LASSILA & TIKANOJA

LASSILA & TIKANOJA PLC
FINANCIAL STATEMENTS RELEASE 1 JANUARY – 31 DECEMBER 2010

- **Net sales for the final quarter EUR 151.5 million (EUR 148.0 million); operating profit EUR 8.6 million (EUR 8.5 million); operating profit excluding non-recurring items EUR 9.1 million (EUR 8.7 million); earnings per share EUR 0.14 (EUR 0.14)**
- **Full-year net sales EUR 598.2 million (EUR 582.3 million); operating profit EUR 40.2 million (EUR 50.3 million); operating profit excluding non-recurring items EUR 45.5 million (EUR 51.3 million); earnings per share EUR 0.68 (EUR 0.85)**
- **The investments made in Renewable Energy Sources (L&T Biowatti) and in L&T Recoil have not generated the profits expected, and operations continued to make a loss.**
- **Net sales and operating profit excluding non-recurring items in 2011 are expected to remain at the 2010 level.**
- **A dividend of EUR 0.55 per share is proposed.**

GROUP NET SALES AND FINANCIAL PERFORMANCE

Final quarter

Lassila & Tikanoja's net sales for the final quarter increased by 2.3% to EUR 151.5 million (EUR 148.0 million). Operating profit was EUR 8.6 million (EUR 8.5 million), representing 5.6% (5.7%) of net sales, and operating profit excluding non-recurring items was EUR 9.1 million (EUR 8.7 million). Earnings per share came to EUR 0.14 (EUR 0.14).

The large number of commissioned assignments, due to heavy snowfalls in the early winter and the improved demand for Environmental Services, boosted net sales. Meanwhile, net sales for the Renewable Energy Sources division (L&T Biowatti) were below the previous year's level.

Profitability was eroded by the higher than expected land cleaning costs associated with the Kerava recycling plant investment and the heavy snowfall in southern Finland in the early winter, which resulted in high subcontracting and overtime costs.

The 2010 financial year

Full-year net sales amounted to EUR 598.2 million (EUR 582.3 million), showing an increase of 2.7%. Operating profit was EUR 40.2 million (EUR 50.3 million), representing 6.7% (8.6%) of net sales. Operating profit excluding non-recurring items fell to EUR 45.5 million (EUR 51.3 million). Earnings per share were EUR 0.68 (EUR 0.85).

Net sales grew, thanks to the large number of commissioned and contract assignments in the property maintenance sector, caused by heavy snowfalls. The demand for Environmental Services perked up in the second half, and prices of secondary raw materials rose significantly. The Renewable Energy Sources division's (L&T Biowatti) net sales fell below the previous year's level, because of the low price level of fossil fuels and emission rights.

All other divisions except Property Maintenance saw their full-year operating profit excluding non-recurring items decline from the figure for the comparison period. The investments made in Renewable Energy Sources (L&T Biowatti) and in L&T Recoil have not generated the profits expected, and operations continued to make a loss. The preliminary agreement negotiated in the spring for L&T Recoil's ownership rearrangement was cancelled.

Non-recurring restructuring costs of EUR 1.5 million and a EUR 3.4 million cost associated with the discontinuation of L&T Biowatti's wood pellet business were recognised for the year.

Financial summary

	10-12/ 2010	10-12/ 2009	Change %	1-12/ 2010	1-12/ 2009	Change %
Net sales, EUR million	**151.5**	148.0	2.3	**598.2**	582.3	2.7
Operating profit excluding non-recurring items, EUR million*	**9.1**	8.7	4.7	**45.5**	51.3	-11.3
Operating profit, EUR million	**8.6**	8.5	0.6	**40.2**	50.3	-20.0
Operating margin, %	**5.6**	5.7		**6.7**	8.6	
Profit before tax, EUR million	**7.6**	7.4	1.9	**36.0**	45.0	-20.1
Earnings per share, EUR	**0.14**	0.14		**0.68**	0.85	
Dividend per share, EUR				**0.55****	0.55	
EVA, EUR million	**1.2**	-0.1		**10.1**	16.5	-38.8

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

NET SALES AND FINANCIAL PERFORMANCE BY DIVISION

Environmental Services

Final quarter
The division's net sales for the final quarter were up by 4.0%, to EUR 74.0 million (EUR 71.2 million). The operating profit was EUR 8.2 million (EUR 6.8 million), and operating profit excluding non-recurring items totalled EUR 8.2 million (EUR 6.9 million).

Net sales from domestic operations grew from the comparison period's level, thanks to stronger demand for waste management services and higher operating rates in the industry. Net sales growth in the recycling business was fuelled by the rise in secondary raw material prices. Recycling volumes also showed growth, although more moderate than the price development.

The division's profitability was taxed by machinery repair costs that were higher than in the comparison period, and the higher than expected land cleaning costs associated with the Kerava recycling plant. Compensation was paid by the City of Kerava for the early hand-over of the leased land areas. The net increase in operating profit excluding non-recurring items that resulted from the arrangements in Kerava was EUR 0.6 million.

The reliability of operations at joint venture L&T Recoil's plant improved, thanks to the repair investments conducted in the early autumn. Higher demand and the rising global market prices for oil pushed the price of the plant's end product, base oil, into an upward turn. Nevertheless, the final quarter's operating profit excluding non-recurring items remained in the red.

The 2010 financial year
The Environmental Services division's net sales for 2010 grew by 2.0%, to EUR 290.0 million (EUR 284.2 million). Operating profit totalled EUR 33.7 million (EUR 36.0 million), and operating profit excluding non-recurring items was EUR 34.0 million (EUR 36.7 million).

Waste volumes grew, thanks to recovery in industrial operations and construction. Similarly, the demand for secondary raw materials picked up from the previous year's level and their price took a marked upward turn. Demand for process cleaning and hazardous waste services perked up after a time of sluggish demand in the first half, and partnership agreements were signed with industrial clients.

The exceptionally heavy snowfall seen in the course of the year strained waste management production efficiency and decreased the demand for industrial services in the first half. In the comparison period, major project-based assignments boosted net sales and improved profitability.

The second stage of the Kerava recycling plant's investment programme was completed. A new combined recycling plant for construction waste and trade and industrial waste was introduced at the start of the year, resulting in an increase in the recovery rate of the waste processed at the Kerava plant.

Joint venture L&T Recoil's re-refinery experienced some technical problems, and an investment shutdown was carried out at the plant in August–September, which helped improve the plant's reliability. L&T Recoil's full-year operating loss stands at EUR 3.6 million (a loss of EUR 3.8 million). In the final quarter, losses shrank from the comparison period.

Net sales for international operations remained at the previous year's level, and profitability improved. The challenging market conditions in Latvia have held back business development. The first recycling facility was introduced in Russia.

Cleaning and Office Support Services

Final quarter
The Cleaning and Office Support Services division's net sales for the final quarter fell by 3.1%, to EUR 34.6 million (EUR 35.7 million). The operating profit was EUR 0.2 million (EUR 1.7 million), and operating profit excluding non-recurring items came to EUR 0.3 million (EUR 1.8 million).

Net sales from domestic operations fell slightly from the previous year’s level, with new project start-up costs weakening profitability.

Net sales from international operations were at the comparison period’s level. The operating profit excluding non-recurring items continued to be negative.

The 2010 financial year
The division's net sales for 2010 fell by 1.9%, to EUR 140.6 million (EUR 143.3 million). Operating profit totalled EUR 7.5 million (EUR 10.3 million), and operating profit excluding non-recurring items was EUR 8.0 million (EUR 10.6 million).

Both net sales from Finnish operations and profitability declined from the comparison period’s level as a result of fierce price competition. Despite the challenging market conditions, sales of commissioned assignments remained at the 2009 level. Net sales from international operations were at the comparison period’s level. The operating profit excluding non-recurring items continued to be negative even though Swedish operations were able to cut their losses.

A credit loss of EUR 0.7 million was recognised in Russia in the first half, and the business was divested at the end of the third quarter.

Property Maintenance

Final quarter
The division’s net sales for the final quarter were up by 22.3%, to EUR 31.6 million (EUR 25.8 million). The operating profit was EUR 0.6 million (EUR 1.1 million), and operating profit excluding non-recurring items was EUR 0.6 million (EUR 1.1 million).

The division’s significant increase in net sales from the comparison period could be attributed to the commissioned assignments brought about by the exceptionally heavy snowfall in the second half. The order book for maintenance services for technical systems and for damage repair services remained healthy.

Higher subcontracting and overtime costs eroded the division’s profitability.

The 2010 financial year
The division's net sales for 2010 totalled EUR 123.5 million (EUR 100.2 million); an increase of 23.3%. Its operating profit was EUR 7.8 million (EUR 7.4 million), and operating profit excluding non-recurring items was EUR 7.9 million (EUR 7.5 million).

A larger contract portfolio and the commissioned assignments resulting from the year’s exceptionally cold and snowy weather boosted the division's net sales, bringing them above the previous year’s level.

The order book for damage repair services remained healthy throughout the year. Service contracts were renewed, and new partnership agreements with insurance companies were signed. The demand for maintenance services for technical systems improved, particularly toward year-end 2010, following growth in the construction industry.

Operating profit excluding non-recurring items improved as a consequence of net sales growth and management of fixed costs.

Renewable Energy Sources

Final quarter
Final-quarter net sales for Renewable Energy Sources (L&T Biowatti) were down by 13.8%, to EUR 15.3 million (EUR 17.7 million). The division recorded an operating loss of EUR 0.4 million (a loss of EUR 0.3 million), and an operating profit excluding non-recurring items of EUR 0.0 million (a loss of EUR 0.3 million).

The division’s net sales declined even though cold weather at the year’s end spurred the demand for wood-based fuels. The low prices of fossil fuels and emission rights restricted demand.

The 2010 financial year
The Renewable Energy Sources division’s net sales for 2010 were down by 14.1%, to EUR 55.1 million (EUR 64.1 million). The operating loss totalled EUR 6.6 million (a loss of EUR 1.0 million), and the operating loss excluding non-recurring items totalled EUR 3.1 million (a loss of EUR 0.6 million).

Both demand for wood-based fuels and their competitiveness declined from the comparison period’s level because of the low prices of emission rights and fossil fuels (peat, coal, and oil). Profitability improved toward year-end 2010 because of the cold weather and measures to improve production efficiency.

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 3.4 million was recognised for the discontinuation.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	**10-12/ 2010**	**10-12/ 2009**	**1-12/ 2010**	**1-12/ 2009**
Operating profit	**8.6**	8.5	**40.2**	50.3
Non-recurring items:				
Discontinuation of wood pellet production of L&T Biowatti	**0.4**		**3.4**	
Discontinuation of cleaning business in Moscow	**0.1**		**0.4**	
Discontinuation of soil washing services				-0.4
Restructuring costs		0.2	**1.5**	1.6
Closure of wood pellet plant in Luumäki				0.3
Refund of supplementary insurance fund of former Lassila & Tikanoja				-0.5
Operating profit excluding non-recurring items	**9.1**	8.7	**45.5**	51.3

FINANCING

Cash flows from operating activities amounted to EUR 63.8 million (EUR 66.2 million). EUR 2.2 million was tied up in the working capital (EUR 12.0 million).

At the end of the period, interest-bearing liabilities amounted to EUR 126.8 million (EUR 143.9 million). Net interest-bearing liabilities amounted to EUR 112.3 million, showing a decrease of EUR 4.0 million from the turn of the year. New long-term loans were not taken out in 2010.

Long-term loans totalling EUR 22.2 million will mature in 2011. The average interest rate of loans (with interest rate hedging) was 3.3% (3.2%).

Net finance costs amounted to EUR 4.2 million which is EUR 1.0 million below the amount of the comparison period. Net finance costs were 0.7% (0.9%) of net sales.

In 2010, a total of EUR 0.2 million (EUR -0.3 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 46.5% (44.1%) and the gearing rate 50.3 (53.5). Liquid assets at the end of the period amounted to EUR 14.5 million (EUR 27.6 million).

Of the EUR 50 million commercial paper programme, EUR 5.0 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 39.3 million (EUR 44.9 million). The most significant construction project was the Kerava combined recycling plant, which was introduced for 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. In the final quarter, Säkkivaihto Oy was acquired into Environmental Services. The net sales of the acquired business totalled EUR 1.1 million.

PERSONNEL

The average number of employees converted into full-time equivalents was 7,835 (8,113). The total number of full-time and part-time employees at the end of the period was 8,732 (8,743). Of them 6,849 (6,762) people worked in Finland and 1,883 (1,981) people in other countries.

PROPOSAL FOR THE DISTRIBUTION OF PROFIT

According to the financial statements, Lassila & Tikanoja plc’s distributable assets amount to EUR 71,211,992.73 of which EUR 37,665,785.66 constitutes profit for the financial period. There were no substantial changes in the financial standing of the company after the end of the financial period, and the solvency test referred to in Chapter 13, Section 2 of the Companies Act does not affect the amount of distributable assets. The Board of Directors proposes to the General Meeting of Shareholders that distributable assets be used as follows:

A dividend of EUR 0.55 will be paid on each share. On the day when the distribution of profit was proposed, the number of shares conferring entitlement to receive dividend totalled 38,738,116 shares, on which the total dividend payment would be EUR 21,305,963.80. No dividend shall be paid on shares held by the company on the dividend payment record date.

In accordance with the resolution of the Board of Directors, the record date is 22 March 2011. The Board of Directors proposes to the Annual General Meeting to be held on 17 March 2011 that the dividend be paid on 29 March 2011.

Earnings per share amounted to EUR 0.68. The proposed dividend is 81.4% of the earnings per share.

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 in 2010 was 7,736,454, which is 20.0% (25.9%) of the average number of outstanding shares. The value of trading was EUR 111.1 million (EUR 126.9 million). The trading price varied between EUR 12.85 and EUR 16.20. The closing price was EUR 14.73. The company holds 60,758 own shares. The market capitalisation excluding the shares held by the company was EUR 570.6 million (EUR 619.9 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. The average number of shares excluding the shares held by the company totalled 38,748,649.

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. The 2008 options have been listed on NASDAQ OMX Helsinki since 1 November 2010.

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 23 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 9,151 (7,595) shareholders. Nominee-registered holdings accounted for 12.2% (9.2%) 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: Cleaning and Office Support Services and Property Maintenance. 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.

In a release published on 29 December 2010, the company announced that the Group Executive team will be renamed the Group Executive Board and some functions organised at company level will be transferred to the divisions. At the same time, the company announced that Kimmo Huhtimo, Director, leaves the Group Executive team. He will take up the responsibility for customer-related strategic programmes and projects in the company.

In a release published on 14 January 2011, the company announced that its full-year operating profit excluding non-recurring items declined more than anticipated earlier compared to the year 2009. Previously the company estimated that the full-year financial performance will be slightly lower than in the year 2009.

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. End-product price fluctuations and changes in the availability of raw material would have a major effect on L&T Recoil's performance.

The planned government support for renewable fuels should have a positive effect on the demand for wood-based fuels but with some delay, and with its extend depending on these measures' scope and level. Sustained low prices of emission rights may adversely affect the competitiveness of L&T Biowatti's wood-based fuels.

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 YEAR 2011

The outlook for the Environmental Services division's waste management services and recycling business for 2011 has improved. Rising operating rates in the industry are expected to increase waste volumes and the demand for process cleaning and material recovery solutions. Higher prices of secondary raw materials and a rise in waste tax improve the outlook for the recycling business.

The markets for Cleaning and Office Support Services and for Property Maintenance are expected to remain challenging.

Demand for L&T Biowatti’s wood-based fuels is expected to remain moderate. The positive effect of the planned government support measures related to renewable fuels is forecast to materialise in the second half.

Net sales and operating profit excluding non-recurring items in 2011 are expected to remain at the 2010 level.

CONDENSED FINANCIAL STATEMENTS 1 JANUARY–31 DECEMBER 2010

CONSOLIDATED INCOME STATEMENT

EUR 1000	10-12/ 2010	10-12/ 2009	1-12/ 2010	1-12/ 2009
Net sales	**151 507**	148 041	**598 193**	582 306
Cost of sales	**-137 761**	-132 487	**-531 066**	-505 699
Gross profit	**13 746**	15 554	**67 127**	76 607
Other operating income	**1 638**	429	**2 708**	2 425
Selling and marketing costs	**-3 804**	-3 842	**-13 779**	-14 636
Administrative expenses	**-2 260**	-3 167	**-10 519**	-11 705
Other operating expenses	**-767**	-470	**-2 686**	-2 427
Impairment			**-2 632**	
Operating profit	**8 553**	8 504	**40 219**	50 264
Finance income	**323**	224	**1 053**	1 290
Finance costs	**-1 310**	-1 302	**-5 282**	-6 528
Profit before tax	**7 566**	7 426	**35 990**	45 026
Income tax expense	**-2 254**	-1 917	**-9 786**	-11 881
Profit for the period	**5 312**	5 509	**26 204**	33 145
Attributable to:				
Equity holders of the company	**5 310**	5 511	**26 188**	33 140
Minority interest	**2**	-2	**16**	5
Earnings per share for profit attributable to the equity holders of the company:				
Basic earnings per share, EUR	**0.14**	0.14	**0.68**	0.85
Diluted earnings per share, EUR	**0.14**	0.14	**0.68**	0.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1000	10-12/ 2010	10-12/ 2009	1-12/ 2010	1-12/ 2009
Profit for the period	**5 312**	5 509	**26 204**	33 145
Other comprehensive income, after tax				
Hedging reserve, change in fair value	**313**	98	**223**	-343
Current available-for-sale investments				
Gains in the period	**-3**	3	**-58**	-21
Current available-for-sale investments	**-3**	3	**-58**	-21
Currency translation differences	**243**	200	**792**	324
Other comprehensive income, after tax	**553**	301	**957**	-40
Total comprehensive income, after tax	**5 865**	5 810	**27 161**	33 105
Attributable to:				
Equity holders of the company	**5 856**	5 721	**27 130**	33 020
Minority interest	**9**	89	**31**	85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1000	12/2010	12/2009
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	**113 467**	113 771
Customer contracts arising from acquisitions	**4 736**	6 232
Agreements on prohibition of competition	**10 023**	11 641
Other intangible assets arising from business acquisitions	**1 229**	3 194
Other intangible assets	**13 226**	13 579
	142 681	148 417
Property, plant and equipment		
Land	**4 671**	4 015
Buildings and constructions	**78 908**	72 072
Machinery and equipment	**111 733**	110 817
Other	**85**	81
Prepayments and construction in progress	**5 303**	14 666
	200 700	201 651
Other non-current assets		
Available-for-sale investments	**598**	525
Finance lease receivables	**3 547**	4 425
Deferred tax assets	**3 924**	2 147
Other receivables	**3 401**	726
	11 470	7 823
Total non-current assets	**354 851**	357 891
Current assets		
Inventories	**27 957**	32 842
Trade and other receivables	**85 662**	77 702
Derivative receivables	**407**	
Prepayments	**317**	370
Available-for-sale investments	**9 895**	18 484
Cash and cash equivalents	**4 653**	9 099
Total current assets	**128 891**	138 497
TOTAL ASSETS	**483 742**	496 388

EUR 1000	**12/2010**	**12/2009**
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of the company		
Share capital	**19 399**	19 399
Share premium reserve	**50 673**	50 673
Other reserves	**-2 141**	-3 084
Retained earnings	**128 597**	116 874
Profit for the period	**26 188**	33 140
	222 716	217 002
Minority interest	**278**	247
Total equity	**222 994**	217 249
Liabilities		
Non-current liabilities		
Deferred tax liabilities	**33 718**	33 622
Retirement benefit obligations	**615**	671
Provisions	**2 748**	2 100
Borrowings	**95 563**	120 969
Other liabilities	**364**	1 510
	133 008	158 872
Current liabilities		
Borrowings	**31 261**	22 890
Trade and other payables	**94 891**	94 130
Derivative liabilities	**1 173**	1 073
Tax liabilities	**15**	2 119
Provisions	**400**	55
	127 740	120 267
Total liabilities	**260 748**	279 139
TOTAL EQUITY AND LIABILITIES	**483 742**	496 388

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1000	**12/2010**	**12/2009**
Cash flows from operating activities		
Profit for the period	**26 204**	33 145
Adjustments		
Income tax expense	**9 786**	11 881
Depreciation, amortisation and impairment	**43 937**	40 334
Finance income and costs	**4 229**	5 238
Gain on sale of shares		-70
Other	**1 570**	1 809
Net cash generated from operating activities before change in working capital	**85 726**	92 337
Change in working capital		
Change in trade and other receivables	**-6 118**	-4 654
Change in inventories	**4 874**	-14 022
Change in trade and other payables	**-918**	6 689
Change in working capital	**-2 162**	-11 987
Interest paid	**-5 409**	-7 511
Interest received	**914**	1 505
Income tax paid	**-15 259**	-8 156
Net cash from operating activities	**63 810**	66 188
Cash flows from investing activities		
Acquisition of subsidiaries and businesses, net of cash acquired	**-1 655**	-1 747
Proceeds from sale of subsidiaries and businesses, net of sold cash	**199**	197
Purchases of property, plant and equipment and intangible assets	**-36 003**	-42 735
Proceeds from sale of property, plant and equipment and intangible assets	**3 655**	4 328
Purchases of available-for-sale investments	**-74**	-54
Change in other non-current receivables	**-2 673**	-13
Proceeds from sale of available-for-sale investments		7
Dividends received	**1**	1
Net cash used in investing activities	**-36 550**	-40 016
Cash flows from financing activities		
Change in short-term borrowings	**5 091**	-12 044
Proceeds from long-term borrowings		43 000
Repayments of long-term borrowings	**-23 166**	-34 388
Dividends paid	**-21 301**	-21 318
Repurchase of own shares	**-1 125**	-356
Net cash generated from financing activities	**-40 501**	-25 106

EUR 1000	12/2010	12/2009
Net change in liquid assets	**-13 241**	1 066
Liquid assets at beginning of period	**27 583**	26 517
Effect of changes in foreign exchange rates	**206**	28
Change in fair value of current available-for-sale investments		-28
Liquid assets at end of period	**14 548**	27 583

Liquid assets

EUR 1000	12/2010	12/2009
Cash and cash equivalents	**4 653**	9 099
Certificates of deposit	**9 895**	18 484
Total	**14 548**	27 583

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1000	Share capital	Share premium reserve	Revaluation and other reserves	Retained earnings	Equity attributable to equity holders of the company	Minority interest	Total equity
Equity at 1.1.2010	**19 399**	**50 673**	**-3 084**	**150 014**	**217 002**	**247**	**217 249**
Expense recognition of share-based benefits				386	386		386
Repurchase of own shares				-489	-489		-489
Dividends paid				-21 313	-21 313		-21 313
Total comprehensive income			943	26 187	27 130	31	27 161
Equity at 31.12.2010	**19 399**	**50 673**	**-2 141**	**154 785**	**222 716**	**278**	**222 994**
Equity at 1.1.2009	**19 399**	**50 673**	**-2 964**	**137 768**	**204 876**	**162**	**205 038**
Expense recognition of share-based benefits				757	757		757
Repurchase of own shares				-356	-356		-356
Dividends paid				-21 295	-21 295		-21 295
Total comprehensive income			-120	33 140	33 020	85	33 105
Equity at 31.12.2009	**19 399**	**50 673**	**-3 084**	**150 014**	**217 002**	**247**	**217 249**

KEY FIGURES

	10-12/ 2010	**10-12/ 2009**	**1-12/ 2010**	**1-12/ 2009**
Earnings per share, EUR	**0.14**	0.14	**0.68**	0.85
Earnings per share, diluted, EUR	**0.14**	0.14	**0.68**	0.85
Cash flows from operating activities per share, EUR	**0.54**	0.53	**1.65**	1.71
EVA, EUR million	**1.2**	-0.1	**10.1**	16.5
Capital expenditure, EUR 1000	**12 458**	10 750	**39 321**	44 882
Depreciation, amortisation and impairment, EUR 1000	**10 322**	10 418	**43 937**	40 334
Equity per share, EUR			**5.75**	5.60
Dividend/share, EUR			**0.55***	0.55
Dividend/earnings, %			**81.4***	64.4
Dividend yield, %			**3.7***	3.4
P/E ratio			**21.8**	18.7
Return on equity, ROE, %			**11.9**	15.7
Return on invested capital, ROI, %			**11.6**	14.5
Equity ratio, %			**46.5**	44.1
Gearing, %			**50.3**	53.5
Net interest-bearing liabilities, EUR 1000			**112 277**	116 276
Average number of employees in full-time equivalents			**7 835**	8 113
Total number of full-time and part-time employees at end of period			**8 732**	8 743
Number of outstanding shares adjusted for issues, 1000 shares				
average during the period			**38 749**	38 781
at end of period			**38 738**	38 769
average during the period, diluted			**38 773**	38 784

* Proposal by the Board of Directors

ACCOUNTING POLICIES

This financial statements release is in compliance with IAS 34 Interim Financial Reporting standard. The same accounting policies as in the annual financial statements for the year 2010 have been applied. This financial statements release has 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 2010 have had an impact on the financial statements release:

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.

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 financial statements release has 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

	10-12/2010			**10-12/2009**			
EUR 1000	**External**	**Inter-division**	**Total**	**External**	**Inter-division**	**Total**	**Total net sales, change %**
Environmental Services	**73 020**	**972**	**73 992**	70 197	981	71 178	4,0
Cleaning and Office Support Services	**34 259**	**321**	**34 580**	35 383	303	35 686	-3,1
Property Maintenance	**30 810**	**786**	**31 596**	25 388	441	25 829	22,3
Renewable Energy Sources	**13 418**	**1 848**	**15 266**	17 073	629	17 702	-13,8
Eliminations		**-3 927**	**-3 927**		-2 354	-2 354	
L&T total	**151 507**	**0**	**151 507**	148 041	0	148 041	2,3

	1-12/2010			**1-12/2009**			
EUR 1000	**External**	**Inter-division**	**Total**	**External**	**Inter-division**	**Total**	**Total net sales, change %**
Environmental Services	**286 260**	**3 771**	**290 031**	280 632	3 587	284 219	2,0
Cleaning and Office Support Services	**139 399**	**1 216**	**140 615**	142 103	1 170	143 273	-1,9
Property Maintenance	**121 546**	**1 923**	**123 469**	98 311	1 853	100 164	23,3
Renewable Energy Sources	**50 988**	**4 118**	**55 106**	61 260	2 865	64 125	-14,1
Eliminations		**-11 028**	**-11 028**		-9 475	-9 475	
L&T total	**598 193**	**0**	**598 193**	582 306	0	582 306	2,7

Operating profit

EUR 1000	**10-12/ 2010**	**%**	**10-12/ 2009**	**%**	**1-12/ 2010**	**%**	**1-12/ 2009**	**%**
Environmental Services	**8 204**	**11.1**	6 793	9.5	**33 674**	**11.6**	35 959	12.7
Cleaning and Office Support Services	**181**	**0.5**	1 697	4.8	**7 524**	**5.4**	10 308	7.2
Property Maintenance	**633**	**2.0**	1 070	4.1	**7 764**	**6.3**	7 378	7.4
Renewable Energy Sources	**-361**	**-2.4**	-321	-1.8	**-6 553**	**-11.9**	-958	-1.5
Group admin. and other	**-104**		-735		**-2 190**		-2 423	
L&T total	**8 553**	**5.6**	8 504	5.7	**40 219**	**6.7**	50 264	8.6
Finance costs, net	**-987**		-1 078		**-4 229**		-5 238	
Profit before tax	**7 566**		7 426		**35 990**		45 026	

Other segment information

EUR 1000	12/2010	12/2009
Assets		
Environmental Services	**330 963**	324 918
Cleaning and Office Support Services	**39 007**	41 278
Property Maintenance	**38 098**	34 275
Renewable Energy Sources	**49 113**	63 436
Group admin. and other	**1 902**	473
Unallocated assets	**24 659**	32 008
L&T total	**483 742**	496 388
Liabilities		
Environmental Services	**50 300**	51 510
Cleaning and Office Support Services	**25 654**	24 386
Property Maintenance	**15 784**	12 926
Renewable Energy Sources	**4 835**	6 310
Group admin. and other	**1 193**	1 951
Unallocated liabilities	**162 982**	182 056
L&T total	**260 748**	279 139

EUR 1000	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Capital expenditure				
Environmental Services	**9 007**	8 005	**31 409**	36 346
Cleaning and Office Support Services	**814**	975	**2 112**	2 418
Property Maintenance	**2 440**	1 530	**5 074**	3 809
Renewable Energy Sources	**316**	240	**654**	2 288
Group admin. and other	**-119**		**72**	21
L&T total	**12 458**	10 750	**39 321**	44 882
Depreciation and amortisation				
Environmental Services	**7 141**	7 115	**28 558**	27 029
Cleaning and Office Support Services	**980**	1 084	**4 023**	4 548
Property Maintenance	**1 025**	1 023	**4 017**	4 073
Renewable Energy Sources	**1 176**	1 180	**4 702**	4 676
Group admin. and other		16	**5**	8
L&T total	**10 322**	10 418	**41 305**	40 334
Impairment				
Renewable Energy Sources			**2 632**	
L&T total			**2 632**	

INCOME STATEMENT BY QUARTER

EUR 1000	**10-12/ 2010**	**7-9/ 2010**	**4-6/ 2010**	**1-3/ 2010**	**10-12/ 2009**	**7-9/ 2009**	**4-6/ 2009**	**1-3/ 2009**
Net sales								
Environmental Services	**73 992**	75 806	75 624	64 609	71 178	72 055	74 121	66 865
Cleaning and Office Support Services	**34 580**	35 659	35 710	34 666	35 686	36 338	36 108	35 141
Property Maintenance	**31 596**	26 926	28 090	36 857	25 829	23 746	24 541	26 048
Renewable Energy Sources	**15 266**	7 617	12 097	20 126	17 702	10 669	14 691	21 063
Inter-division net sales	**-3 927**	-2 238	-2 507	-2 356	-2 354	-2 069	-2 367	-2 685
L&T total	**151 507**	143 770	149 014	153 902	148 041	140 739	147 094	146 432
Operating profit								
Environmental Services	**8 204**	10 930	10 124	4 416	6 793	11 816	10 937	6 413
Cleaning and Office Support Services	**181**	4 088	2 218	1 037	1 697	4 076	2 597	1 938
Property Maintenance	**633**	3 263	1 075	2 793	1 070	3 157	1 695	1 456
Renewable Energy Sources	**-361**	-1 432	-3 900	-860	-321	-1 029	-279	671
Group admin. and other	**-104**	-574	-762	-750	-735	-1 111	-84	-493
L&T total	**8 553**	16 275	8 755	6 636	8 504	16 909	14 866	9 985
Operating margin								
Environmental Services	**11.1**	14.4	13.4	6.8	9.5	16.4	14.8	9.6
Cleaning and Office Support Services	**0.5**	11.5	6.2	3.0	4.8	11.2	7.2	5.5
Property Maintenance	**2.0**	12.1	3.8	7.6	4.1	13.3	6.9	5.6
Renewable Energy Sources	**-2.4**	-18.8	-32.2	-4.3	-1.8	-9.6	-1.9	3.2
L&T total	**5.6**	11.3	5.9	4.3	5.7	12.0	10.1	6.8
Finance costs, net	**-987**	-1 272	-917	-1 053	-1 078	-1 242	-1 233	-1 685
Profit before tax	**7 566**	15 003	7 838	5 583	7 426	15 667	13 633	8 300

TAX EFFECTS OF COMPONENTS OF OTHER COMPREHENSIVE INCOME

		2010			**2009**	
EUR 1000	**Before tax**	**Tax expense/ benefit**	**After tax**	**Before tax**	**Tax expense/ benefit**	**After tax**
Hedging reserve, change in fair value	**301**	**-78**	**223**	-464	121	-343
Current available-for-sale investments	**-60**	**2**	**-58**	-29	8	-21
Currency translation differences	**1 290**	**-498**	**792**	380	-56	324
Components of other comprehensive income	**1 531**	**-574**	**957**	-113	73	-40

BUSINESS ACQUISITIONS

In business combinations, all property, plant and equipment acquired is measured at fair value on the basis of the market prices of similar assets, taking into account the age of the assets, wear and tear and similar factors. Tangible assets will be depreciated over their useful life according to the management's estimate, taking into account the depreciation principles observed within the Group.

Intangible assets arising from business combinations are recognised separately from goodwill at fair value at the time of acquisition if they are identifiable. In connection with acquired business operations, the Group mostly has acquired agreements on prohibition of competition and customer relationships. The fair value of customer agreements and customer relationships associated with them has been determined on the basis of estimated duration of customer relationships and discounted net cash flows arising from current customer relationships. The value of agreements on prohibition of competition is calculated in a similar manner through cash flows over the duration of the agreement. Other intangible assets will be amortised over their useful life according to agreement or the management's estimate.

In addition to the skills of the personnel of the acquired businesses, goodwill arising from business combinations comprises other intangible items. These unidentified items include the potential for gaining new customers in the acquired businesses and the opportunities for developing new products and services, as well as the regionally strong position of an acquired business. All business combinations also create synergy benefits that consist primarily of savings in fixed production costs.

Changes in goodwill arising from acquisitions or acquisition costs may arise on the basis of terms and conditions related to the acquisition price in the deeds of sale. In many acquisitions a small portion of the acquisition price is contingent on future events (less than 12 months). These conditional acquisition prices are recorded at fair value at the time of acquisition, and any changes will be recorded through profit or loss in the income statement for the period. Changes in the acquisition prices made in 2009 and for the Biowatti acquisition in 2007 will be recorded in goodwill in line with the old IFRS 3.

The consolidated net sales for the year 2010 would have been EUR 600.0 million and the consolidated profit for the period EUR 40.2 million if all the acquisitions had occurred on 1 January 2010. The realised net sales of the acquired businesses have been added to the consolidated net sales, and their realised profits and losses have been added to the consolidated profit in accordance with interim accounts at the time of acquisition. Profit for the period is stated less the current amortisation on intangible assets and depreciation charges on property, plant and equipment. Synergy benefits have not been accounted for.

The aggregate net sales of the acquired businesses totalled EUR 3.3 million in 2010.

Business combinations in aggregate

Consideration

EUR 1000	Fair values used in consolidation
Cash	1 684
Equity instruments	0
Contingent consideration	30
Total consideration transferred	1 714
Indemnification asset	0
Fair value of equity interest held before the acquisition	0
Total consideration	1 714
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	500
Customer contracts	356
Agreements on prohibition of competition	339
Non-current available-for-sale financial assets	8
Trade and other receivables	173
Cash and cash equivalents	59
Total assets	1 435
Deferred tax liabilities	92
Trade and other payables	109
Total liabilities	201
Total identifiable net assets	1 243
Non-controlling interest	0
Goodwill	480
Total	1 714

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. On 1 December 2010, the business of SiivousJyvä Oy was acquired into Cleaning and Office Support Services and Säkkivaihto Oy, a waste management company, was acquired into Environmental Services.

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 did not change 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.

By annual net sales, the largest acquisitions were Kiinteistöpalvelu Oy Hollola (EUR 1,618 thousand) and Säkkivaihto Oy (EUR 1,054 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.

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 acquisition 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.

In addition, on 1 January 2011, the Cleaning and Office Support Services division acquired the operations of Kestosiivous Oy, a cleaning company operating in the Helsinki region, and on the same date the Environmental Services division acquired Pentti Laurila Ky, an environmental management business operating in the Keuruu and Multiala region, in Central Finland. The accounting process for these acquisitions is still in progress.

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	**1-12/2010**	**1-12/2009**
Carrying amount at beginning of period	**148 417**	152 627
Business acquisitions	**1 175**	1 352
Other capital expenditure	**2 944**	4 052
Disposals	**-1 760**	-2 148
Amortisation and impairment	**-9 134**	-8 880
Transfers between items	**-4**	978
Exchange differences	**1 043**	436
Carrying amount at end of period	**142 681**	148 417

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1000	**1-12/2010**	**1-12/2009**
Carrying amount at beginning of period	**201 651**	197 152
Business acquisitions	**500**	395
Other capital expenditure	**34 628**	39 029
Disposals	**-1 711**	-2 324
Depreciation and impairment	**-34 803**	-31 454
Transfers between items	**4**	-978
Exchange differences	**431**	-169
Carrying amount at end of period	**200 700**	201 651

CAPITAL COMMITMENTS

EUR 1000	**1-12/2010**	**1-12/2009**
Intangible assets		160
Property, plant and equipment	**5 106**	7 390
Total	**5 106**	7 550
The Group’s share of capital commitments of joint ventures	**0**	0

RELATED-PARTY TRANSACTIONS
(Joint ventures)

EUR 1000	1-12/2010	1-12/2009
Sales	**2 332**	930
Other operating income	**74**	75
Interest income	**505**	336
Non-current receivables		
Capital loan receivable	**20 646**	15 896
Current receivables		
Trade receivables	**2 375**	31
Loan receivables	**1 034**	538

CONTINGENT LIABILITIES

Securities for own commitments

EUR 1000	1-12/2010	1-12/2009
Mortgages on rights of tenancy	**42 179**	42 179
Company mortgages	**21 460**	21 460
Other securities	**222**	234
Bank guarantees required for environmental permits	**4 634**	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	1-12/2010	1-12/2009
Maturity not later than one year	**8 087**	8 145
Maturity later than one year and not later than five years	**20 087**	17 470
Maturity later than five years	**4 509**	6 274
Total	**32 683**	31 889

Derivative financial instruments

Interest rate swaps

EUR 1000	1-12/2010	1-12/2009
Nominal values of interest rate swaps		
Maturity not later than one year	**11 010**	4 629
Maturity later than one year and not later than five years	**49 355**	30 785
Maturity later than five years	**267**	
Total	**60 632**	35 414
Fair value	**-1 173**	-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.

Commodity derivatives

metric tons	12/2010	12/2009
Nominal values of diesel swaps		
Maturity not later than one year	**7 596**	
Maturity later than one year and not later than five years	**2 544**	
Total	**10 140**	
Fair value, EUR 1000	**400**	

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 are based on market prices at the balance sheet date.

Currency derivatives

EUR 1000	12/2010	12/2009
Volume of forward contracts		
Maturity not later than one year	**196**	
Fair value	**7**	

Hedge accounting under IAS 39 has not been applied to currency derivatives. 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 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

Annual Report for the year 2010 containing the report by the Board of Directors and the financial statements for the year 2010 will be published in electronic format in Week 8 and in printed form in Week 10. The annual report will be mailed to the persons on the mailing list maintained by the company. The company website can be used for subscribing for annual reports.

Helsinki, 2 February 2011

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 2010 amounted to EUR 598 million. L&T is listed on NASDAQ OMX Helsinki.

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