swaps under hedge accounting			
Maturity not later than one year	11 200	12 444	12 800
Maturity later than one year and not later than five years	13 067	22 596	16 667
Total	24 267	35 040	29 467
Fair value, EUR 1 000	382	-545	1 150

The contracts are used to hedge cash flow related to foreign currency floating rate loans. The changes in the fair values are shown in the consolidated statement of comprehensive income for the period. On the balance sheet date, the value of foreign currency loans was EUR 0.4 million negative.

CALCULATION OF KEY FIGURES

Earnings per share:

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

Earnings per share, diluted:

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

Cash flows from operating activities/share:

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

EVA:

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

WACC 2012: 7.1%

WACC 2013: 6.5%

Equity per share:

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

Return on equity, % (ROE):
 $(\text{profit for the period} / \text{equity (average)}) \times 100$

Return on investment, % (ROI):
 $(\text{profit before tax} + \text{finance costs}) / (\text{total equity and liabilities} - \text{non-interest-bearing liabilities (average)}) \times 100$

Equity ratio, %:
 $\text{equity} / (\text{total equity and liabilities} - \text{advances received}) \times 100$

Gearing, %:
 $\text{net interest-bearing liabilities} / \text{equity} \times 100$

Net interest-bearing liabilities:
 $\text{interest-bearing liabilities} - \text{liquid assets}$

Operating profit excluding non-recurring items:
 $\text{operating profit} \pm \text{non-recurring items}$

Helsinki, 5 August 2013

LASSILA & TIKANOJA PLC
Board of Directors

Pekka Ojanpää
President and CEO

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Lassila & Tikanoja is a service company that is transforming the consumer society into an efficient recycling society. In co-operation with our customers we are reducing waste volumes, extending the useful lives of properties, recovering materials and decreasing the use of raw materials and energy. We help our customers to focus on their core business and to save the environment. Together, we create well-being and jobs. With operations in Finland, Sweden, Latvia and Russia, L&T employs 9,600 persons. Net sales in 2012 amounted to EUR 674.0 million. L&T is listed on NASDAQ OMX Helsinki.

Distribution:
NASDAQ OMX Helsinki
Major media
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