LASSILA & TIKANOJA

LASSILA & TIKANOJA PLC
INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2010

- **Net sales for the third quarter EUR 143.8 million (EUR 140.7 million); operating profit EUR 16.3 million (EUR 16.9 million); operating profit excluding non-recurring items EUR 16.8 million (EUR 16.6 million); earnings per share EUR 0.28 (EUR 0.30)**
- **Net sales for January–September EUR 446.7 million (EUR 434.3 million); operating profit EUR 31.7 million (EUR 41.8 million); operating profit excluding non-recurring items EUR 36.4 million (EUR 42.6 million); earnings per share EUR 0.54 (EUR 0.71)**
- **Revised prospects: Full-year net sales are expected to remain at the same level as in 2009. Operating profit excluding non-recurring items is expected to be slightly lower than in 2009.**

GROUP NET SALES AND FINANCIAL PERFORMANCE

Third quarter
Lassila & Tikanoja's net sales for the third quarter increased by 2.2% to EUR 143.8 million (EUR 140.7 million). Operating profit was EUR 16.3 million (EUR 16.9 million), representing 11.3% (12.0%) of net sales. Operating profit excluding non-recurring items was EUR 16.8 million (EUR 16.6 million). Earnings per share were EUR 0.28 (EUR 0.30).

The increase in net sales from the comparison period's level could be attributed to the rise in the Environmental Services division’s industrial clients' operating rates and successful sales work in Property Maintenance. Meanwhile net sales of Renewable Energy Sources (L&T Biowatti) were clearly below the previous year’s level.

The result for the quarter remained at the previous year's level even though profitability was taxed by the weak demand for wood-based fuels and the higher-than-expected costs arising from the start-up of a new production line at the Kerava recycling plant.

January–September
Nine-month net sales came to EUR 446.7 million (EUR 434.3 million), showing an increase of 2.9%. Operating profit was EUR 31.7 million (EUR 41.8 million), representing 7.1% (9.6%) of net sales. Operating profit excluding non-recurring items fell to EUR 36.4 million (EUR 42.6 million). Earnings per share were EUR 0.54 (EUR 0.71).

An increase in commissioned and contract assignments in property maintenance boosted net sales. The demand for Environmental Services picked up particularly in the third quarter. Meanwhile net sales of Renewable Energy Sources (L&T Biowatti) were clearly below the previous year’s level.

The losses recorded by L&T Biowatti and the operating profit of Environmental Services, which was smaller than a year earlier, taxed the performance in January–September. In the comparison period, a large hazardous waste service contract improved the operating profit recorded by Environmental Services.

Costs recognised in the first half included non-recurring restructuring costs of EUR 1.5 million and the EUR 3.0 million cost item associated with the discontinuation of the wood pellet business.

Financial summary

	7-9/ 2010	**7-9/ 2009**	**Change %**	**1-9/ 2010**	**1-9/ 2009**	**Change %**	**1-12/ 2009**
Net sales, EUR million	**143.8**	140.7	2.2	**446.7**	434.3	2.9	582.3
Operating profit excluding non-recurring items, EUR million*	**16.8**	16.6	1.4	**36.4**	42.6	-14.5	51.3
Operating profit, EUR million	**16.3**	16.9	-3.7	**31.7**	41.8	-24.2	50.3
Operating margin, %	**11.3**	12.0		**7.1**	9.6		8.6
Profit before tax, EUR million	**15.0**	15.7	-4.2	**28.4**	37.6	-24.4	45.0
Earnings per share, EUR	**0.28**	0.30	-6.7	**0.54**	0.71	-23.9	0.85
EVA, EUR million	**8.8**	8.2	7.3	**8.9**	16.6	-46.4	16.5

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

NET SALES AND FINANCIAL PERFORMANCE BY DIVISION

Environmental Services

Third quarter
The division's net sales for the third quarter increased by 5.2% to EUR 75.8 million (EUR 72.1 million). The operating profit was EUR 10.9 million (EUR 11.8 million), and operating profit excluding non-recurring items was EUR 10.9 million (EUR 11.5 million).

Net sales from domestic business grew from the previous year's level, thanks to the recovery of operating rates in the industry and of the secondary raw materials markets. Demand for industrial process cleaning and hazardous waste services improved as a result of maintenance-related shutdowns in the industry that were more extensive than expected, which, however, increased subcontracting costs.

The division's profitability was negatively affected by the higher-than-expected costs arising from the start-up of the new production line at the Kerava recycling plant. The plant has been completed and is expected to be in production use by the end of the year, which will significantly increase the recovery rate for the trade and industry waste processed at the plant.

The result of joint venture L&T Recoil was significantly in the red because of an investment shutdown conducted to improve operations' reliability.

In early October, L&T announced the cancellation of a preliminary business rearrangement agreement between Lassila & Tikanoja plc and EcoStream Oy due to EcoStream Oy's inability to complete the financing arrangements as agreed in the preliminary agreement. Nevertheless, the companies will continue to work together to develop the business.

Both the division's net sales from international operations and profitability remained at the previous year's level.

January–September
Environmental Services net sales for January–September grew by 1.4% to EUR 216.0 million (EUR 213.0 million). The operating profit was EUR 25.5 million (EUR 29.2 million), and operating profit excluding non-recurring items was EUR 25.8 million (EUR 29.8 million).

Waste volumes grew, thanks to the recovery of industrial operations and construction. Similarly, secondary raw material demand and prices improved from the previous year's levels. Demand for process cleaning and hazardous waste services perked up after a time of sluggish demand in the first half, and partnership agreements were renewed with industrial clients.

Heavy snowfall in the winter strained the production efficiency of waste management in the first half and affected the demand for industrial services. Net sales and profitability in the comparison period were boosted by major project-based assignments.

Joint venture L&T Recoil's re-refinery experienced some technical problems in the first half, and an investment shutdown was carried out at the plant in August-September. Because of the interruptions to production, L&T Recoil's January–September result was clearly negative. However, the quality of the end product has been good and the price has gone up.

Net sales for international operations remained at the previous year's level and profitability improved, even though the challenging market conditions in Latvia have held back business development.

Net sales and profitability for environmental products remained at the previous year's level.

Cleaning and Office Support Services

Third quarter
The Cleaning and Office Support Services division's net sales for the third quarter fell by 1.9% to EUR 35.7 million (EUR 36.3 million). The operating profit was EUR 4.1 million (EUR 4.1 million), and operating profit excluding non-recurring items was EUR 4.3 million (EUR 4.1 million).

Net sales for domestic operations fell slightly from the previous year's level, but the volume of commissioned assignments was almost the same as a year earlier. Profitability remained healthy, thanks to improved production efficiency and measures to control fixed costs.

The result from international operations was positive, thanks to successful new sales and commissioned assignments in Sweden. Meanwhile in Latvia, the challenging market situation hampered operational development. The loss-making cleaning business in Russia was divested at the end of the quarter.

January–September
The division's net sales for January–September fell by 1.4% to EUR 106.0 million (EUR 107.6 million). The operating profit was EUR 7.3 million (EUR 8.6 million), and operating profit excluding non-recurring items was EUR 7.7 million (EUR 8.8 million).

Net sales from Finnish operations declined slightly from the previous year's figure as a result of continued market challenges. Despite fierce price competition, commissioned assignments sold well. The division was able to retain a healthy profit level.

Net sales from international operations were at the comparison period's level, but the result continued to be negative. In Sweden, sales to new customers were successful. A credit loss of EUR 0.7 million was recorded in Russia in the first half, and the business was divested at the end of the period.

Property Maintenance

Third quarter
The division's net sales for the third quarter increased by 13.4% to EUR 26.9 million (EUR 23.7 million). The operating profit was EUR 3.3 million (EUR 3.2 million), and operating profit excluding non-recurring items was EUR 3.3 million (EUR 3.2 million).

The division's net sales growth could be attributed to successful sales work and to the larger order book for damage repair services. Operating profit remained at the previous year’s level.

January–September
Net sales of the division for January–September totalled EUR 91.9 million (EUR 74.3 million); an increase of 23.6%. The operating profit was EUR 7.1 million (EUR 6.3 million), and operating profit excluding non-recurring items was EUR 7.2 million (EUR 6.4 million).

A larger contract portfolio and the commissioned assignments caused by the exceptionally cold and snowy weather in the first half boosted the division's net sales. The order book for damage repair services remained healthy throughout the period. Service contracts were renewed, and new partnership agreements with insurance companies were signed.

The heavy snowfall in the winter had a negative effect on sales margin, but the operating profit improved thanks to growth in net sales and fixed cost management.

Renewable Energy Sources

Third quarter
Third-quarter net sales for Renewable Energy Sources (L&T Biowatti) were down by 28.6% to EUR 7.6 million (EUR 10.7 million). The division recorded an operating loss of EUR 1.4 million (EUR -1.0 million), and an operating loss excluding non-recurring items of EUR 1.4 million (EUR -1.2 million).

The division's net sales declined as a result of the weak demand for wood-based fuels. The low prices of fossil fuels and the warm autumn weakened demand.

January–September
The Renewable Energy Sources division’s net sales for January–September amounted to EUR 39.8 million (EUR 46.4 million); a decrease of 14.2%. The operating loss was EUR 6.2 million (EUR -0.6 million), and the operating loss excluding non-recurring items was EUR 3.2 million (EUR -0.3 million).

The demand for L&T Biowatti's biofuels and their competitiveness declined from the comparison period because of the low prices of emission rights and fossil fuels (peat, coal and oil).

A decision was made to discontinue the wood pellet business as a result of the unfavourable market conditions and the poor availability of raw materials. A non-recurring expense of EUR 3.0 million was recognised for the discontinuation in the second quarter.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	**7-9/ 2010**	**7-9/ 2009**	**1-9/ 2010**	**1-9/ 2009**	**1-12/ 2009**
Operating profit	**16.3**	16.9	**31.7**	41.8	50.3
Non-recurring items:					
Discontinuation of wood pellet production of L&T Biowatti			**3.0**		
Discontunuation of cleaning business in Moscow	**0.2**		**0.2**		
Discontinuation of soil washing services		-0.4		-0.4	-0.4
Restructuring costs	**0.3**	0.2	**1.5**	1.4	1.6
Closure of wood pellet plant in Luumäki		-0.1		0.3	0.3
Refund of supplementary insurance fund of former Lassila & Tikanoja				-0.5	-0.5
Operating profit excluding non-recurring items	**16.8**	16.6	**36.4**	42.6	51.3

FINANCING

Cash flows from operating activities amounted to EUR 42.9 million (EUR 45.9 million). EUR 8.2 million was tied up in the working capital (EUR 16.5 million).

At the end of the period, interest-bearing liabilities amounted to EUR 133.2 million (EUR 150.3 million). Net interest-bearing liabilities amounted to EUR 119.9 million, showing a decrease of EUR 9.4 million from the comparison period and an increase of EUR 3.6 million from the turn of the year. The average interest rate of loans (with interest rate hedging) was 3.2%. Long-term loans totalling EUR 3.8 million will mature by the end of the year.

Because of the cancellation of L&T Recoil's business rearrangement, the assets and liabilities of the joint venture L&T Recoil are no longer presented as held-for-sale assets and related liabilities.

Net finance costs in January–September amounted to EUR 3.2 million which is EUR 1.0 million below the amount of the comparison period. Net finance costs were 0.7% (1.0%) of net sales. The decrease resulted from the decrease in the interest-bearing liabilities. In January–September, a total of EUR -0.1 million (EUR -0.4 million) arising from the changes in the fair values of interest rate swaps to which hedge accounting under IAS 39 is applied was recognised in other comprehensive income, after tax.

The equity ratio was 45.6% (43.3%) and the gearing rate 55.2 (61.2). Liquid assets at the end of the period amounted to EUR 13.4 million (EUR 21.0 million).

Of the EUR 50 million commercial paper programme, EUR 6.0 million (EUR 0.0 million) was in use. The EUR 15.0 million committed limit, renewed in June for two years, was not in use, as was the case in the comparison period.

DIVIDEND

The Annual General Meeting held on 31 March 2010 resolved on a dividend of EUR 0.55 per share. The dividend, totalling EUR 21.3 million, was paid to the shareholders on 14 April 2010.

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 26.9 million (EUR 34.1 million) in January–September. The most significant construction project was the Kerava combined recycling plant, which is scheduled to be in production use at year-end.

In the second quarter, the property maintenance services business of Kiinteistöpalvelu Oy Hollola was acquired into Property and Office Support Services. The net sales of the acquired business totalled EUR 1.6 million.

PERSONNEL

In January–September, the average number of employees converted into full-time equivalents was 7,798 (8,254). The total number of full-time and part-time employees at the end of the period was 8,550 (9,101). Of them 6,855 (6,885) people worked in Finland and 1,695 (2,216) people in other countries.

NEW DIVISIONS

The company's internal reporting, as well as the segments reported externally, were changed to reflect the new divisions (Environmental Services, Property and Office Support Services and Renewable Energy Sources (L&T Biowatti)) at the beginning of 2010.

As of 1 July 2010, Property and Office Support Services was divided into two divisions: Cleaning and Office Support Services and Property Maintenance. The company's financial reporting segments reflect the new divisions as of 1 July 2010. The financial reporting segments are Environmental Services, Cleaning and Office Support Services, Property Maintenance and Renewable Energy Sources (L&T Biowatti).

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 from January through September 2010 was 4,947,398, which is 12.8% (21.9%) of the average number of outstanding shares. The value of trading was EUR 71.8 million (EUR 102.1 million). The trading price varied between EUR 12.94 and EUR 16.20. The closing price was EUR 13.89. The company holds 60,758 own shares. The market capitalisation excluding the shares held by the company was EUR 538.1 million (EUR 635.8 million) at the end of the period.

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 38,738,116 shares. In January–September, the average number of shares excluding the shares held by the company totalled 38,752,198.

Share option scheme 2005

In 2005, 600,000 share option rights were issued, each entitling its holder to subscribe for one share of Lassila & Tikanoja plc. In the beginning of the exercise period, 37 key persons held 200,000 2005C options. L&T Advance Oy, a wholly-owned subsidiary of Lassila & Tikanoja plc, holds 30,000 2005C options and these options will not be exercised. The exercise period for the 2005A has ended on 29 May 2009 and for the 2005B options on 31 May 2010.

The exercise price for the 2005C options is EUR 26.87. The exercise period for 2005C options is 2 November 2009 to 31 May 2011.

As a result of the exercise of the outstanding 2005 share options, the number of shares may increase by a maximum of 200,000 new shares, which is 0.5% of the current number of shares. The 2005C options have been listed on NASDAQ OMX Helsinki since 2 November 2009.

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 16.27. 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 will be 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
Lassila & Tikanoja plc's Board of Directors decided on 24 March 2009 on a share-based incentive programme. The programme includes three earnings periods one year each, of which the first one began on 1 January 2009 and the last one ends on 31 December 2011. The basis for the determination of the reward is decided annually. Rewards to be paid for the year 2010 will be based on the EVA result of Lassila & Tikanoja group. They will be paid partly as shares and partly in cash. The proportion paid in cash will cover taxes arising from the reward. The programme covers 25 persons.

A maximum total of 180,000 Lassila & Tikanoja plc shares may be paid out on the basis of the programme. The shares will be obtained in public trading, and therefore the incentive programme will have no diluting effect on the share value.

Shareholders
At the end of the financial period, the company had 8,890 (7,245) shareholders. Nominee-registered holdings accounted for 10.3% (9.3%) of the total number of shares.

Authorisation for the Board of Directors
The Annual General Meeting held on 31 March 2010 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 and on the issuance of these shares. Shares will be repurchased otherwise than in proportion to the existing shareholdings of the company's shareholders in public trading on the NASDAQ OMX Helsinki Ltd at the market price quoted at the time of the repurchase.

The Board of Directors is authorised to repurchase and transfer 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 and the share issue authorisation for four years. These authorisations revoke the authorisation for the repurchase of the company's own shares and the authorisation to issue shares issued by the Annual General Meeting 2009.

The Board of Directors is not authorised to launch a convertible bond or share option rights.

Own shares
At the end of the period, the company held 60,758 of its own shares, representing 0.2% of all shares and votes. Based on the authorisation given by the Annual General Meeting, the company repurchased 80,000 shares in the period from 17 May to 2 June 2010 at a total acquisition cost of EUR 1.1 million. On 25 May 2010, the Board of Directors decided on a directed bonus issue involving the issue, in which a total of 49,242 shares held by the company were issued to the company's key personnel on 4 June 2010, as a part of the rewards for the year 2009 of the share-based incentive programme.

RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 31 March 2010, adopted the financial statements for the financial year 2009 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 2009. The dividend payment date was resolved to be 14 April 2010.

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: Heikki Bergholm, Eero Hautaniemi, Matti Kavetvuo, Hille Korhonen and Juhani Lassila. Miikka Maijala was elected as a new member for the same term.

PricewaterhouseCoopers Oy, Authorised Public Accountants, were elected auditors.

The Annual General Meeting approved the Board's proposals to amend article 11 of the Articles of Association and to authorise the Board of Directors to repurchase the company's own shares and to issue shares.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 31 March 2010.

BOARD OF DIRECTORS

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

From among its members, the Board elected Juhani Lassila as Chairman and Eero Hautaniemi and Miikka Maijala as members of the audit committee.

The Board decided to establish a remuneration committee. From among its members, the Board elected Matti Kavetvuo as Chairman and Heikki Bergholm and Hille Korhonen as members of the remuneration committee.

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

In a release published on 25 January 2010, the company announced that it has concluded statutory employer-employee negotiations which began on 8 December 2009. As a result of these negotiations, L&T will reduce 110 salaried employee positions in Finland. The reductions will be realised partly through natural attrition. The reductions form part of the measures currently undertaken in order to reduce fixed costs and to adapt business activities to meet current and future market situation.

In a release published on 1 April 2010, the company announced that, as of 1 July 2010, Property and Office Support Services are to be divided into two divisions: Property Maintenance, and Cleaning and Office Support Services. The company's financial reporting segments will be changed to reflect the new divisions as of 1 July 2010.

In a release published on 29 April 2010, the company announced that Lassila & Tikanoja plc and EcoStream Oy have signed a preliminary agreement on a business arrangement based on which Lassila & Tikanoja will sell its 50 percent holding in the joint venture L&T Recoil Oy to EcoStream, a co-owner. The transaction related to the preliminary agreement was intended to be completed by the end of June 2010. In a release published on 22 June 2010, the company announced that the time given to the transaction has been extended and the transaction is intended to be completed by the end of September 2010. In a release published on 1 October 2010, the company announced that the reorganisation of the business will be cancelled as financing needed for the transaction by EcoStream could not be completed as agreed in the preliminary agreement. Therefore, the preliminary agreement expired.

In a release published on 26 May 2010, the company announced that L&T Biowatti Oy, a subsidiary of Lassila & Tikanoja plc, will discontinue its wood pellet business. Construction of a pellet plant in Suonenjoki, Finland, is almost completed but market situation and difficulties in availability of suitable raw material have postponed the start-up of the plant. The construction of the plant will not be completed.

In a release published on 31 August 2010, the company announced that Laura Aarnio, Accounting Director, leaves the Group Executive team of Lassila & Tikanoja plc. She took up other duties within the company.

In a release published on 18 October 2010, the company announced that the full-year operating profit excluding non-recurring items is estimated to be slightly lower than in the previous year. Previously the company estimated that the full-year financial performance will remain at the same level as in 2009.
Full-year net sales are estimated to remain at the 2009 level as estimated previously.

NEAR-TERM UNCERTAINTIES

If the operating rate target set for L&T Recoil’s production is not reached, this will have a negative impact on the Environmental Services division’s performance. Its performance could also be adversely affected by the potential fall in the price of crude oil, since the price of base oil follows crude oil price developments with a slight delay.

Low prices of fossil fuels such as coal, oil and peat as well as the low prices of emission rights undermine the competitiveness of L&T Biowatti's wood-based fuels. The scope and level of the planned government support measures for renewable fuels will have a considerable effect on the demand for wood-based fuels in the future.

Intensifying competition and changes in legislation in Latvia may prove detrimental to the profitability of the waste management business.

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

PROSPECTS FOR THE REST OF THE YEAR

The outlook for the Environmental Services division's waste management and recycling business is stable. The increase in waste volumes and the secondary raw materials market are expected to recover moderately. The operating rates in the industry have been rising since the first half; this is expected to help keep the demand for hazardous waste and process cleaning services at a healthy level.

The costs arising from the start-up of a new production line at the Kerava recycling plant will continue to tax the result in the final quarter. The plant is expected to be in full production use at the start of the new year.

The markets for Cleaning and Office Support Services and for Property Maintenance are expected to remain unchanged as year-end nears.

The demand for L&T Biowatti's wood-based fuels will fall to below the previous year's level. Furthermore, the low prices of emission rights and fossil fuels will continue to undermine the competitiveness of renewable fuels.

Full-year net sales are expected to remain at the same level as in 2009. Operating profit excluding non-recurring items is expected to be slightly lower than in 2009. (earlier forecast: Full-year net sales and operating profit excluding non-recurring items are expected to remain at the same level as in 2009).

CONDENSED FINANCIAL STATEMENTS 1 JANUARY–30 SEPTEMBER 2010

CONSOLIDATED INCOME STATEMENT

EUR 1000	**7-9/ 2010**	**7-9/ 2009**	**1-9/ 2010**	**1-9/ 2009**	**1-12/ 2009**
Net sales	**143 770**	140 739	**446 686**	434 265	582 306
Cost of sales	**-122 237**	-117 933	**-393 305**	-373 212	-505 699
Gross profit	**21 533**	22 806	**53 381**	61 053	76 607
Other operating income	**49**	652	**1 070**	1 996	2 425
Selling and marketing costs	**-3 036**	-3 028	**-9 975**	-10 794	-14 636
Administrative expenses	**-2 316**	-3 006	**-8 259**	-8 538	-11 705
Other operating expenses	**45**	-515	**-1 919**	-1 957	-2 427
Impairment			**-2 632**		
Operating profit	**16 275**	16 909	**31 666**	41 760	50 264
Finance income	**82**	237	**730**	1 066	1 290
Finance costs	**-1 354**	-1 479	**-3 972**	-5 226	-6 528
Profit before tax	**15 003**	15 667	**28 424**	37 600	45 026
Income tax expense	**-3 975**	-4 152	**-7 532**	-9 964	-11 881
Profit for the period	**11 028**	11 515	**20 892**	27 636	33 145
Attributable to:					
Equity holders of the company	**11 025**	11 509	**20 878**	27 629	33 140
Minority interest	**3**	6	**14**	7	5
Earnings per share for profit attributable to the equity holders of the company:					
Basic earnings per share, EUR	**0.28**	0.30	**0.54**	0.71	0.85
Diluted earnings per share, EUR	**0.28**	0.30	**0.54**	0.71	0.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1000	**7-9/ 2010**	**7-9/ 2009**	**1-9/ 2010**	**1-9/ 2009**	**1-12/ 2009**
Profit for the period	**11 028**	11 515	**20 892**	27 636	33 145
Other comprehensive income, after tax					
Hedging reserve, change in fair value	**136**	-106	**-90**	-441	-343
Current available-for-sale investments					
Gains in the period	**1**	-17	**-55**	-24	-21
Current available-for-sale investments	**1**	-17	**-55**	-24	-21
Currency translation differences	**-603**	146	**549**	124	324
Other comprehensive income, after tax	**-466**	23	**404**	-341	-40
Total comprehensive income, after tax	**10 562**	11 538	**21 296**	27 295	33 105
Attributable to:					
Equity holders of the company	**10 583**	11 533	**21 274**	27 299	33 020
Minority interest	**-21**	5	**22**	-4	85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1000	9/2010	9/2009	12/2009
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	**113 056**	115 814	113 771
Customer contracts arising from acquisitions	**5 027**	6 052	6 232
Agreements on prohibition of competition	**10 301**	11 691	11 641
Other intangible assets arising from business acquisitions	**1 721**	3 685	3 194
Other intangible assets	**13 236**	13 187	13 579
	143 341	150 429	148 417
Property, plant and equipment			
Land	**4 709**	4 015	4 015
Buildings and constructions	**71 687**	70 581	72 072
Machinery and equipment	**103 649**	113 958	110 817
Other	**84**	81	81
Prepayments and construction in progress	**18 344**	13 460	14 666
	198 473	202 095	201 651
Other non-current assets			
Available-for-sale investments	**525**	522	525
Finance lease receivables	**3 673**	4 567	4 425
Deferred tax assets	**2 894**	1 736	2 147
Other receivables	**491**	626	726
	7 583	7 451	7 823
Total non-current assets	**349 397**	359 975	357 891
Current assets			
Inventories	**27 973**	29 274	32 842
Trade and other receivables	**90 277**	83 031	77 702
Prepayments	**1 851**	1 747	370
Available-for-sale investments	**6 492**	10 989	18 484
Cash and cash equivalents	**6 878**	10 004	9 099
Total current assets	**133 471**	135 045	138 497
TOTAL ASSETS	**482 868**	495 020	496 388

EUR 1000	**9/2010**	**9/2009**	**12/2009**
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**	50 673	50 673
Other reserves	**-2 688**	-3 294	-3 084
Retained earnings	**128 591**	116 773	116 874
Profit for the period	**20 878**	27 629	33 140
	216 853	211 180	217 002
Minority interest	**269**	158	247
Total equity	**217 122**	211 338	217 249
Liabilities			
Non-current liabilities			
Deferred tax liabilities	**32 478**	33 233	33 622
Retirement benefit obligations	**606**	673	671
Provisions	**2 446**	2 011	2 100
Borrowings	**104 888**	131 025	120 969
Other liabilities	**1 247**	1 592	1 510
	141 665	168 534	158 872
Current liabilities			
Borrowings	**28 359**	19 247	22 890
Trade and other payables	**93 462**	92 295	94 130
Derivative liabilities	**1 195**	1 205	1 073
Tax liabilities	**1 065**	2 320	2 119
Provisions		81	55
	124 081	115 148	120 267
Total liabilities	**265 746**	283 682	279 139
TOTAL EQUITY AND LIABILITIES	**482 868**	495 020	496 388

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1000	**9/2010**	**9/2009**	**12/2009**
Cash flows from operating activities			
Profit for the period	**20 892**	27 636	33 145
Adjustments			
Income tax expense	**7 532**	9 964	11 881
Depreciation, amortisation and impairment	**33 615**	29 916	40 334
Finance income and costs	**3 242**	4 160	5 238
Gain on sale of shares			-70
Other	**273**	953	1 809
Net cash generated from operating activities before change in working capital	**65 554**	72 629	92 337
Change in working capital			
Change in trade and other receivables	**-11 780**	-11 312	-4 654
Change in inventories	**4 858**	-10 456	-14 022
Change in trade and other payables	**-1 286**	5 275	6 689
Change in working capital	**-8 208**	-16 493	-11 987
Interest paid	**-3 026**	-5 398	-7 511
Interest received	**642**	1 289	1 505
Income tax paid	**-12 105**	-6 091	-8 156
Net cash from operating activities	**42 857**	45 936	66 188
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	**-748**	-320	-1 747
Proceeds from sale of subsidiaries and businesses, net of sold cash	**199**	197	197
Purchases of property, plant and equipment and intangible assets	**-25 874**	-34 185	-42 735
Proceeds from sale of property, plant and equipment and intangible assets	**2 823**	1 506	4 328
Purchases of available-for-sale investments	**-2**	-48	-54
Change in other non-current receivables	**237**	67	-13
Proceeds from sale of available-for-sale investments		24	7
Dividends received	**1**	1	1
Net cash used in investing activities	**-23 364**	-32 758	-40 016
Cash flows from financing activities			
Change in short-term borrowings	**3 389**	-14 636	-12 044
Proceeds from long-term borrowings		43 000	43 000
Repayments of long-term borrowings	**-14 863**	-25 362	-34 388
Dividends paid	**-21 301**	-21 318	-21 318
Repurchase of own shares	**-1 125**	-356	-356
Net cash generated from financing activities	**-33 900**	-18 672	-25 106

EUR 1000	9/2010	9/2009	12/2009
Net change in liquid assets	**-14 407**	-5 494	1 066
Liquid assets at beginning of period	**27 583**	26 517	26 517
Effect of changes in foreign exchange rates	**194**	2	28
Change in fair value of current available-for-sale investments		-32	-28
Liquid assets at end of period	**13 370**	20 993	27 583

Liquid assets

EUR 1000	9/2010	9/2009	12/2009
Cash and cash equivalents	**6 878**	10 004	9 099
Certificates of deposit	**6 492**	10 989	18 484
Total	**13 370**	20 993	27 583

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1000	Share capital	Share premium reserve	Revalu-ation and other reserves	Retained earnings	Equity attributable to equity holders of the company	Minority interest	Total equity
Equity at 1.1.2010	**19 399**	**50 673**	**-3 084**	**150 014**	**217 002**	**247**	**217 249**
Expense recognition of share-based benefits				379	379		379
Repurchase of own shares				-489	-489		-489
Dividends paid				-21 313	-21 313		-21 313
Total comprehensive income			396	20 878	21 274	22	21 296
Equity at 30.9.2010	**19 399**	**50 673**	**-2 688**	**149 469**	**216 853**	**269**	**217 122**
Equity at 1.1.2009	**19 399**	**50 673**	**-2 964**	**137 768**	**204 876**	**162**	**205 038**
Expense recognition of share-based benefits				656	656		656
Repurchase of own shares				-356	-356		-356
Dividends paid				-21 295	-21 295		-21 295
Total comprehensive income			-330	27 629	27 299	-4	27 295
Equity at 30.9.2009	**19 399**	**50 673**	**-3 294**	**144 402**	**211 180**	**158**	**211 338**

KEY FIGURES

	7-9/ 2010	7-9/ 2009	1-9/ 2010	1-9/ 2009	1-12/ 2009
Earnings per share, EUR	**0.28**	0.30	**0.54**	0.71	0.85
Earnings per share, diluted, EUR	**0.28**	0.30	**0.54**	0.71	0.85
Cash flows from operating activities per share, EUR	**0.34**	0.25	**1.11**	1.18	1.71
EVA, EUR million	**8.8**	8.2	**8.9**	16.6	16.5
Capital expenditure, EUR 1000	**10 782**	9 676	**26 863**	34 132	44 882
Depreciation, amortisation and impairment, EUR 1000	**10 593**	10 101	**33 615**	29 916	40 334
Equity per share, EUR			**5.60**	5.45	5.60
Return on equity, ROE, %			**12.8**	17.7	15.7
Return on invested capital, ROI, %			**12.1**	16.0	14.5
Equity ratio, %			**45.6**	43.3	44.1
Gearing, %			**55.2**	61.2	53.5
Net interest-bearing liabilities, EUR 1000			**119 878**	129 278	116 276
Average number of employees in full-time equivalents			**7 798**	8 254	8 113
Total number of full-time and part-time employees at end of period			**8 550**	9 101	8 743
Number of outstanding shares adjusted for issues, 1000 shares					
average during the period			**38 752**	38 785	38 781
at end of period			**38 738**	38 769	38 769
average during the period, diluted			**38 766**	38 785	38 784

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 2009 have been applied. These interim financial statements have been prepared in accordance with the IFRS standards and interpretations as adopted by the EU. The following amendments to standards that have become effective in 2009 have had an impact on the financial statements in this interim report:

IFRS 3 (Amendment) Business combinations
The standard contains several significant changes to the treatment of business combinations effected after the adoption of the amended standard and they have a material impact on the Group's financial statements. The amendments affect the amount of goodwill to be recognised from acquisitions and items recognised in the income statement both in the period of the acquisition and in the periods where additional payments or additional acquisitions are made. For example, a contingent consideration is recognised at acquisition-date fair value and revaluations, if any, are recognised through profit or loss. Transaction costs such as attorney's and consultant's fees are no longer included in the acquisition cost but they are recognised in profit or loss. A minority interest may be measured either at fair value or at the minority interest's proportionate share of the acquiree's net assets. According to the transitional provisions, business combinations that were effected before the adoption of the standard will not be restated.

IAS 27 (Amendment) Consolidated and separate financial statements
The revised standard requires that the effects of changes in interest in a subsidiary are recognised in equity, when there is no change in control. When control in a subsidiary is lost, any remaining interest is measured at fair value through profit or loss. A similar accounting treatment will be applied to investments in associates (IAS 28) and interests in joint ventures (IAS 31). As a consequence of the amendment, losses of a subsidiary may be attributed to minority interests also when they exceed the minority interest.

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.

SEGMENT INFORMATION

As of 1 June 2009, business operations were regrouped into three divisions: Environmental Services, Property and Office Support Services and Renewable Energy Sources (L&T Biowatti). The company's internal reporting, as well as the segments reported externally, were changed to reflect the new divisions at the beginning of 2010. As of 1 July 2010, Property and Office Support Services was divided into two divisions: Cleaning and Office Support Services and Property Maintenance. Comparative figures have been restated accordingly.

Net sales

		7-9/2010			**7-9/2009**		
EUR 1000	**External**	**Inter-division**	**Total**	**External**	**Inter-division**	**Total**	**Total net sales, change %**
Environmental Services	**75 141**	**665**	**75 806**	71 392	663	72 055	5.2
Cleaning and Office Support Services	**35 364**	**295**	**35 659**	36 063	275	36 338	-1.9
Property Maintenance	**26 481**	**445**	**26 926**	23 286	460	23 746	13.4
Renewable Energy Sources	**6 784**	**833**	**7 617**	9 998	671	10 669	-28.6
Eliminations		**-2 238**	**-2 238**		-2 069	-2 069	
L&T total	**143 770**	**0**	**143 770**	140 739	0	140 739	2.2

		1-9/2010			**1-9/2009**		
EUR 1000	**External**	**Inter-division**	**Total**	**External**	**Inter-division**	**Total**	**Total net sales, change %**
Environmental Services	**213 240**	**2 799**	**216 039**	210 435	2 606	213 041	1.4
Cleaning and Office Support Services	**105 140**	**895**	**106 035**	106 720	867	107 587	-1.4
Property Maintenance	**90 736**	**1 137**	**91 873**	72 923	1 412	74 335	23.6
Renewable Energy Sources	**37 570**	**2 270**	**39 840**	44 187	2 236	46 423	-14.2
Eliminations		**-7 101**	**-7 101**		-7 121	-7 121	
L&T total	**446 686**	**0**	**446 686**	434 265	0	434 265	2.9

		1-12/2009	
EUR 1000	**External**	**Inter-division**	**Total**
Environmental Services	280 632	3 587	284 219
Cleaning and Office Support Services	142 103	1 170	143 273
Property Maintenance	98 311	1 853	100 164
Renewable Energy Sources	61 260	2 865	64 125
Eliminations		-9 475	-9 475
L&T total	582 306	0	582 306

Operating profit

EUR 1000	**7-9/ 2010**	**%**	**7-9/ 2009**	**%**	**1-9/ 2010**	**%**	**1-9/ 2009**	**%**	**1-12/ 2009**	**%**
Environmental Services	**10 930**	**14.4**	11 816	16.4	**25 470**	**11.8**	29 166	13.7	35 959	12.7
Cleaning and Office Support Services	**4 088**	**11.5**	4 076	11.2	**7 343**	**6.9**	8 611	8.0	10 308	7.2
Property Maintenance	**3 263**	**12.1**	3 157	13.3	**7 131**	**7.8**	6 308	8.5	7 378	7.4
Renewable Energy Sources	**-1 432**	**-18.8**	-1 029	-9.6	**-6 192**	**-15.5**	-637	-1.4	-958	-1.5
Group admin. and other	**-574**		-1 111		**-2 086**		-1 688		-2 423	
L&T total	**16 275**	**11.3**	16 909	12.0	**31 666**	**7.1**	41 760	9.6	50 264	8.6
Finance costs, net	**-1 272**		-1 242		**-3 242**		-4 160		-5 238	
Profit before tax	**15 003**		15 667		**28 424**		37 600		45 026	

Other segment information

EUR 1000	9/2010	9/2009	12/2009
Assets			
Environmental Services	**340 606**	334 737	324 918
Cleaning and Office Support Services	**40 019**	41 957	41 278
Property Maintenance	**34 173**	33 572	34 275
Renewable Energy Sources	**48 458**	60 413	63 436
Group admin. and other	**390**	37	473
Unallocated assets	**19 222**	24 304	32 008
L&T total	**482 868**	495 020	496 388
Liabilities			
Environmental Services	**55 215**	53 726	51 510
Cleaning and Office Support Services	**23 626**	21 950	24 386
Property Maintenance	**12 273**	10 940	12 926
Renewable Energy Sources	**3 972**	6 889	6 310
Group admin. and other	**1 267**	1 674	1 951
Unallocated liabilities	**169 393**	188 503	182 056
L&T total	**265 746**	283 682	279 139

EUR 1000	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Capital expenditure					
Environmental Services	**9 862**	8 577	**22 402**	28 341	36 346
Cleaning and Office Support Services	**398**	330	**1 298**	1 443	2 418
Property Maintenance	**385**	638	**2 634**	2 279	3 809
Renewable Energy Sources	**110**	131	**338**	2 048	2 288
Group admin. and other	**27**		**191**	21	21
L&T total	**10 782**	9 676	**26 863**	34 132	44 882
Depreciation and amortisation					
Environmental Services	**7 400**	6 755	**21 417**	19 914	27 029
Cleaning and Office Support Services	**1 003**	1 131	**3 043**	3 464	4 548
Property Maintenance	**1 008**	1 009	**2 992**	3 050	4 073
Renewable Energy Sources	**1 182**	1 186	**3 526**	3 496	4 676
Group admin. and other		20	**5**	-8	8
L&T total	**10 593**	10 101	**30 983**	29 916	40 334
Impairment					
Renewable Energy Sources			**2 632**		
L&T total			**2 632**		

INCOME STATEMENT BY QUARTER

EUR 1000	**7-9/ 2010**	**4-6/ 2010**	**1-3/ 2010**	**10-12/ 2009**	**7-9/ 2009**	**4-6/ 2009**	**1-3/ 2009**	**10-12/ 2008**
Net sales								
Environmental Services	**75 806**	75 624	64 609	71 178	72 055	74 121	66 865	75 113
Cleaning and Office Support Services	**35 659**	35 710	34 666	35 686	36 338	36 108	35 141	37 389
Property Maintenance	**26 926**	28 090	36 857	25 829	23 746	24 541	26 048	25 511
Renewable Energy Sources	**7 617**	12 097	20 126	17 702	10 669	14 691	21 063	17 160
Inter-division net sales	**-2 238**	-2 507	-2 356	-2 354	-2 069	-2 367	-2 685	-2 115
L&T total	**143 770**	149 014	153 902	148 041	140 739	147 094	146 432	153 058
Operating profit								
Environmental Services	**10 930**	10 124	4 416	6 793	11 816	10 937	6 413	7 693
Cleaning and Office Support Services	**4 088**	2 218	1 037	1 697	4 076	2 597	1 938	-3 223
Property Maintenance	**3 263**	1 075	2 793	1 070	3 157	1 695	1 456	1 278
Renewable Energy Sources	**-1 432**	-3 900	-860	-321	-1 029	-279	671	-207
Group admin. and other	**-574**	-762	-750	-735	-1 111	-84	-493	-660
L&T total	**16 275**	8 755	6 636	8 504	16 909	14 866	9 985	4 881
Operating margin								
Environmental Services	**14.4**	13.4	6.8	9.5	16.4	14.8	9.6	10.2
Cleaning and Office Support Services	**11.5**	6.2	3.0	4.8	11.2	7.2	5.5	-8.6
Property Maintenance	**12.1**	3.8	7.6	4.1	13.3	6.9	5.6	5.0
Renewable Energy Sources	**-18.8**	-32.2	-4.3	-1.8	-9.6	-1.9	3.2	-1.2
L&T total	**11.3**	5.9	4.3	5.7	12.0	10.1	6.8	3.2
Finance costs, net	**-1 272**	-917	-1 053	-1 078	-1 242	-1 233	-1 685	-1 370
Profit before tax	**15 003**	7 838	5 583	7 426	15 667	13 633	8 300	3 511

BUSINESS ACQUISITIONS
Business combinations in aggregate

Consideration

EUR 1000	Fair values used in consolidation
Cash	748
Equity instruments	
Contingent consideration	
Total consideration transferred	748
Indemnification asset	
Fair value of equity interest held before the acquisition	
Total consideration	748
Acquisition-related costs (included in the administrative expenses in the consolidated financial statements)	0

Recognised amounts of identifiable assets acquired and liabilities assumed

EUR 1000	Fair values used in consolidation
Property, plant and equipment	272
Customer contracts	171
Agreements on prohibition of competition	134
Total assets	577
Total liabilities	0
Total identifiable net assets	577
Non-controlling interest	
Goodwill	171
Total	748
Cash and cash equivalents at acquisition date	
Cash flow effect of acquisitions	748

The property maintenance services business of Kiinteistöpalvelu Oy Hollola was acquired into Property and Office Support Services on 1 June 2010, and the business of Kiinteistöhuolto Oy Forsblom on 1 July 2010. The net sales of the business of Kiinteistöpalvelu Oy Hollola totalled EUR 1,600 thousand and the acquisition cost was EUR 726 thousand. Changes in acquisition costs may arise on the basis of terms and conditions related to the acquisition price in the deeds of sale as a small portion of the acquisition price is contingent on future events (less than 12 months). All itemisations in accordance with IFRS 3 are not presented because the figures are immaterial.

On 1 July 2010, L&T acquired the remaining 16.5% of the Muoviportti Group (83.5% held previously). An estimate of the acquisition price for the remaining 16.5% was recognised as current interest-bearing liability, as L&T had made a commitment to acquire the remaining shares. The acquisition is not subject to IFRS 3, because it concerns corporations under the same control.

On 18 December 2006, an agreement was signed on the acquisition of the majority (70%) of the shares of Biowatti Oy from the acting management of the company. L&T also made a commitment to redeem the remaining 30 percent of the shares by the beginning of the year 2012. The acquisition price for the 70 percent portion was EUR 30.9 million, and it was settled in cash. No interest-bearing liabilities were transferred in the acquisition. In the consolidated financial statements the whole acquisition price (100%) was recognised as acquisition cost. No minority interest was separated from the profit or equity, but the estimated purchase price of the remaining 30 percent was recognised as interest-bearing non-current liability. The final price of the 30 percent portion will be determined based on the future earnings of L&T Biowatti. The estimate is assessed annually as of 31 December, or whenever any indication exists. According to the assessment of 30 June 2010, the acquisition price for the remaining 30 percent was reduced by EUR 1,113 thousand to EUR 2,650 thousand (EUR 3,763 thousand). The adjustment has no impact on the profit or loss, as the adjustment was recognised accordingly under cost of the combination, goodwill and interest-bearing liabilities.

The accounting policy concerning business combinations is presented in Annual Report 2009 under Note 2 of the consolidated financial statements and under Summary on significant accounting policies.

CHANGES IN INTANGIBLE ASSETS

EUR 1000	1-9/2010	1-9/2009	1-12/2009
Carrying amount at beginning of period	**148 417**	152 627	152 627
Business acquisitions	**476**	183	1 352
Other capital expenditure	**2 078**	2 863	4 052
Disposals	**-1 718**	-106	-2 148
Amortisation and impairment	**-6 838**	-6 579	-8 880
Transfers between items	**-4**	978	978
Exchange differences	**930**	463	436
Carrying amount at end of period	**143 341**	150 429	148 417

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1000	1-9/2010	1-9/2009	1-12/2009
Carrying amount at beginning of period	**201 651**	197 152	197 152
Business acquisitions	**272**	140	395
Other capital expenditure	**24 035**	30 916	39 029
Disposals	**-1 001**	-1 585	-2 324
Depreciation and impairment	**-26 777**	-23 337	-31 454
Transfers between items	**4**	-978	-978
Exchange differences	**289**	-212	-169
Carrying amount at end of period	**198 473**	202 095	201 651

CAPITAL COMMITMENTS

EUR 1000	1-9/2010	1-9/2009	1-12/2009
Intangible assets	**140**	350	160
Property, plant and equipment	**4 281**	8 790	7 390
Total	**4 421**	9 140	7 550
The Group's share of capital commitments of joint ventures	**100**	750	

RELATED-PARTY TRANSACTIONS
(Joint ventures)

EUR 1000	1-9/2010	1-9/2009	1-12/2009
Sales	**1 767**	773	930
Other operating income	**55**	57	75
Interest income	**330**	480	336
Non-current receivables			
Capital loan receivable	**19 146**	13 396	15 896
Current receivables			
Trade receivables	**635**	41	31
Loan receivables	**868**	442	538

CONTINGENT LIABILITIES

Securities for own commitments

EUR 1000	9/2010	9/2009	12/2009
Mortgages on rights of tenancy	**42 179**	42 179	42 179
Company mortgages	**21 460**	21 460	21 460
Other securities	**233**	234	234
Bank guarantees required for environmental permits	**3 788**	3 551	3 591

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

Operating lease liabilities

EUR 1000	9/2010	9/2009	12/2009
Maturity not later than one year	**8 621**	7 422	8 145
Maturity later than one year and not later than five years	**19 272**	16 706	17 470
Maturity later than five years	**4 938**	6 422	6 274
Total	**32 831**	30 550	31 889

Derivative financial instruments

Interest rate swaps

EUR 1000	9/2010	9/2009	12/2009
Nominal values of interest rate swaps			
Maturity not later than one year	**5 329**	4 629	4 629
Maturity later than one year and not later than five years	**27 057**	32 386	30 785
Total	**32 386**	37 015	35 414
Fair value	**-1 195**	-1 205	-1 073

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 interest rate swaps are based on the market data at the balance sheet date.

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 2009: 9.4%
WACC 2010: 8.7%

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 October 2010

LASSILA & TIKANOJA PLC
Board of Directors

Jari Sarjo
President and CEO

For additional information please contact Jari Sarjo, President and CEO, tel. +358 10 636 2810 or Ville Rantala, CFO, tel. +358 50 385 1442 or Keijo Keränen, Head of Treasury & IR, tel. +358 50 385 6957.

Lassila & Tikanoja specialises in environmental management and property and plant support services and is a leading supplier of wood-based biofuels, recovered fuels and recycled raw materials. With operations in Finland, Sweden, Latvia and Russia, L&T employs 8,700 persons. Net sales in 2009 amounted to EUR 582 million. L&T is listed on NASDAQ OMX Helsinki.

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