

LASSILA & TIKANOJA PLC: INTERIM REPORT 1 JANUARY – 31 MARCH 2012

- Net sales for the first quarter EUR 171.3 million (EUR 159.5 million)
- Operating profit EUR 4.9 million (EUR 6.5 million)
- Operating profit excluding non-recurring items EUR 5.0 million (EUR 6.8 million)
- Earnings per share EUR 0.07 (EUR 0.10)
- Full-year net sales in 2012 are expected remain at the 2011 level. Operating profit, excluding non-recurring items, is expected to remain at the 2011 level or improve slightly.

CEO PEKKA OJANPÄÄ:

“Our performance in the first quarter was disappointing. We will therefore adopt an accelerated schedule of profitability-enhancement measures, such as planned price increases and fixed cost cuts. Key projects associated with logistics and production optimisation, as well as with the development of procurement operations, will be carried out as scheduled during 2012.

GROUP NET SALES AND FINANCIAL PERFORMANCE

Lassila & Tikanoja’s net sales for the first quarter increased by 7.4% to EUR 171.3 million (EUR 159.5 million). Operating profit was EUR 4.9 million (EUR 6.5 million), representing 2.9% (4.1%) of net sales, and operating profit excluding non-recurring items was EUR 5.0 million (EUR 6.8 million). Earnings per share were EUR 0.07 (EUR 0.10).

Acquisitions made in the previous year contributed to the growth in net sales.

Financial performance was adversely affected by higher fuel, repair and overtime costs than in the comparison period, as well as declining profitability in international operations. Price competition taxed the profitability of commissioned wintertime assignments in property maintenance services. Similarly, the performance of the joint venture L&T Recoil weakened from the comparison period. Thanks to smaller depreciation and a trimmer cost structure, Renewable Energy Sources was able to improve its profitability.

Financial summary

	1-3/ 2012	1-3/ 2011	Change %	1-12/ 2011
Net sales, EUR million	171.3	159.5	7.4	652.1
Operating profit excluding non-recurring items, EUR million*	5.0	6.8	-26.5	44.3
Operating profit, EUR million	4.9	6.5	-23.7	25.6
Operating margin, %	2.9	4.1		3.9
Profit before tax, EUR million	4.0	5.4	-26.4	21.0
Earnings per share, EUR	0.07	0.10	-30.0	0.44
EVA, EUR million	-1.5	-0.2		-2.2

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

NET SALES AND FINANCIAL PERFORMANCE BY DIVISION

Environmental Services

The division’s net sales for the first quarter were up by 6.3% to EUR 77.0 million (EUR 72.4 million). Operating profit totalled EUR 3.0 million (EUR 4.2 million) and operating profit excluding non-recurring items was EUR 3.0 million (EUR 4.2 million).

The division’s net sales growth could be primarily attributed to waste management services, half of this growth being organic.

Recycled raw material volumes remained healthy in the first quarter, as did the prices of secondary raw materials (fibres, plastics, metals). Meanwhile, demand for services provided to the industry, especially process cleaning services, was weaker than anticipated.

The quarter's operating profit decreased from the comparison period due to higher fuel and repair costs and weaker profitability in international operations (Latvia, Russia). The rise in cost levels can be transferred to service prices during 2012.

The joint venture L&T Recoil also saw its performance deteriorate from the comparison period, due to the two-week shutdown in March. However, the plant's reliability and operating rate improved from the comparison period.

Cleaning and Office Support Services

The division's net sales for the first quarter totalled EUR 39.3 million (EUR 34.9 million), showing an increase of 12.8%. Operating profit totalled EUR 0.9 million (EUR 1.5 million) and operating profit excluding non-recurring items was EUR 1.0 million (EUR 1.5 million).

Acquisitions made in the previous spring contributed to net sales growth.

Swedish operations were in the red, which significantly taxed the division's operating profit. The result from Finnish operations was at the comparison period's level, even though profitability was eroded by an increase in labour costs, which could not be fully transferred to service prices.

At the beginning of April, reorganisation of the Swedish operations and a savings programme were launched to improve profitability.

Property Maintenance

The division's net sales for the first quarter were up by 3.5% to EUR 40.3 million (EUR 38.9 million). Operating profit totalled EUR 0.8 million (EUR 1.9 million) and operating profit excluding non-recurring items was EUR 0.8 million (EUR 1.9 million).

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

Increasingly tough price competition and the rise in subcontracting and overtime costs eroded the operating profit in property maintenance services.

Renewable Energy Sources

First quarter net sales of Renewable Energy Sources (L&T Biowatti) were up by 9.8% to EUR 17.6 million (EUR 16.0 million). The division recorded an operating profit of EUR 0.8 million (a loss of EUR 0.7 million), and an operating profit excluding non-recurring items of EUR 0.8 million (a loss of EUR 0.4 million).

Net sales increased from the comparison period thanks to successful new sales. In the comparison period, a suspension in the payment of electricity production subsidy to power plants had a negative effect on the demand for wood-based fuels.

Thanks to smaller depreciation and a trimmer cost structure, there was a marked improvement in the operating profit excluding non-recurring items.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	1-3/ 2012	1-3/ 2011	1-12/ 2011
Operating profit	4.9	6.5	25.6
Non-recurring items:			
Impairment of L&T Biowatti			17.1
Discontinuation of wood pellet production of L&T Biowatti		0.1	0.1
Restructuring costs	0.1	0.2	1.5
Operating profit excluding non-recurring items	5.0	6.8	44.3

FINANCING

Cash flows from operating activities amounted to EUR 8.9 million (EUR 10.5 million). EUR 2.5 million was tied up in the working capital (EUR 1.9 million).

At the end of the period, interest-bearing liabilities amounted to EUR 159.0 million (EUR 141.8 million). Net interest-bearing liabilities amounted to EUR 151.2 million, showing an increase of EUR 24.0 million from the beginning of the year and an increase of EUR 19.2 million from the comparison period.

Net finance costs showed a slight decrease in January-March and amounted to EUR 1.0 million (EUR 1.1 million). Net finance costs were 0.6% (0.7%) of net sales. The average interest rate on long-term loans (with interest-rate hedging) was 3.1% (3.2%). Long-term loans totalling EUR 19.9 million will mature during the rest of the year.

The equity ratio was 39.7% (42.4%) and the gearing rate 75.4 (63.9). Liquid assets at the end of the period amounted to EUR 7.8 million (EUR 9.8 million).

Of the EUR 100 million commercial paper programme, EUR 46 million (EUR 25 million) was in use at the end of the period. Committed limits totalling EUR 45 million, were not in use, as was the case in the comparison period.

DISTRIBUTION OF ASSETS

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

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 11.5 million (EUR 12.9 million) and was mainly comprised of machine and equipment purchases.

In the first quarter the property maintenance operations of IK Kiinteistöpalvelu Oy, the business of Jyvässeudun Talonmiehet Oy and Kiinteistöhuolto Markku Hyttinen Oy were acquired into Property Maintenance.

PERSONNEL

In January-March the average number of employees converted into full-time equivalents was 8,119 (7,520). The total number of full-time and part-time employees at the end of the period was 9,229 (8,725). Of them 7,257 (6,989) people worked in Finland and 1,972 (1,736) 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-March was 2,728,251 which is 7.1% (8.5%) of the average number of outstanding

shares. The value of trading was EUR 31.4 million (EUR 44.1 million). The trading price varied between EUR 10.70 and EUR 12.15. The closing price was EUR 11.03. At the end of the period, the company held 113,305 of its own shares. The market capitalisation excluding the shares held by the company was EUR 426.7 million (EUR 492.0 million) at the end of the period.

Own shares

At the end of the period the company held 113,305 of its own shares, representing 0.3% of all shares and votes.

Share capital and number of shares

The company's registered share capital amounts to EUR 19,399,437, and the number of outstanding shares to 38,685,569 shares. The average number of shares excluding the shares held by the company totalled 38,685,569.

Share option scheme 2008

In 2008, 230,000 share option rights were issued, each entitling its holder to subscribe for one share of Lassila & Tikanoja plc. 33 key persons hold 168,000 options and L&T Advance Oy 62,000 options.

The exercise price is EUR 15.65. It was reduced by EUR 0.55 as of 20 March 2012. The price was reduced with the amount of capital repayment in accordance with the terms and conditions of the share option scheme. The exercise period in NASDAQ OMX Helsinki is from 1 November 2010 to 31 May 2012.

As a result of the exercise of the outstanding 2008 share options, the number of shares may increase by a maximum of 168,000 new shares, which is 0.4% of the current number of shares.

Share-based incentive programme 2012

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

Shareholders

At the end of the period, the company had 9,460 (9,665) shareholders. Nominee-registered holdings accounted for 15.1% (11.2%) of the total number of shares.

Notifications on major holdings

On 8 March 2012, Tapiola Mutual Pension Insurance Company announced that its holding of the shares and votes in Lassila & Tikanoja plc had fallen to 3.9%.

Authorisation for the Board of Directors

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

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

RESOLUTIONS BY THE GENERAL MEETING

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

In a release published on 13 January 2012 the company announced that Antti Tervo has been appointed Chief Procurement Officer and Group Executive of Lassila & Tikanoja plc as of 14 February 2012.

In a release on 9 February 2012 the company announced that Lassila & Tikanoja plc has redeemed the remaining 30 percent of share capital of L&T Biowatti Oy as agreed in an agreement signed 18 December 2006.

EVENTS AFTER THE PERIOD

In a release published on 26 April 2012 the company announced that Lassila & Tikanoja is launching a new operational enhancement programme to improve its profitability and to adapt operations to the current market environment. The planned actions are estimated to improve profitability at least by EUR 4 million annually, over half of this in 2012.

The programme involves fixed cost cuts, price increases, holiday pay arrangements and other efficiency improvement measures.

L&T will record approximately EUR 1.0 million in non-recurring adjustment costs associated with the programme for the second quarter.

NEAR-TERM UNCERTAINTIES

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

Any disturbances in L&T Recoil plant's production could have a negative effect on the Environmental Services division's performance. End-product and raw material price fluctuations, as well as the plant's supply volumes, have a major effect on L&T Recoil's performance.

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

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

OUTLOOK FOR THE REST OF THE YEAR

Despite the economic uncertainty, the outlook for Environmental Services is, by and large, stable, but any weakening in demand for industrial services and in new construction may give a reason to make operational

adjustments. Secondary raw material price developments and the operational reliability of L&T Recoil's plant in particular will affect the division's profitability.

The business environment for Cleaning and Office Support Services and Property Maintenance is expected to remain stable, though price competition is expected to remain tough.

Demand for L&T Biowatti's wood-based fuels is expected to grow slightly from the comparison period, and the division's profitability is likely to improve.

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

CONDENSED FINANCIAL STATEMENTS 1 JANUARY–31 MARCH 2012

CONSOLIDATED INCOME STATEMENT

EUR 1000	1-3/2012	1-3/2011	Change %	1-12/2011
Net sales	171 286	159 474	7.4	652 130
Cost of sales	-159 711	-146 658	8.9	-584 152
Gross profit	11 575	12 816	-9.7	67 978
Other operating income	548	680	-19.4	3 038
Selling and marketing costs	-4 091	-3 796	7.8	-15 217
Administrative expenses	-3 008	-2 966	1.4	-11 408
Other operating expenses	-91	-270	-66.3	-1 733
Impairment, non-current assets				-5 677
Impairment, goodwill and other intangible assets				-11 384
Operating profit	4 933	6 464	-23.7	25 597
Finance income	355	299	18.7	1 041
Finance costs	-1 315	-1 363	-3.5	-5 644
Profit before tax	3 973	5 400	-26.4	20 994
Income tax expense	-1 209	-1 404	-13.9	-4 030
Profit for the period	2 764	3 996	-30.8	16 964
Attributable to:				
Equity holders of the company	2 769	3 994		16 960
Non-controlling interest	-5	2		4
Earnings per share for profit attributable to the equity holders of the company:				
Basic earnings per share, EUR	0.07	0.10		0.44
Diluted earnings per share, EUR	0.07	0.10		0.44

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1000	1-3/ 2012	1-3/ 2011	1-12/ 2011
Profit for the period	2 764	3 996	16 964
Other comprehensive income, after tax			
Hedging reserve, change in fair value	309	921	-487
Revaluation reserve			
Gains in the period	3	-2	-4
Current available-for-sale financial assets	3	-2	-4
Currency translation differences	681	32	111
Currency translation differences, non-controlling interest	18		-11
Other comprehensive income, after tax	1 011	951	-391
Total comprehensive income, after tax	3 775	4 947	16 573
Attributable to:			
Equity holders of the company	3 762	4 943	16 580
Non-controlling interest	13	4	-7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1000	3/2012	3/2011	12/2011
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	119 847	114 670	119 509
Customer contracts arising from acquisitions	9 867	5 753	10 591
Agreements on prohibition of competition	2 918	10 711	3 162
Other intangible assets arising from business acquisitions	73	743	78
Other intangible assets	10 925	13 271	11 149
	143 630	145 148	144 489
Property, plant and equipment			
Land	4 283	4 655	4 589
Buildings and constructions	78 381	78 617	78 217
Machinery and equipment	121 836	112 244	120 015
Other	85	85	85
Prepayments and construction in progress	4 720	5 021	4 616
	209 305	200 622	207 522
Other non-current assets			
Available-for-sale investments	590	589	605
Finance lease receivables	3 808	3 549	3 578
Deferred tax assets	6 273	4 116	6 323
Other receivables	3 306	3 318	3 315
	13 977	11 572	13 821
Total non-current assets	366 912	357 342	365 832
Current assets			
Inventories	26 916	24 146	27 953
Trade and other receivables	105 079	95 829	91 629
Derivative receivables	405	1 413	419
Prepayments	5 690	6 334	438
Current available-for-sale financial assets	1 999	2 497	2 299
Cash and cash equivalents	5 800	7 277	5 770
Total current assets	145 889	137 496	128 508
TOTAL ASSETS	512 801	494 838	494 340

EUR 1000	3/2012	3/2011	12/2011
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the company			
Share capital	19 399	19 399	19 399
Share premium reserve		50 673	
Other reserves	-1 476	-1 138	-2 469
Unrestricted equity reserve	29 403	-52	50 658
Retained earnings	150 133	133 559	133 125
Profit for the period	2 769	3 994	16 960
	200 228	206 435	217 673
Non-controlling interest	284	282	271
Total equity	200 512	206 717	217 944
Liabilities			
Non-current liabilities			
Deferred tax liabilities	29 126	33 829	29 389
Retirement benefit obligations	670	630	628
Provisions	2 569	2 755	2 500
Borrowings	88 236	90 969	92 914
Other liabilities	1 123	478	960
	121 724	128 661	126 391
Current liabilities			
Borrowings	70 801	50 819	42 319
Trade and other payables	118 140	107 768	105 751
Derivative liabilities	1 490	665	1 850
Tax liabilities	14	18	85
Provisions	120	190	
	190 565	159 460	150 005
Total liabilities	312 289	288 121	276 396
TOTAL EQUITY AND LIABILITIES	512 801	494 838	494 340

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1000	3/2012	3/2011	12/2011
Cash flows from operating activities			
Profit for the period	2 764	3 996	16 964
Adjustments			
Income tax expense	1 209	1 404	4 030
Depreciation, amortisation and impairment	10 826	10 568	61 548
Finance income and costs	959	1 064	4 602
Other	-459	-739	-858
Net cash generated from operating activities before change in working capital	15 299	16 293	86 286
Change in working capital			
Change in trade and other receivables	-16 993	-16 343	-7 843
Change in inventories	1 033	3 810	9
Change in trade and other payables	13 476	10 657	11 055
Change in working capital	-2 484	-1 876	3 221
Interest paid	-1 311	-1 566	-6 165
Interest received	257	254	1 020
Income tax paid	-2 854	-2 623	-9 896
Net cash from operating activities	8 907	10 482	74 466
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-746	-5 331	-24 430
Proceeds from sale of subsidiaries and businesses, net of sold cash			
Purchases of property, plant and equipment and intangible assets	-10 940	-5 860	-45 503
Proceeds from sale of property, plant and equipment and intangible assets	223	727	1 850
Purchases of available-for-sale investments			-20
Change in other non-current receivables	10	91	98
Proceeds from sale of available-for-sale investments			
Dividends received			
Net cash used in investing activities	-11 453	-10 373	-68 005
Cash flows from financing activities			
Change in short-term borrowings	28 483	19 558	8 712
Proceeds from long-term borrowings			20 000
Repayments of long-term borrowings	-5 007	-4 677	-19 761
Dividends paid and other asset distribution	-21 254	-19 773	-21 284
Repurchase of own shares			-517
Net cash generated from financing activities	2 222	-4 892	-12 850

EUR 1000	3/2012	3/2011	12/2011
Net change in liquid assets	-324	-4 783	-6 389
Liquid assets at beginning of period	8 069	14 548	14 548
Effect of changes in foreign exchange rates	54	9	-90
Change in fair value of current available-for-sale investments			
Liquid assets at end of period	7 799	9 774	8 069
Liquid assets			
EUR 1000	3/2012	3/2011	12/2011
Cash and cash equivalents	5 800	7 277	5 770
Available-for-sale financial assets	1 999	2 497	2 299
Total	7 799	9 774	8 069

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1000	Share capital	Share premium reserve	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Equity at 1.1.2012	19 399	0	-1 412	0	-1 057	50 658	150 085	217 673	271	217 944
Expense recognition of share-based benefits							48	48		48
Repurchase of own shares										
Capital repayment						-21 255		-21 255		-21 255
Total comprehensive income			681	3	309		2 769	3 762	13	3 775
Equity at 31.3.2012	19 399	0	-731	3	-748	29 403	152 902	200 228	284	200 512
Equity at 1.1.2011	19 399	50 673	-1 523	-48	-570	0	154 785	222 716	278	222 994
Expense recognition of share-based benefits							80	80		80
Repurchase of own shares										
Dividends paid							-21 306	-21 306		-21 306
Transfer from revaluation reserve				52		-52				
Total comprehensive income			32	-2	921		3 994	4 945	4	4 949
Equity at 31.3.2011	19 399	50 673	-1 491	2	351	-52	137 553	206 435	282	206 717

KEY FIGURES

	1-3/ 2012	1-3/ 2011	1-12/ 2011
Earnings per share, EUR	0.07	0.10	0.44
Earnings per share, diluted, EUR	0.07	0.10	0.44
Cash flows from operating activities per share, EUR	0.23	0.27	1.92
EVA, EUR million	-1.5	-0.2	-2.2
Capital expenditure, EUR 1000	11 474	12 868	70 590
Depreciation, amortisation and impairment, EUR 1000	10 826	10 568	61 548
Equity per share, EUR	5.18	5.33	5.63
Return on equity, ROE, %	5.3	7.4	7.7
Return on invested capital, ROI, %	5.9	7.7	7.6
Equity ratio, %	39.7	42.4	44.5
Gearing, %	75.4	63.9	58.3
Net interest-bearing liabilities, EUR 1000	151 239	132 015	127 165
Average number of employees in full-time equivalents	8 119	7 520	8 513
Total number of full-time and part-time employees at end of period	9 229	8 725	9 357
Number of outstanding shares adjusted for issues, 1000 shares			
average during the period	38 686	38 738	38 722
at end of period	38 686	38 738	38 686
average during the period, diluted	38 711	38 769	38 762

ACCOUNTING POLICIES

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

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

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

The interim report has not been audited.

SEGMENT INFORMATION**Net sales**

EUR 1000	External	1-3/2012 Inter- division	Total	External	1-3/2011 Inter- division	Total	Total net sales, change %
Environmental Services	75 961	1 030	76 991	71 520	909	72 429	6.3
Cleaning and Office Support Services	38 901	420	39 321	34 549	307	34 856	12.8
Property Maintenance	39 885	414	40 299	38 212	727	38 939	3.5
Renewable Energy Sources	16 539	1 045	17 584	15 193	818	16 011	9.8
Eliminations		-2 909	-2 909		-2 761	-2 761	
L&T total	171 286	0	171 286	159 474	0	159 474	7.4

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

Operating profit

EUR 1000	1-3/ 2012	%	1-3/ 2011	%	1-12/ 2011	%
Environmental Services	3 015	3.9	4 175	5.8	33 970	10.4
Cleaning and Office Support Services	845	2.1	1 475	4.2	7 131	4.5
Property Maintenance	751	1.9	1 902	4.9	8 181	6.1
Renewable Energy Sources	787	4.5	-651	-4.1	-21 250	-46.8
Group admin. and other	-465		-437		-2 435	
L&T total	4 933	2.9	6 464	4.1	25 597	3.9
Finance costs, net	-960		-1 064		-4 603	
Profit before tax	3 973		5 400		20 994	

Other segment information

EUR 1000	3/2012	3/2011	12/2011
Assets			
Environmental Services	348 582	340 318	346 224
Cleaning and Office Support Services	58 010	42 643	54 302
Property Maintenance	53 992	42 050	45 048
Renewable Energy Sources	29 966	46 035	27 346
Group admin. and other	2 057	2 107	2 528
Unallocated assets	20 194	21 685	18 892
L&T total	512 801	494 838	494 340
Liabilities			
Environmental Services	59 123	56 020	57 367
Cleaning and Office Support Services	32 297	26 758	29 804
Property Maintenance	19 986	18 812	15 889
Renewable Energy Sources	8 592	6 529	3 932
Group admin. and other	1 120	2 585	1 343
Unallocated liabilities	191 171	177 417	168 061
L&T total	312 289	288 121	276 396
EUR 1000	1-3/2012	1-3/2011	1-12/2011
Capital expenditure			
Environmental Services	6 182	8 814	43 362
Cleaning and Office Support Services	1 517	1 222	14 721
Property Maintenance	3 675	2 631	11 776
Renewable Energy Sources	97	88	454
Group admin. and other	3	113	277
L&T total	11 474	12 868	70 590
Depreciation and amortisation			
Environmental Services	8 006	7 379	30 760
Cleaning and Office Support Services	1 269	953	4 928
Property Maintenance	1 479	1 069	4 873
Renewable Energy Sources	72	1 167	3 919
Group admin. and other	0		7
L&T total	10 826	10 568	44 487
Impairment			
Renewable Energy Sources			17 061
L&T total			17 061

INCOME STATEMENT BY QUARTER

EUR 1000	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011	10-12/ 2010	7-9/ 2010	4-6/ 2010
Net sales								
Environmental Services	76 991	84 014	85 906	83 535	72 429	73 992	75 806	75 624
Cleaning and Office								
Support Services	39 321	40 101	41 530	40 784	34 856	34 580	35 659	35 710
Property Maintenance	40 299	33 451	31 322	30 879	38 939	31 596	26 926	28 090
Renewable Energy								
Sources	17 584	12 578	7 213	9 600	16 011	15 266	7 617	12 097
Inter-division net sales	-2 909	-3 143	-2 502	-2 612	-2 761	-3 927	-2 238	-2 507
L&T total	171 286	167 001	163 469	162 186	159 474	151 507	143 770	149 014
Operating profit								
Environmental Services	3 015	8 305	12 308	9 182	4 175	8 204	10 930	10 124
Cleaning and Office								
Support Services	845	937	3 718	1 001	1 475	181	4 088	2 218
Property Maintenance	751	1 928	3 582	769	1 902	633	3 263	1 075
Renewable Energy								
Sources	787	-18 189	-1 085	-1 325	-651	-361	-1 432	-3 900
Group admin. and other	-465	-887	-344	-767	-437	-104	-574	-762
L&T total	4 933	-7 906	18 179	8 860	6 464	8 553	16 275	8 755
Operating margin								
Environmental Services	3.9	9.9	14.3	11.0	5.8	11.1	14.4	13.4
Cleaning and Office								
Support Services	2.1	2.3	9.0	2.5	4.2	0.5	11.5	6.2
Property Maintenance	1.9	5.8	11.4	2.5	4.9	2.0	12.1	3.8
Renewable Energy								
Sources	4.5	-144.6	-15.0	-13.8	-4.1	-2.4	-18.8	-32.2
L&T total	2.9	-4.7	11.1	5.5	4.1	5.6	11.3	5.9
Finance costs, net	-960	-1 099	-1 277	-1 163	-1 064	-987	-1 272	-917
Profit before tax	3 973	-9 005	16 902	7 697	5 400	7 566	15 003	7 838

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

EUR 1000	Fair values used in consolidation
Cash	933
Equity instruments	
Contingent consideration	201
Total consideration transferred	1 134
Indemnification asset	
Fair value of equity interest held before the acquisition	
Total consideration	1 134
Acquisition-related costs (included in the administrative expenses in the consolidated financial statements)	4

Recognised amounts of identifiable assets acquired and liabilities assumed

Property, plant and equipment	515
Customer contracts	146
Agreements on prohibition of competition	151
Other intangible assets arising from business acquisitions	
Other intangible assets	
Non-current available-for-sale financial assets	
Inventories	2
Trade and other receivables	87
Cash and cash equivalents	154
Total assets	1 056
Deferred tax liabilities	
Non-current interest-bearing liabilities	44
Trade and other payables	146
Retirement benefit obligations	
Contingent liability	
Total liabilities	190
Total identifiable net assets	865
Non-controlling interest	
Goodwill	268
Total	1 134

Acquisitions by Property Maintenance

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

The figures for these acquired businesses are stated in aggregate, because none of them is of material importance when considered separately. Fair values have been determined as of the time the acquisition was realised. No business operations have been divested as a consequence of any acquisition. All acquisitions have been paid for in cash. With share acquisitions, L&T was able to gain 100% of the voting rights. The conditional consideration is tied to the transfer of the customer contracts to Lassila & Tikanoja plc, and the estimates of the fair values of considerations were determined on the basis of probability-weighted final acquisition price. The estimates for the conditional consideration have not changed between the time of acquisition and the balance sheet date. Trade and other receivables have been recorded at fair value at the time of acquisition. Individual acquisition prices have not been itemised because none of them is of material importance when considered separately. Profit for the period includes changes allocated to acquisition prices amounting to EUR 140 thousand.

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

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

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

CHANGES IN INTANGIBLE ASSETS

EUR 1000	1-3/2012	1-3/2011	1-12/2011
Carrying amount at beginning of period	144 489	142 681	142 681
Business acquisitions	566	3 894	22 859
Other capital expenditure	621	884	2 646
Disposals	-10	-1	-18
Amortisation and impairment	-2 121	-2 408	-23 865
Transfers between items			
Exchange differences	85	98	186
Carrying amount at end of period	143 630	145 148	144 489

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1000	1-3/2012	1-3/2011	1-12/2011
Carrying amount at beginning of period	207 522	200 700	200 700
Business acquisitions	515	1 693	4 441
Other capital expenditure	9 772	6 397	40 616
Disposals	-199	-58	-477
Depreciation and impairment	-8 705	-8 160	-37 683
Transfers between items			
Exchange differences	400	50	-75
Carrying amount at end of period	209 305	200 622	207 522

CAPITAL COMMITMENTS

EUR 1000	1-3/2012	1-3/2011	1-12/2011
Intangible assets	0	60	0
Property, plant and equipment	4 669	5 489	4 593
Total	4 669	5 549	4 593

The Group's share of capital commitments
of joint ventures

50	75	0
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RELATED-PARTY TRANSACTIONS

(Joint ventures)

EUR 1000	1-3/2012	1-3/2011	1-12/2011
Sales	488	309	2 489
Other operating income	12	18	63
Interest income	203	219	707
Non-current receivables			
Capital loan receivable	25 146	21 646	24 396
Current receivables			
Trade receivables	2 466	2 083	2 710
Loan receivables	1 801	1 232	1 633

CONTINGENT LIABILITIES**Securities for own commitments**

EUR 1000	3/2012	3/2011	12/2011
Mortgages on rights of tenancy	42 186	42 179	42 186
Company mortgages	21 460	21 460	21 460
Other securities	191	218	174
Bank guarantees required for environmental permits	5 140	4 399	5 702

Other securities are security deposits.

The Group has given no pledges, mortgages or guarantees on behalf of outsiders.

Operating lease liabilities

EUR 1000	3/2012	3/2011	12/2011
Maturity not later than one year	7 231	8 175	7 708
Maturity later than one year and not later than five years	13 968	20 089	15 504
Maturity later than five years	4 103	4 252	4 185
Total	25 302	32 516	27 397

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

EUR 1000	3/2012	3/2011	12/2011
Nominal values of interest rate and currency swaps*			
Maturity not later than one year	13 429	11 716	13 429
Maturity later than one year and not later than five years	36 272	47 668	38 033
Maturity later than five years			
Total	49 701	59 384	51 462
Fair value	-1 095	-665	-1 504
Nominal value of interest rate swaps**			
Maturity not later than one year	4 000	0	4 000
Maturity later than one year and not later than five years	19 455	0	19 455
Maturity later than five years	4 545	0	4 545
Total	28 000	0	28 000
Fair value	-174	0	-144

* The interest rate and currency swaps are used to hedge cash flow related to a floating rate loan, and hedge accounting under IAS 39 has been applied to it. The hedges have been effective, and the changes in the fair values are shown in the consolidated statement of comprehensive income for the period. On the balance sheet date, the value of foreign currency loans was EUR 0.3 million positive. The fair values of the swap contracts are based on the market data at the balance sheet date.

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

Commodity derivatives

metric tons	3/2012	3/2011	12/2011
Nominal values of diesel swaps			
Maturity not later than one year	2 544	6 333	2 544
Maturity later than one year and not later than five years	636	1 908	636
Total	3 180	8 241	3 180
Fair value, EUR 1000	405	1 322	419

Commodity derivative contracts were concluded, for hedging of future diesel oil purchases. IAS 39 -compliant hedge accounting will be applied to these contracts, and the effective change in fair value will be recognised in

the hedging reserve within equity. The fair values of commodity derivatives are based on market prices at the balance sheet date.

Currency derivatives

EUR 1000	3/2012	3/2011	12/2011
Volume of forward contracts			
Maturity not later than one year	253	0	1 079
Fair value	-6	0	-19

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

CALCULATION OF KEY FIGURES

Earnings per share:

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

Earnings per share, diluted:

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

Cash flows from operating activities/share:

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

EVA:

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

WACC 2011: 7.7% and WACC 2012: 7.1%

Equity per share:

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

Return on equity, % (ROE):

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

Return on investment, % (ROI):

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

Equity ratio, %:

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

Gearing, %:

net interest-bearing liabilities / equity x 100

Net interest-bearing liabilities:

interest-bearing liabilities - liquid assets

Operating profit excluding non-recurring items:

operating profit +/- non-recurring items

Helsinki, 25 April 2012

LASSILA & TIKANOJA PLC
Board of Directors

Pekka Ojanpää
President and CEO

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Lassila & Tikanoja specialises in environmental management and property and plant support services. L&T is a significant supplier of wood-based biofuels, recovered fuels and recycled raw materials. With operations in Finland, Sweden, Latvia and Russia, L&T employs 9,500 persons. Net sales in 2011 amounted to EUR 652 million. L&T is listed on NASDAQ OMX Helsinki.

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