LASSILA & TIKANOJA

LASSILA & TIKANOJA PLC
INTERIM REPORT 1 JANUARY – 31 MARCH 2008

- **Net sales EUR 147.3 million (EUR 129.1 million), growth 14.1%**
- **Operating profit EUR 22.8 million (EUR 9.2 million)**
- **Operating profit excluding non-recurring and imputed items EUR 8.8 million (EUR 10.3 million)**
- **Earnings per share EUR 0.51 (EUR 0.15)**
- **Full-year net sales are expected to increase in line with the long-term target, which is more than 10 per cent. Operating profit excluding non-recurring and imputed items is expected to remain at the same level as in the previous year. Earnings will improve due to the gain on sale of Ekokem shares.**

GROUP NET SALES AND FINANCIAL PERFORMANCE

Net sales for the first quarter stood at EUR 147.3 million (EUR 129.1 million). This represented an increase of 14.1%, 6.4 percentage points of which came from corporate acquisitions. The operating profit was EUR 22.8 million (EUR 9.2 million), which is 15.5% (7.1%) of net sales. The operating profit excluding non-recurring and imputed items was EUR 8.8 million (EUR 10.3 million).

Strong organic growth continued thanks to successful new sales. The operating profit was improved by a capital gain of EUR 14.3 million on sale of Ekokem Oy Ab shares in January. The operating profit excluding non-recurring and imputed items was burdened by a decline in the demand for recycled fuels and biofuels due to the mild winter, as well as rapid fluctuations in the demand for Industrial Services. Operations outside Finland improved their performance.

Financial summary

	1-3/2008	1-3/2007	Change %	1-12/2007
Net sales, EUR million	**147.3**	129.1	14.1	554.6
Operating profit excluding non-recurring and imputed items, EUR million*	**8.8**	10.3	-14.6	54.3
Operating profit, EUR million	**22.8**	9.2		48.8
Operating margin, %	**15.5**	7.1		8.8
Profit before tax, EUR million	**21.7**	8.3		44.5
Earnings per share, EUR	**0.51**	0.15		0.83
EVA, EUR million	**15.7**	3.6		23.0

* Breakdown of operating profit excluding non-recurring and imputed items is presented at the end of the explanatory statement.

NET SALES AND FINANCIAL PERFORMANCE BY DIVISION

Environmental Services

The net sales of Environmental Services (waste management, recycling services, L&T Biowatti, environmental products) amounted to EUR 75.5 million (EUR 65.4 million), an increase of 15.4%. The operating profit was EUR 8.4 million (EUR 8.8 million).

Strong organic growth of waste management continued thanks to successful new sales. The product line achieved its targets and improved its earnings. The performance of recycling services in Finland was burdened by increases in the purchase prices of certain waste materials. The operating profit for the comparison period included profits from a tyre recycling agreement that had expired in 2006.

The efficiency of collection was improved through new technical solutions. Construction of substantial added capacity was initiated at the Kerava recycling park. New capacity will be completed step by step during 2009 and 2010. The capacity of the Kerava plant will be doubled to almost 400,000 tonnes, and the recovery rate will increase substantially. The capacity of the landfill at the Kerava plant has reduced due to technical reasons, which will increase the costs of final disposal of plant reject in the second half of the year. A landfill for industrial waste is being constructed in Kotka with estimated completion in the early autumn.

The demand for L&T Biowatti's biofuels was substantially lower than expected, which was due to the exceptionally mild winter. Warm weather also hampered the collection of forest processed chips, and subcontracting costs increased. L&T Biowatti fell clearly short of its target. Dependence from subcontractors is being reduced by investing in the company's own collecting, processing and transport equipment for forest processed chips. L&T Biowatti will start the production of wood pellets during the current year at Suonenjoki and Luumäki.

The business in Russia and Latvia developed as planned. Resources were increased to continue the expansion of operations outside Finland. The performance of the Latvian operations developed favourably but the high national inflation rate still imposes challenges on profitability.

The performance of Environmental Products improved as net sales increased and costs were kept in control.

Property and Office Support Services

The net sales of Property and Office Support Services (property maintenance and cleaning services) totalled EUR 55.6 million (EUR 48.7 million), an increase of 14.1%. The operating profit was EUR 1.6 million (EUR 1.1 million).

Net sales in Finland were improved by good organic growth and corporate acquisitions completed last year. Contract revenue increased, and the sales of additional services were successful. The Finnish operations improved their earnings.

New service products were again introduced to the market. New products in cleaning services included the L&T® Eco-cleaning concept, which received the Nordic ecolabel, also known as the Swan label, as the first product of the industry in Finland. The concept provides customers the opportunity to carry out concrete environment-friendly actions.

The holding in Blue Service Partners was sold to the joint venture partner in the beginning of February.

Net sales from international operations increased in Russia and Latvia. The Russian operations posted a positive operating profit. The focus in Sweden is on organic growth and on the introduction of planning and monitoring systems that improve profitability. The loss from international operations declined.

Industrial Services

The net sales of Industrial Services (hazardous waste management, industrial solutions, damage repair services and wastewater services) amounted to EUR 17.4 million (EUR 16.2 million), an increase of 7.6%. The division made an operating loss of EUR -0.9 million (EUR -0.1 million).

The increase in net sales was mainly attributable to business operations transferred from Environmental Services. The demand for Industrial Services is usually weakest early in the year but demand in the comparison period was exceptionally strong. The earnings were burdened by difficulties in delivering recycled fuels, as well as rapid fluctuations in the demand for services and the failure to adapt production to the changes quickly enough. The earnings were also burdened by changes in the fair values of oil derivatives amounting to EUR 0.3 million (EUR 1.1 million).

Demand for the division's services became more lively and normal towards the end of the period. The outlook for the entire year is mainly positive. Damage repair services continued to expand their service network.

The joint venture L&T Recoil's re-refinery for used lubricating oil is expected to be completed towards the end of the year.

FINANCING

At the end of the period, interest-bearing liabilities amounted to EUR 2.3 million less than a year earlier. Net interest-bearing liabilities, totalling EUR 87.5 million, decreased by EUR 0.6 million from the comparison period and increased by EUR 1.1 million from the beginning of the year.

Net finance costs totalled EUR 1.1 million (EUR 0.9 million). Finance costs increased by EUR 0.3 million as a result of a rise in the interest rate level. An expense of EUR 0.1 million (EUR 0.1 million) arising from changes in the fair values of interest rate swaps was recognised in the finance costs. Net finance costs were 0.7% (0.7%) of net sales and 4.8% (9.3%) of operating profit.

A total of EUR 0.3 million arising from the change in the fair value of interest rate swaps to which hedge accounting under IAS 39 is applied, was recognised as a reduction in equity.

The equity ratio was 48.8% (40.5%) and the gearing rate 42.1 (54.6). Cash flows from operating activities amounted to EUR 11.6 million (EUR 9.3 million), and EUR 1.6 million were tied up in the working capital (EUR 5.1 million).

The improved equity ratio was attributable to the capital gain on the sale of Ekokem shares and the fact that this year's Annual General Meeting was held in April. Dividends were included in equity on 31 March this year but belonged to non-interest-bearing liabilities in the comparison period.

DIVIDEND

The Annual General Meeting held on 1 April 2008 resolved on a dividend of EUR 0.55 per share. The dividend, totalling EUR 21.3 million, was paid on 11 April 2008.

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 14.1 million (EUR 47.2 million). Production plants were built and machinery and equipment were purchased and information systems were replaced.

The cleaning services business of Siivouspalvelu Siivoset Oy and the cleaning services business of Siivousliike Lainio Oy were acquired into Property and Office Support Services. The business of Obawater Oy was acquired into waste water services within Industrial Services. The combined annual net sales of the acquired businesses totalled EUR 0.5 million.

PERSONNEL

In January-March, the average number of employees converted into full-time equivalents was 7,936 (6,881). At the end of the period, the total number of full-time and part-time employees was 9,532 (8,805). Of them 7,077 (6,650) people worked in Finland and 2,455 (2,155) people in other countries.

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SHARE AND SHARE CAPITAL

Traded volume and price
The volume of trading in Lassila & Tikanoja plc shares on OMX Nordic Exchange Helsinki from January through March was 4.682.168, which is 12.1% (13.9%) of the average number of shares. The value of trading was EUR 88.9 million. The trading price varied between EUR 17.20 and EUR 23.00. The closing price was EUR 18.00. The market capitalisation was EUR 698.3 million (EUR 969.5 million) at the end of the period.

Share capital
At the beginning of the year the company's registered share capital amounted to EUR 19.392.187. After subscriptions made pursuant to 2005A options, the share capital increased by EUR 6,250 to EUR 19.398.437 and the number of the shares by 12,500 shares to 38.796.874 shares on 14 February 2008.

Share option schemes 2005 and 2008
In 2005, 600,000 share options were issued, each entitling its holder to subscribe for one share of Lassila & Tikanoja plc. In the beginning of the exercise period, 25 key persons held 162,000 2005A options. 33 key persons hold 178,000 2005B options and 43 key persons hold 228,500 2005C options. L&T Advance Oy, a wholly-owned subsidiary of Lassila & Tikanoja plc, holds 8,000 2005A options, 22,000 2005B options and 1,500 2005C options.

The exercise price for the 2005A options is EUR 14.22, for 2005B options EUR 16.98 and for 2005C options EUR 26,87. The options issued under the share option plan 2005 entitle their holders to subscribe for a maximum of 1.4% of the current number of shares. 2005A options have been listed on the OMX Nordic Helsinki since 2 November 2007.

The Annual General Meeting of the year 2008 resolved to issue 230,000 share option rights, each entitling its holder to subscribe for one share of Lassila & Tikanoja plc. L&T Advance Oy holds all 230,000 option rights.

The exercise price for the 2008 options will be the trading volume weighted average price of the Company's share on the OMX Nordic Helsinki in May 2008, rounded off to the nearest cent. The exercise price of the share options shall, as per the dividend record date, be reduced by the amount of dividend which exceeds 70% of the profit per share for the financial period to which the dividend applies. However, only such dividends whose distribution has been agreed upon after the option pricing period and which have been distributed prior to the share subscription are deducted from the subscription price. The exercise price shall, however, always amount to at least EUR 0.01. The exercise period shall be from 1 November 2010 to 31 May 2012.

As a result of the exercise of the 2008 share options, the number of shares may increase by a maximum of 230,000 new shares, which is 0.59% of the current number of shares.

Shareholders
At the end of the financial period, the company had 5.263 (4.664) shareholders. Nominee-registered holdings accounted for 11.3% (8.2%) of the total number of shares.

Notifications on major holdings
On 26 March 2008, Varma Mutual Pension Insurance Company announced that its holding of the shares and votes in Lassila & Tikanoja plc had fallen to 4.52%.

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

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RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 1 April 2008, adopted the financial statements for the financial year 2007 and released the members of the Board of Directors and the President and CEO from liability. The AGM resolved that a dividend of EUR 0.55, a total of EUR 21.3 million, as proposed by the Board of Directors, be paid for the financial year 2007. The dividend payment date was 11 April 2008.

The Annual General Meeting confirmed the number of the members of the Board of Directors six. The following Board members were re-elected to the Board until the end of the following AGM: Eero Hautaniemi, Lasse Kurkilahti, Juhani Lassila and Juhani Maijala. Heikki Bergholm and Matti Kavetvuo were elected as new members for the same term.

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

The Annual General Meeting approved the Board's proposal to issue 230,000 share options to key personnel of the Lassila & Tikanoja Group and/or to a wholly-owned subsidiary of Lassila & Tikanoja plc.

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

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

On 22 January 2008, Lassila & Tikanoja sold its holding in the shares of Ekokem Oy Ab to Ilmarinen Mutual Pension Insurance Company. Lassila & Tikanoja had obtained possession of the shares over a period of several years and they no longer had any connection to the business operations of the company and were, consequently, not essential for them. A tax-free capital gain arising from the sale will be recognised in the financial statements for the first quarter of the year 2008. The positive effect of the sale on the profit for the period will be EUR 14.2 million.

NEAR-TERM UNCERTAINTIES

Changes in the fair values of oil derivatives associated with L&T Recoil's business depend on the development of world market prices for oil, and may have a substantial effect on the operating profit of Industrial Services. If the next winter is mild, this will have a negative impact on L&T Biowatti's earnings development. A planned amendment to Latvian waste legislation may have adverse effects on the competition situation for waste management in Riga towards the end of the year.

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PROSPECTS FOR THE REST OF THE YEAR

The demand prospects for Lassila & Tikanoja's markets remain mostly good. Cost development and passing the rise in the costs on to prices, however, will be challenging. Organic growth is expected to remain strong. Full-year net sales are expected to increase in line with the long-term target, which is more than 10 per cent. The operating profit excluding non-recurring and imputed items is expected to remain at the same level as in the previous year. Earnings will improve due to the gain on the sale of the Ekokem shares.

The demand for Environmental Services is expected to remain good. Increased plant capacity and a versatile service offering will probably improve L&T's market position. Increasing the capacity of recycling plants and landfills will continue along with geographical expansion in Russia.

The second mild winter in a row hampered forest harvesting work and increased the costs of L&T Biowatti's raw materials and subcontracted services. The demand for fuels is expected to remain lower than previously expected also during the second quarter as customers are spending their excess inventory spared during the winter. During the rest of the year, L&T Biowatti will continue to make efforts to strengthen its procurement organisation and collection equipment for forest processed chips and build two pellet-producing plants, one of which will be introduced into use in the summer and the other at the end of the year. L&T Biowatti's full-year earnings are expected to remain below the target.

The operating profit of Environmental Services as a whole is expected to match or exceed the previous year's level. However, a potential slowdown in new construction may be reflected in the intake volumes of recycling plants.

The market outlook for Property and Office Support Services remains good even though the competitive situation is expected to remain challenging and margins are expected to remain tight. Costs in Finland are increased by a rise in social security costs. Earnings from international operations are expected to improve but the full-year result is expected to remain slightly negative. Increasing net sales are a focal point for improving the profitability of international operations. The division's operating profit is expected to remain at the same level as in the previous year.

The market outlook for Industrial Services is still mostly positive. Demand seems to have returned to normal at the end of the review period, and L&T's position in the market has strengthened. Wastewater services and damage repair services will increase their capacity and improve their service ability in Finland. The construction of L&T Recoil's re-refinery is progressing, and the plant is expected to be completed towards the end of the year. The full-year operating profit of Industrial Services is expected to increase provided that the world market price of crude oil will not increase substantially and the testing stage of the re-refinery will not become longer than expected.

Investments are expected to fall short of the previous year's level, with main emphasis on organic growth.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING AND IMPUTED ITEMS

EUR million	**1-3/2008**	**1-3/2007**	**1-12/2007**
Operating profit	22.8	9.2	48.8
Non-recurring items:			
Loss on sale of landfill operations of Salvor and integration of the remaining Salvor's operations			2.3
Reorganisation of Property and Office Support Services operations in Russia			0.4
Gain on sale of the shares of Ekokem	-14.3		
Oil derivatives	0.3	1.1	2.8
Operating profit excluding non-recurring and imputed items	8.8	10.3	54.3

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CONDENSED FINANCIAL STATEMENTS 1 JANUARY–31 MARCH 2008

ACCOUNTING POLICIES

This interim financial report is in compliance with IAS 34, Interim Financial Reporting Standard. The same accounting policies as in the annual financial statements for the year 2007 have been applied. These interim financial statements have been prepared in accordance with the IFRS standards and interpretations being effective. Forthcoming standards and interpretations are presented in the accounting policies in Annual Report 2007. Income tax expense is based on the estimated average annual income tax rate, which would be applicable to expected total annual earnings.

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

The interim financial statements have not been audited.

INCOME STATEMENT

EUR 1000	**1-3 /2008**	1-3 /2007	Change %	1-12 /2007
Net sales	**147 331**	129 113	14.1	554 613
Cost of goods sold	**-131 802**	-112 442	17.2	-478 151
Gross profit	**15 529**	16 671	-6.9	76 462
Other operating income	**14 926**	642		3 834
Selling and marketing costs	**-3 891**	-3 822	1.8	-14 616
Administrative expenses	**-3 075**	-2 939	4.6	-11 614
Other operating expenses	**-654**	-1 391	-53.0	-5 291
Operating profit	**22 835**	9 161	149.3	48 775
Finance income	**394**	315	25.1	1 661
Finance costs	**-1 494**	-1 167	28.0	-5 978
Profit before tax	**21 735**	8 309	161.6	44 458
Income tax expense	**-2 002**	-2 243	-10.7	-12 291
Profit for the period	**19 733**	6 066	225.3	32 167
Attributable to:				
Equity holders of the company	**19 724**	5 894		31 909
Minority interest	**9**	172		258
Earnings per share for profit attributable to the equity holders of the company:				
Earnings per share, EUR	**0.51**	0.15		0.83
Earnings per share, EUR - diluted	**0.51**	0.15		0.82

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BALANCE SHEET

EUR 1000	**3/2008**	3/2007	12/2007
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	**120 028**	118 837	119 946
Intangible assets arising from business combinations	**29 181**	33 824	30 600
Other intangible assets	**11 944**	8 539	11 571
Total	**161 153**	161 200	162 117
Property, plant and equipment			
Land	**3 532**	3 426	3 532
Buildings and constructions	**38 614**	37 813	39 594
Machinery and equipment	**104 736**	90 444	103 832
Other	**82**	290	82
Advance payments and construction in progress	**9 682**	3 390	4 830
Total	**156 646**	135 363	151 870
Other non-current assets			
Investments in associates		3	
Available-for-sale investments	**408**	2 976	410
Finance lease receivables	**4 337**	3 300	3 823
Deferred income tax assets	**1 015**	793	924
Other receivables	**621**	230	236
Total	**6 381**	7 302	5 393
Total non-current assets	**324 180**	303 865	319 380
Current assets			
Inventories	**12 330**	6 551	14 350
Trade and other receivables	**78 639**	72 084	71 824
Derivative receivables	**667**	950	1 189
Advance payments	**3 019**	3 827	774
Available-for-sale investments	**2 991**	5 488	21 287
Cash and cash equivalents	**11 160**	10 321	9 521
Total current assets	**108 806**	99 221	118 945
TOTAL ASSETS	**432 986**	403 086	438 325

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EUR 1000	**3/2008**	3/2007	12/2007
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the company			
Share capital	**19 398**	19 275	19 392
Share premium reserve	**50 645**	47 902	50 474
Other reserves	**-602**	-227	14 055
Retained earnings	**118 407**	85 810	86 327
Profit for the period	**19 724**	5 894	31 909
Total	**207 572**	158 654	202 157
Minority interest	**190**	2 626	187
Total equity	**207 762**	161 280	202 344
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	**29 606**	29 863	29 842
Pension obligations	**555**	405	542
Provisions	**962**	834	953
Interest-bearing liabilities	**80 039**	64 182	81 411
Other liabilities	**512**	453	500
Total	**111 674**	95 737	113 248
Current liabilities			
Interest-bearing liabilities	**21 597**	39 709	35 757
Trade and other payables	**90 631**	105 395	85 183
Derivative liabilities	**1 127**	350	897
Tax liabilities	**131**	451	794
Provisions	**64**	164	102
Total	**113 550**	146 069	122 733
Total liabilities	**225 224**	241 806	235 981
TOTAL EQUITY AND LIABILITIES	**432 986**	403 086	438 325

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CASH FLOW STATEMENT

EUR 1000	**3/2008**	3/2007	12/2007
Cash flows from operating activities			
Profit for the period	**19 733**	6 066	32 167
Adjustments			
Income tax expense	**2 002**	2 243	12 291
Depreciation and amortisation and impairment	**9 239**	7 718	33 432
Finance income and costs	**1 100**	852	4 317
Oil derivatives	**263**	1 183	2 947
Other	**-15 170**	-466	-859
Net cash generated from operating activities before change in working capital	**17 167**	17 596	84 295
Change in working capital			
Change in trade and other receivables	**-8 498**	-8 447	-4 903
Change in inventories	**2 007**	1 020	-6 824
Change in trade and other payables	**4 862**	2 308	-1 450
Change in working capital	**-1 629**	-5 119	-13 177
Interest paid	**-586**	-669	-5 104
Interest received	**303**	333	1 460
Income tax paid	**-3 616**	-2 813	-12 041
Net cash from operating activities	**11 639**	9 328	55 433
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	**-247**	-31 510	-37 050
Proceeds from subsidiaries and businesses, net of sold cash			1 878
Purchases of property, plant and equipment and intangible assets	**-13 451**	-8 058	-49 109
Proceeds from sale of property, plant and equipment and intangible assets	**681**	227	2 261
Purchases of available-for-sale investments	**-1**	-104	-147
Change in other non-current receivables	**13**	21	1
Proceeds from sale of available-for-sale investments	**16 803**	43	1 098
Dividends received			4
Net cash used in investment activities	**3 798**	-39 381	-81 064
Cash flows from financing activities			
Proceeds from share issue	**178**	247	2 936
Change in short-term borrowings	**-3 759**	21 485	23 011
Proceeds from long-term borrowings			50 302
Repayments of long-term borrowings	**-11 691**	-362	-39 909
Dividends paid		-180	-21 360
Net cash generated from financing activities	**-15 272**	21 190	14 980
Net change in liquid assets	**165**	-8 863	-10 651
Liquid assets at beginning of period	**14 008**	24 790	24 790
Effect of changes in foreign exchange rates	**-24**	-117	-131
Change in fair value of current available-for-sale investments	**2**	-1	
Liquid assets at end of period	**14 151**	15 809	14 008

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Liquid assets

EUR 1000	**3/2008**	3/2007	12/2007
Cash	**11 160**	10 321	9 521
Certificates of deposit and commercial papers	**2 991**	5 488	4 487
Total	**14 151**	15 809	14 008

STATEMENT OF CHANGES IN EQUITY

EUR 1000	Share capital	Share premium reserve	Revaluation and other reserves	Retained earnings	Equity attributable to equity holders of the company	Minority interest	Total equity
Equity at 1.1.2008	**19 392**	**50 474**	**14 055**	**118 236**	**202 157**	**187**	**202 344**
Hedging reserve, change in fair value			-314		-314		-314
Current available for sale investments, change in fair value			-14 238		-14 238		-14 238
Translation differences			-105		-105	-6	-111
Items recognised directly in equity			-14 656		-14 656	-6	-14 662
Profit for the period				19 724	19 724	9	19 733
Total recognised income and expenses			-14 656	19 724	5 068	3	5 071
Share option remuneration							
Subscriptions pursuant to 2002 options	6	172			178		178
Remuneration expense of share options				171	171		171
Equity at 31.3.2008	**19 398**	**50 645**	**-602**	**138 131**	**207 572**	**190**	**207 762**
Equity at 1.1.2007	**19 264**	**47 666**	**326**	**106 904**	**174 160**	**2 709**	**176 869**
Hedging reserve, change in fair value			22		22		22
Current available for sale investments, change in fair value			-6		-6		-6
Translation differences			-569	6	-563		-563
Items recognised directly in equity			-553	6	-547		-547
Profit for the period				5 894	5 894	172	6 066
Total recognised income and expenses			-553	5 900	5 347	172	5 519
Share option remuneration							
Subscriptions pursuant to 2002 options	11	236			247		247
Remuneration expense of share options				102	102		102
Dividends paid				-21 202	-21 202	-180	-21 382
Purchase of a minority						-75	-75
Equity at 31.3.2007	**19 275**	**47 902**	**-227**	**91 704**	**158 654**	**2 626**	**161 280**

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KEY FIGURES

	3/2008	3/2007	12/2007
Earnings per share, EUR	**0.51**	0.15	0.83
Earnings per share, EUR - diluted	**0.51**	0.15	0.82
Cash flows from operating activities per share, EUR	**0.30**	0.24	1.43
EVA, EUR million	**15.7**	3.6	23.0
Capital expenditure, EUR 1000	**14 093**	47 185	93 187
Depreciation and amortisation, EUR 1000	**9 239**	7 718	33 432
Equity per share, EUR	**5.35**	4.12	5.21
Return on equity, ROE, %	**38.5**	14.4	17.0
Return on invested capital, ROI, %	**29.5**	14.6	17.6
Equity ratio, %	**48.8**	40.5	46.6
Gearing, %	**42.1**	54.6	42.7
Net interest-bearing liabilities, EUR 1000	**87 486**	88 082	86 360
Average number of employees in full-time equivalents	**7 936**	6 881	7 819
Total number of full-time and part-time employees at end of period	**9 532**	8 805	9 387
Adjusted number of shares, 1000 shares			
average during the period	**38 791**	38 539	38 670
at end of period	**38 797**	38 550	38 784
average during period, diluted	**38 849**	38 784	38 843

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SEGMENT REPORTING

NET SALES

EUR 1000	**1-3/2008**	1-3/2007	Change %	1-12/2007
Environmental Services	**75 480**	65 398	15.4	279 845
Property and Office Support Services	**55 574**	48 720	14.1	204 141
Industrial Services	**17 375**	16 150	7.6	75 479
Group admin. and other	**0**	3		10
Inter-division net sales	**-1 098**	-1 158		-4 862
Lassila & Tikanoja	**147 331**	129 113	14.1	554 613

OPERATING PROFIT

EUR 1000	**1-3/2008**	%	1-3/2007	%	1-12/2007	%
Environmental Services	**8 423**	11.2	8 771	13.4	34 977	12.5
Property and Office Support Services	**1 609**	2.9	1 087	2.2	11 005	5.4
Industrial Services	**-878**	-5.1	-139	-0.9	4 769	6.3
Group admin. and other	**13 681**		-558		-1 976	
Lassila & Tikanoja	**22 835**	15.5	9 161	7.1	48 775	8.8

OTHER SEGMENT REPORTING

EUR 1000	**1-3/2008**	1-3/2007	1-12/2007
Assets			
Environmental Services	**259 543**	246 224	250 980
Property and Office Support Services	**75 489**	69 432	75 508
Industrial Services	**80 333**	66 009	78 311
Group admin. and other	**311**	2 964	2 814
Non-allocated assets	**17 310**	18 457	30 712
Lassila & Tikanoja	**432 986**	403 086	438 325
Liabilities			
Environmental Services	**40 937**	44 678	36 935
Property and Office Support Services	**32 999**	29 741	32 447
Industrial Services	**17 442**	9 989	17 046
Group admin. and other	**665**	22 154	667
Non-allocated liabilities	**133 181**	135 244	148 886
Lassila & Tikanoja	**225 224**	241 806	235 981
Capital expenditure			
Environmental Services	**6 337**	37 306	60 704
Property and Office Support Services	**2 435**	8 496	20 040
Industrial Services	**5 321**	1 340	12 267
Group admin. and other		43	176
Lassila & Tikanoja	**14 093**	47 185	93 187
Depreciation and amortisation			
Environmental Services	**5 639**	4 683	20 330
Property and Office Support Services	**2 091**	1 752	7 782
Industrial Services	**1 508**	1 282	5 315
Group admin. and other	**1**	1	5
Lassila & Tikanoja	**9 239**	7 718	33 432

LASSILA & TIKANOJA

INCOME STATEMENT BY QUARTER

EUR 1000	**1-3 /2008**	10-12 /2007	7-9 /2007	4-6 /2007	1-3 /2007	10-12 /2006	7-9 /2006	4-6 /2006
Net sales								
Environmental Services	**75 480**	74 788	67 915	71 744	65 398	53 765	52 696	51 420
Property and Office Support Services	**55 574**	54 798	51 963	48 660	48 720	44 584	41 463	41 243
Industrial Services	**17 375**	19 867	19 890	19 572	16 150	18 252	18 500	16 785
Group admin. and other	**0**	1	3	3	3	3	19	26
Inter-division net sales	**-1 098**	-1 282	-1 202	-1 220	-1 158	-1 242	-1 030	-1 044
Lassila & Tikanoja	**147 331**	148 172	138 569	138 759	129 113	115 362	111 648	108 430
Operating profit								
Environmental Services	**8 423**	8 372	9 730	8 104	8 771	7 104	10 056	8 100
Property and Office Support Services	**1 609**	4 015	4 213	1 690	1 087	1 154	4 833	1 499
Industrial Services	**-878**	180	2 133	2 595	-139	3 025	3 730	2 005
Group admin. and other	**13 681**	-468	-601	-349	-558	-971	1 233	-547
Lassila & Tikanoja	**22 835**	12 099	15 475	12 040	9 161	10 312	19 852	11 057
Operating margin								
Environmental Services	**11.2**	11.2	14.3	11.3	13.4	13.2	19.1	15.8
Property and Office Support Services	**2.9**	7.3	8.1	3.5	2.2	2.6	11.7	3.6
Industrial Services	**-5.1**	0.9	10.7	13.3	-0.9	16.6	20.2	11.9
Lassila & Tikanoja	**15.5**	8.2	11.2	8.7	7.1	8.9	17.8	10.2
Finance costs, net	**-1 100**	-1 247	-1 294	-924	-852	-366	-740	-391
Share of profits of associates						18		
Profit before tax	**21 735**	10 852	14 181	11 116	8 309	9 964	19 112	10 666

In September 2007, L&T obtained full ownership of Salvor Oy. The business operations of Salvor were reorganised and most of the operations were transferred from Environmental Services into Industrial Services. The figures for the comparison period have been adjusted accordingly.

LASSILA & TIKANOJA

BUSINESS ACQUISITIONS

Business combinations in aggregate

EUR 1000	Fair values used in consolidation	Carrying amounts before consolidation
Property, plant and equipment	63	63
Customer contracts	104	
Agreements on prohibition of competition	27	
Trade and other receivables	10	10
Total assets	204	73
Net assets	204	73
Goodwill arising from acquisitions	43	
Acquisition cost	247	
Acquisition cost	247	
Cash flow effect of acquisitions	247	

The cleaning services business of Siivouspalvelu Siivoset Oy was acquired into Property and Office Support Services on 1 January 2008, and the cleaning services business of Siivousliike Lainio Oy on 1 March 2008. The business of Obawater Oy was acquired into waste water services within Industrial Services on 15 February 2008.

The aggregate net sales of the acquired companies totalled EUR 452 thousand. The aggregate acquisition cost was EUR 247 thousand, of which EUR 43 thousand was recognised in goodwill. All itemisations in accordance with IFRS 3 are not presented because the figures are immaterial.

The accounting policy concerning business combinations is presented in Annual Report 2007 under Note 2 of the consolidated financial statements and under Summary on significant accounting policies.

On 1 April 2008, the property maintenance services business of Rantakylän Talonhuolto Oy was acquired into Property and Office Support Services (annual net sales EUR 223 thousand).

LASSILA & TIKANOJA

CHANGES IN INTANGIBLE ASSETS

EUR 1000	**1-3/2008**	1-3/2007	1-12/2007
Carrying amount at beginning of period	**162 117**	124 407	124 407
Business acquisitions	**174**	38 441	41 885
Other capital expenditure	**1 044**	793	5 403
Disposals	**-1**	-345	-1 546
Amortisation and impairment	**-2 229**	-1 899	-7 921
Transfers between items			228
Exchange differences	**48**	-197	-339
Carrying amount at end of period	**161 153**	161 200	162 117

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1000	**1-3/2008**	1-3/2007	1-12/2007
Carrying amount at beginning of period	**151 870**	134 038	134 038
Business acquisitions	**64**	1 756	5 574
Other capital expenditure	**12 811**	6 136	40 147
Disposals	**-936**	-356	-2 096
Depreciation and impairment	**-7 010**	-5 819	-25 511
Transfers between items			-228
Exchange differences	**-153**	-392	-54
Carrying amount at end of period	**156 646**	135 363	151 870

CAPITAL COMMITMENTS

EUR 1000	**1-3/2008**	1-3/2007	1-12/2007
Intangible assets	**1 815**	116	70
Property, plant and equipment	**14 908**	7 232	8 646
Total	**16 723**	7 348	8 716
The Group’s share of capital commitments of joint ventures	**12 500**	425	8 584

RELATED-PARTY TRANSACTIONS
(Joint ventures)

EUR 1000	**1-3/2008**	1-3/2007	1-12/2007
Sales	**301**	300	1 851
Purchases		106	247
Non-current receivables			
Capital loan receivable	**3 646**	3 296	2 646
Current receivables			
Trade receivables	**89**	76	110
Current payables			
Trade payables		31	

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CONTINGENT LIABILITIES

EUR 1000	**3/2008**	3/2007	12/2007
Securities for own commitments			
Real estate mortgages	**10 192**	10 850	10 114
Corporate mortgages	**10 000**	18 710	15 000
Other securities	**173**	161	182
Bank guarantees required for environmental permits	**4 405**	1 926	4 309

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

Operating lease liabilities

EUR 1000	**3/2008**	3/2007	12/2007
Maturity not later than one year	**7 499**	6 158	7 424
Maturity later than one year and not later than five years	**15 721**	13 255	15 611
Maturity later than five years	**4 397**	3 483	3 905
Total	**27 617**	22 896	26 940

Derivative financial instruments

Interest rate swaps

EUR 1000	**3/2008**	3/2007	12/2007
Nominal values of interest rate swaps*			
Maturity not later than one year	**7 500**	13 500	7 500
Maturity later than one year and not later than five years	**15 000**	30 500	15 000
Total	**22 500**	44 000	22 500
Fair value	**280**	665	394
Nominal values of interest rate swaps**			
Maturity not later than one year	**3 029**	1 429	3 029
Maturity later than one year and not later than five years	**18 514**	5 714	18 514
Maturity later than five years	**11 314**	7 143	12 028
Total	**32 857**	14 286	33 571
Fair value	**279**	549	703

* Hedge accounting under IAS 39 has not been applied to these interest rate swaps. Changes in fair values have been recognised in finance income and costs.
** The interest rate 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 total change in the fair values have been recognised in the hedging fund under equity.

Currency derivatives

EUR 1000	**3/2008**	3/2007	12/2007
Nominal values of forward contracts*			
Maturity not later than one year	**2 169**		2 184
Fair value	**57**		7

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

Oil derivatives

1000 bbl	**3/2008**	3/2007	12/2007
Raw oil put options			
Volume maturing not later than one year	**227**	12	182
Volume maturing later than one year and not later than five years	**169**	396	226
Total	**396**	408	408
Fair value EUR 1000	**50**	1 215	83
Volume of sold raw oil futures			
Maturity not later than one year	**42**	42	42
Fair value EUR 1000	**-1 127**	-265	-897

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

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

CALCULATION OF KEY FIGURES

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

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

EVA:
operating profit - cost calculated on invested capital (average of four quarters) before taxes
WACC 2007: 8.75%
WACC 2008: 9.3%

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

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

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

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

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

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

Helsinki 28 April 2008

LASSILA & TIKANOJA PLC
Board of Directors

Jari Sarjo
President and CEO

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Lassila & Tikanoja specialises in environmental management and property and plant support services. L&T is operative in Finland, Sweden, Latvia, Russia and Norway. Net sales in 2007 amounted to 555 million euro. L&T employs 9500 persons, 2400 of which are located outside Finland. L&T's shares are listed on OMX Nordic Exchange Helsinki.

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