LASSILA & TIKANOJA PLC: FINANCIAL STATEMENTS RELEASE 1 JANUARY – 31 DECEMBER 2011

- **Net sales for the final quarter EUR 167.0 million (EUR 151.5 million); operating loss EUR 7.9 million (operating profit EUR 8.6 million); operating profit excluding non-recurring items EUR 9.6 million (EUR 9.1 million); earnings per share EUR -0.18 (EUR 0.14)**
- **Full-year net sales EUR 652.1 million (EUR 598.2 million); operating profit EUR 25.6 million (EUR 40.2 million); operating profit excluding non-recurring items EUR 44.3 million (EUR 45.5 million); earnings per share EUR 0.44 (EUR 0.68)**
- **Full-year net sales is expected to remain at the 2011 level and operating profit excluding non-recurring items is expected to remain at the 2011 level or to improve slightly in 2012.**
- **Distribution of assets: The Board of Directors proposes a capital repayment of EUR 0.55 per share.**

GROUP NET SALES AND FINANCIAL PERFORMANCE

Final quarter

Lassila & Tikanoja's net sales for the final quarter increased by 10.2% to EUR 167.0 million (EUR 151.5 million). Operating losses totalled EUR 7.9 million (operating profit EUR 8.6 million), representing 4.7% (5.6%) of net sales. Operating profit excluding non-recurring items was EUR 9.6 million (EUR 9.1 million). Earnings per share were EUR 0.18 negative (earnings per share EUR 0.14).

With the exception of Renewable Energy Sources, all divisions reported continued net sales growth, approximately half of this growth being organic. Increased waste and recycling volumes and the sustained healthy workload in Property Maintenance prompted demand. In the cleaning business, growth was generated by acquisitions made in the first half.

The year-on-year improvement in operating profit excluding non-recurring items could be primarily attributed to the healthy workload in maintenance services for technical systems and damage repair services. Operating losses excluding non-recurring items sustained by the Renewable Energy Sources division and the joint venture L&T Recoil, grew from the comparison period.

An impairment loss of EUR 17.1 million for the goodwill and other assets of the Renewable Energy Sources division was recognised as a non-recurring cost in the final quarter (an impairment of EUR 17.8 million was announced on 15 December 2011). The impairment loss is due to the weakening competitiveness of wood-based fuels in the long term and a significant decline in government subsidies for promoting the use of forest energy.

Year 2011

Lassila & Tikanoja's full-year net sales grew by 9.0% to EUR 652.1 million (EUR 598.2 million). Operating profit was EUR 25.6 million (EUR 40.2 million), representing 3.9% (6.7%) of net sales, and operating profit excluding non-recurring items was EUR 44.3 million (EUR 45.5 million). Earnings per share were EUR 0.44 (EUR 0.68).

Net sales grew from the comparison period, as demand for Environmental Services and industrial cleaning services perked up. The workload for Property Maintenance remained strong throughout the year. In addition, the acquisitions made in the first half boosted net sales. Acquisitions generated almost half of net sales growth. Meanwhile, the sale of wood-based fuels fell clearly short of the comparison period's level, due to their weak competitiveness.

Full-year operating profit excluding non-recurring items remained at the comparison period's level. Higher salary, subcontracting and fuel costs, as well as the temporary rise in waste disposal costs in the first half, eroded profitability. All divisions implemented price increases to match the rise in costs.

Full-year operating profit was taxed by the non-recurring impairment loss of EUR 17.1 million recognised for the goodwill and other assets of the Renewable Energy Sources division (an impairment of EUR 17.8 million was announced on 15 December 2011). In the comparison period, non-recurring costs of EUR 3.4 million were recognised for the discontinuation of the wood-pellet business.

The Group's tax rate was 19.2 per cent. A general decrease in the tax rate in Finland, as well as the Administrative Court's decision on the tax deductibility of dissolution loss write-off, lowered the tax rate.

Financial summary

	10-12/ 2011	10-12/ 2010	Change %	1-12/ 2011	1-12/ 2010	Change %
Net sales, EUR million	**167.0**	151.5	10.2	**652.1**	598.2	9.0
Operating profit excluding non-recurring items, EUR million*	**9.6**	9.1	5.4	**44.3**	45.5	-2.7
Operating profit, EUR million	**-7.9**	8.6		**25.6**	40.2	-36.4
Operating margin, %	**-4.7**	5.6		**3.9**	6.7	
Profit before tax, EUR million	**-9.0**	7.6		**21.0**	36.0	-41.7
Earnings per share, EUR	**-0.18**	0.14		**0.44**	0.68	-35.3
Capital repayment, EUR				**0.55****	0.55***	
EVA, EUR million	**-14.9**	1.2		**-2.2**	10.1	

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

NET SALES AND FINANCIAL PERFORMANCE BY DIVISION

Environmental Services

Final quarter
The division’s net sales for the final quarter increased by 13.5% to EUR 84.0 million (EUR 74.0 million). Operating profit amounted to EUR 8.3 million (EUR 8.2 million), and operating profit excluding non-recurring items was EUR 8.3 million (EUR 8.2 million).

All services were able to grow their net sales, thanks to higher waste volumes and service demand. Recycling volumes remained robust, even though prices of secondary raw materials fell somewhat from the previous quarter.

New long-term service agreements were signed during the quarter. Of particular importance was expansion of the coverage of an agreement on the recycling of beverage containers with a refund value. The renewed agreement will enter into force in the first half of 2012.

The division's operating profit remained at the comparison period's level, primarily due to volume growth. In waste management, prices of services were revised at the turn of the year to match higher production costs.

The performance of the joint venture L&T Recoil deteriorated from the comparison period due to reduced demand for the end-product and lower prices. However, the plant's reliability improved following a scheduled maintenance shutdown in early autumn.

Although net sales generated by the division’s international operations remained largely unchanged from the comparison period, profitability declined mainly due to weaker profitability in Latvia.

Year 2011
The division’s full-year net sales increased by 12.4% to EUR 325.9 million (EUR 290.0 million). Operating profit amounted to EUR 34.0 million (EUR 33.7 million), and operating profit excluding non-recurring items was EUR 34.0 million (EUR 34.0 million).

The division's net sales growth was primarily organic and could be attributed to the increase in waste volumes and healthy demand for industrial services. Similarly, the volumes and price level of secondary raw materials improved until the early autumn, but prices started to fall slightly at the year-end. The acquisition of Papros Oy in the second quarter strengthened the division’s position in the recycled fibre markets.

The division's operating profit was at the comparison period's level. In the first half, profitability was affected by lower than planned operating rates of recycling plants, a temporary increase in waste disposal costs, and increased production costs. The division did not entirely succeed in adapting its process cleaning services to fluctuations in demand, but extensive service shutdown-related assignments in the summer months were completed successfully.

The joint venture L&T Recoil was able to improve its net sales from the comparison period. The plant's operating rate and reliability improved towards the year-end, even though the end-product supply failed to reach the target level. The joint venture was able to decrease its losses from the comparison period despite two, almost month-long maintenance shutdowns during the year.

The division’s year-on-year net sales from international operations remained unchanged but operating profit declined slightly. The competitive environment for Environmental Services in Latvia has become increasingly tight, which hampered business development and eroded profitability.

During the year, several extensive service agreements were signed with retail chains and producer liability organisations. A new Managreen service was successfully launched on the market. This concept offers customers the ability to manage their environmental management agreements and the related network partners.

Cleaning and Office Support Services

Final quarter
The division’s net sales for the final quarter totalled EUR 40.1 million (EUR 34.6 million); an increase of 16.0%. Operating profit amounted to EUR 0.9 million (EUR 0.2 million), and operating profit excluding non-recurring items was EUR 1.1 million (EUR 0.3 million).

The division’s net sales growth could be attributed to acquisitions made in the first half. Furthermore, commissioned assignments in Finland sold better than a year earlier.

The division's operating profit rose from the comparison period, thanks to the Finnish operations. Meanwhile, the result from international operations was clearly in the red, due to the integration costs affecting Swedish operations and because of lost customers. A new operational enhancement programme was launched in Sweden, with the objective of improving profitability and operational efficiency.

Year 2011
The Cleaning and Office Support Services division's full-year net sales grew by 11.8% to EUR 157.3 million (EUR 140.6 million). Operating profit amounted to EUR 7.1 million (EUR 7.5 million), and operating profit excluding non-recurring items was EUR 7.5 million (EUR 8.0 million).

The division’s year-on-year net sales growth could be primarily attributed to acquisitions made in the first half (Hansalaiset in Finland and Östgöta Städ in Sweden). Sales of commissioned assignments also grew from the comparison period.

Start-up costs of new projects in the first half and higher-than-expected integration costs associated with the acquisitions made in the second quarter had a negative impact on the division's profitability.

In the comparison period, the EUR 0.7 million credit loss recognised for Russian operations weakened the operating profit.

Property Maintenance

Final quarter
The division’s net sales for the final quarter increased by 5.9% to EUR 33.5 million (EUR 31.6 million). Operating profit amounted to EUR 1.9 million (EUR 0.6 million), and operating profit excluding non-recurring items was EUR 1.9 million (EUR 0.6 million).

Strong demand for maintenance services for technical systems and in damage repair services contributed to sustained net sales growth. In property maintenance, the lack of snow in early winter restricted demand for commissioned assignments.

Operating profit improved clearly from the comparison period, thanks to demand for maintenance services for technical systems and damage repair services.

Year 2011
The Property Maintenance division’s full-year net sales increased by 9.0% to EUR 134.6 million (EUR 123.5 million). Operating profit amounted to EUR 8.2 million (EUR 7.8 million), and operating profit excluding non-recurring items was EUR 8.2 million (EUR 7.9 million).

The division’s net sales grew from the comparison period, thanks to successful sales of commissioned assignments of property maintenance in the first half and the strong workload in maintenance services for technical systems and damage repair services. Heavy snowfall in the first half and more extensive partnerships with insurance companies helped boost sales of commissioned assignments.

The division's full-year operating profit rose despite increased production and overtime costs. The profitability of commissioned assignments was also weaker than a year earlier.

Renewable Energy Sources

Final quarter
Final-quarter net sales for Renewable Energy Sources (L&T Biowatti) were down by 17.6%, to EUR 12.6 million (EUR 15.3 million). Operating loss amounted to EUR 18.2 million (a loss of EUR 0.4 million), and operating loss excluding non-recurring items was EUR 1.1 million (EUR 0.0 million).

Wood-based fuels continued to generate weak net sales in the final quarter, due to intense competition and the mild and humid weather.

The division's operating profit excluding non-recurring items fell, even though fixed costs were clearly lower than in the comparison period. In addition to low demand, higher subcontracting costs also taxed profitability.

An impairment loss of EUR 17.1 million for goodwill and other assets was recognised as a non-recurring cost for the quarter. The impairment is due to the weakening competitiveness of wood-based fuels in the long term and a significant decline in government subsidies for promoting the use of forest energy.

Year 2011
The full-year net sales of Renewable Energy Sources (L&T Biowatti) were down by 17.6% to EUR 45.4 million (EUR 55.1 million). Operating loss amounted to EUR 21.3 million (a loss of EUR 6.6 million), and operating loss excluding non-recurring items was EUR 3.8 million (a loss of EUR 3.1 million).

The competitiveness of wood-based fuels was weak throughout the year. In the first half of the year, power plant customers did not receive any subsidy for electricity generation from forest processed chips. As a result, several power plants replaced forest processed chips with fossil fuels. The warm weather in the autumn and in the early winter also curbed demand for forest processed chips. Besides lower demand, profitability was also eroded by higher collection and logistics costs.

A reorganisation programme involving fixed cost cuts and operational efficiency enhancement measures was launched to improve the division's competitiveness.

An impairment loss of EUR 17.1 million for the division's goodwill and other assets was recognised as a non-recurring cost. In the comparison period, the non-recurring costs of EUR 3.4 million related to the discontinuation of the wood-pellet business reduced operating profit.

BREAKDOWN OF OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS

EUR million	**10-12/ 2011**	**10-12/ 2010**	**1-12/ 2011**	**1-12/ 2010**
Operating profit	**-7.9**	8.6	**25.6**	40.2
Non-recurring items:				
Impairment of L&T Biowatti	**17.1**		**17.1**	
Discontinuation of wood pellet production of L&T Biowatti		0.4	**0.1**	3.4
Discontinuation of cleaning business in Moscow		0.1		0.4
Restructuring costs	**0.4**		**1.5**	1.5
Operating profit excluding non-recurring items	**9.6**	9.1	**44.3**	45.5

FINANCING

Cash flows from operating activities amounted to EUR 74.5 million (EUR 63.8 million). EUR 3.2 million was released from the working capital (EUR 2.2 million tied up).

At the end of the year, interest-bearing liabilities amounted to EUR 135.2 million (EUR 126.8 million). Net interest-bearing liabilities amounted to EUR 127.2 million, showing an increase of EUR 14.8 million from the beginning of the year.

Net finance costs in 2011 amounted to EUR 4.6 million (EUR 4.2 million). Net finance costs were 0.7% (0.7%) of net sales. The average interest rate on long-term loans (with interest-rate hedging) was 3.1% (3.3%). Long-term loans totalling EUR 24.5 million will mature during 2012.

The equity ratio was 44.5% (46.5%) and the gearing rate 58.3 (50.3). Liquid assets at the end of the period amounted to EUR 8.1 million (EUR 14.5 million).

The commercial paper programme was expanded to EUR 100 million (previously EUR 50 million) during the second half of the year. Of the commercial paper programme, EUR 17 million (EUR 5.0 million) was in use at the end of the year.

A new three-year EUR 30 million committed limit agreement was signed during last quarter. The earlier EUR 15.0 million committed limit will mature in June 2012. Committed limits were not in use, as was the case in the comparison period.

DIVIDEND

The Annual General Meeting held on 17 March 2011 resolved on a dividend of EUR 0.55 per share. The dividend, totalling EUR 21.3 million, was paid to the shareholders on 29 March 2011.

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 70.6 million (EUR 39.3 million) in 2011, a third of this consisting of acquisitions.

In the first quarter, Pentti Laurila Ky and businesses of Matti Hossi Ky and PPT Luttinen Oy were acquired into Environmental Services. The business of Kestosiivous Oy was acquired into Cleaning and Office Support Services and the business of KH-Kiinteistöhuolto Oy was acquired into Property Maintenance.

In the second quarter, the Environmental Services division acquired Papros Oy and Full House Oy. The Cleaning and Office Support Services division acquired Savon Kiinteistöhuolto- ja Siivouspalvelu Oy, Varkauden Kiinteistönhoito ja Siivouspalvelu Oy, Jo-Pe Huolto Oy, Östgöta Städ Ab and WTS-Palvelut Oy. The Cleaning and Office Support Services and the Property Maintenance divisions acquired the Hansalaiset Oy group including its subsidiaries.

In the final quarter the Environmental Services division acquired Paraisten Puhtaanapito Oy. The Cleaning and Office Support Services division acquired Palvelusiivous Ulla Haavisto Oy and the Property Maintenance division acquired Nastolan Talohuolto Oy.

After the period, the Property Maintenance division acquired the property mainantenance businesses of IK Kiinteistöpalvelu Oy and the business of Jyvässeudun Talonmiehet Oy and Kiinteistöhuolto Markku Hyttinen Oy.

PERSONNEL

In 2011 the average number of employees converted into full-time equivalents was 8,513 (7,835). The total number of full-time and part-time employees at the end of the period was 9,357 (8,732). Of them 7,381 (6,849) people worked in Finland and 1,976 (1,883) people in other countries.

PROPOSAL FOR THE DISTRIBUTION OF ASSETS

According to the financial statements, Lassila & Tikanoja plc's unrestricted equity amount to EUR 111,645,234.28 with the operating profit for the period representing EUR 11,521,380.63. There were no substantial changes in the financial standing of the company after the end of the 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 Annual General Meeting that the profit for 2011 be placed in retained earnings and that no dividend be paid.

The Board of Directors proposes to the Annual General Meeting that, based on the balance sheet to be adopted for 2011, a capital repayment of EUR 0.55 per share be made. Capital is repaid from the reserve for invested unrestricted equity. Capital is repaid to shareholders included in the company shareholder register maintained by Euroclear Finland Oy on the record date, 20 March 2012. The Board proposes to the Annual General Meeting that the capital repayment be made on 27 March 2012.

No dividend shall be paid on shares held by the company on the dividend payment record date of 20 March 2012. On the day the proposal for the distribution of assets was made, the number of shares entitling to capital repayment was 38,685,569, which means the total amount of the capital repayment would be EUR 21,277,062.95.

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 2011 was 8,915,140 which is 23.0% (20.0%) of the average number of outstanding shares. The value of trading was EUR 108.2 million (EUR 111.1 million). The trading price varied between EUR 9.49 and EUR 15.18. The closing price was EUR 11.49. At the end of the period, the company held 113,305 of its own shares. The market capitalisation excluding the shares held by the company was EUR 444.5 million (EUR 570.6 million) at the end of the period.

Own shares
At the beginning of the period, the company held 60,758 of its own shares and at the end 113,305 of its own shares, representing 0.3% of all shares and votes. Based on the authorisation given by the Annual General Meeting 2010, the company repurchased 50,000 shares in the period from 12 September to 23 September 2011 at a total acquisition cost of EUR 0.5 million. On 5 April 2011, a total of 2,547 shares of Lassila & Tikanoja plc were returned to the company free of consideration, by virtue of the terms of the share-based incentive programme of 2009.

Share capital and number of shares
The company’s registered share capital amounts to EUR 19,399,437, and the number of outstanding shares to 38,685,569 shares. The average number of shares excluding the shares held by the company totalled 38,721,908.

Share option scheme 2005
The exercise period for the 2005C options ended on 31 May 2011.

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 16.20. It was reduced by EUR 0.07 as of 22 March 2011. 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 is from 1 November 2010 to 31 May 2012.

As a result of the exercise of the outstanding 2008 share options, the number of shares may increase by a maximum of 168,000 new shares, which is 0.4% of the current number of shares. The 2008 options have been listed on NASDAQ OMX Helsinki since 1 November 2010.

Share-based incentive programme 2009
Lassila & Tikanoja plc's Board of Directors decided on 24 March 2009 on a share-based incentive programme. The programme included three earnings periods one year each, of which the first one began on 1 January 2009 and the last one ended on 31 December 2011. No rewards were paid for the year 2011. Rewards were based on the EVA result of Lassila & Tikanoja group. The programme covered 23 persons.

Share-based incentive programme 2012
Lassila & Tikanoja plc's Board of Directors decided on 14 December 2011 on a new share-based incentive programme. Rewards will be based on the EVA result of Lassila & Tikanoja group without L&T Recoil. They will be paid partly as shares and partly in cash. The part paid in cash will cover the taxes caused by the reward. Based on the programme a maximum of 65,520 shares of the company can be granted. The company will buy the shares from the stock market. The programme covers 22 persons.

Shareholders
At the end of the financial period, the company had 9,365 (9,151) shareholders. Nominee-registered holdings accounted for 13.0% (12.2%) 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.

The Board of Directors is authorised to transfer a maximum of 500,000 company shares, which is 1.3% of the total number of shares. The share issue authorisation will be effective for four years and it revokes the authorisation to issue shares issued by the Annual General Meeting 2009. The authorisation for the repurchase of the company's own shares has ended.

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

RESOLUTIONS BY THE GENERAL MEETINGS

The Extraordinary General Meeting of Lassila & Tikanoja plc, which was held on 8 September 2011, resolved on decreasing the share premium reserve of the balance sheet at 31 December 2010 by EUR 50,672,564.52 by transferring all the funds in the share premium reserve to the unrestricted equity reserve. The resolutions of the Extraordinary General Meeting were announced in more detail in a stock exchange release on 8 September 2011.

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 17 March 2011, adopted the financial statements for the financial year 2010 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 per share, a total of EUR 21.3 million, as proposed by the Board of Directors, be paid for the financial year 2010. The dividend payment date was resolved to be 29 March 2011.

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 Miikka Maijala. Sakari Lassila was elected as a new member for the same term.

PricewaterhouseCoopers Oy, Authorised Public Accountants, was elected auditor.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 17 March 2011.

BOARD OF DIRECTORS

The members of the Board of Directors are Heikki Bergholm, Eero Hautaniemi, Matti Kavetvuo (until 27 December 2011), Hille Korhonen, Sakari Lassila and Miikka Maijala. In its constitutive meeting the Board elected Heikki Bergholm as Chairman of the Board and Matti Kavetvuo as Vice Chairman.

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

Matti Kavetvuo, Vice Chairman of the Board, announced his resignation from the Board of Directors on 27 December 2011 and Eero Hautaniemi was elected as the new Vice Chairman of the Board.

CHANGES IN THE MANAGEMENT OF THE COMPANY

On 13 June 2011, the Board of Directors of Lassila & Tikanoja plc appointed Pekka Ojanpää as President and CEO of the company. Mr Ojanpää assumed his position as Lassila & Tikanoja's President and CEO on 1 November 2011. Ville Rantala, CFO of Lassila & Tikanoja, appointed as acting President and CEO as of 13 June. Other changes in the management of the company are presented below.

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

In a release published on 22 March 2011, the company announced that M.Sc. (Econ.) Ville Rantala has been appointed as Managing Director of L&T Biowatti Oy and Vice President, Renewable Energy Sources division, as of 22 March 2011. Rantala will also continue as CFO of Lassila & Tikanoja plc. Tomi Salo, Managing Director of L&T Biowatti, will not continue in the company.

In a release published on 5 April 2011, the company announced that a total of 2,547 shares of Lassila & Tikanoja plc have been returned to the company free of consideration, by virtue of the terms of the share-based incentive programme of 2009.

In a release published on 13 June 2011, the company announced that the Board of Directors of Lassila & Tikanoja plc has appointed Pekka Ojanpää as President and CEO. Pekka Ojanpää acts as President of Kemira's Municipal & Industrial segment. He previously worked as President of the Kemira Performance Chemicals business area, and has held various executive positions at Nokia Corporation. On 27 October 2011, the company announced that Mr Ojanpää assumed his position as Lassila & Tikanoja's President and CEO on 1 November 2011. The Board of Directors and Jari Sarjo, former President and CEO, agreed that Sarjo will leave his position as President and CEO immediately. Ville Rantala, CFO of Lassila & Tikanoja, was appointed as acting President and CEO as of 13 June.

In a release published on 7 December, the company announced that as of 1 January 2012, Kirsi Matero has been appointed HR Director and Group Executive of Lassila & Tikanoja plc. Inkeri Puputti, current HR Director, will leave the company.

In a release published on 15 December the company announced that it will recognise an impairment loss of EUR 17.8 million for the goodwill of business operations and other assets of the Renewable Energy Sources division in the final quarter. The impairment loss is due to the weakening competitiveness of wood-based fuels in the long term and a remarkable decline in government subsidies for promoting the use of forest energy. The impairment loss is treated as a non-recurring expense and it does not have cash flow effect.

In a release published on 16 December the company announced that Tuomas Mäkipeska has been appointed Business Development Director and Group Executive of Lassila & Tikanoja plc as of 16 February 2012, at the latest.

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

NEAR-TERM UNCERTAINTIES

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

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

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

More detailed information on L&T's risks and risk management is available in the Annual Report for 2010, in the report of the Board of Directors, and in the consolidated financial statements.

OUTLOOK FOR THE YEAR 2012

The markets in which L&T primarily operates are mainly low-cyclical, and the majority of the company's net sales comes from long-term service agreements. However, general economic developments reflect on L&T's operations, particularly commissioned environmental and support service assignments.

Despite the economic uncertainty, the outlook for Environmental Services is, by and large, stable. The secondary raw material price development and the operational reliability of L&T Recoil's plant in particular will affect the division's profitability.

Prospects for Cleaning and Office Support Services and for Property Maintenance are stable, but economic uncertainty is keeping competition tough in both divisions.

Demand for L&T Biowatti's wood-based fuels is expected to grow slightly and the division's profitability is expected to improve. Any changes in the government subsidies for renewable fuels could, however, impact L&T Biowatti's raw material procurement costs and demand for the end-product.

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

CONDENSED FINANCIAL STATEMENTS 1 JANUARY–31 DECEMBER 2011

CONSOLIDATED INCOME STATEMENT

EUR 1000	**10-12/2011**	**10-12/2010**	**1-12/2011**	**1-12/2010**
Net sales	**167 001**	151 507	**652 130**	598 193
Cost of sales	**-151 706**	-137 761	**-584 152**	-531 066
Gross profit	**15 295**	13 746	**67 978**	67 127
Other operating income	**1 026**	1 638	**3 038**	2 708
Selling and marketing costs	**-3 926**	-3 804	**-15 217**	-13 779
Administrative expenses	**-2 818**	-2 260	**-11 408**	-10 519
Other operating expenses	**-422**	-767	**-1 733**	-2 686
Impairment, non-current assets	**-5 677**		**-5 677**	-2 632
Impairment, goodwill and other intangible assets	**-11 384**		**-11 384**	
Operating profit	**-7 906**	8 553	**25 597**	40 219
Finance income	**329**	323	**1 041**	1 053
Finance costs	**-1 428**	-1 310	**-5 644**	-5 282
Profit before tax	**-9 005**	7 566	**20 994**	35 990
Income tax expense	**2 140**	-2 254	**-4 030**	-9 786
Profit for the period	**-6 865**	5 312	**16 964**	26 204
Attributable to:				
Equity holders of the company	**-6 865**	5 310	**16 960**	26 188
Non-controlling interest	**0**	2	**4**	16
Earnings per share for profit attributable to the equity holders of the company:				
Basic earnings per share, EUR	**-0.18**	0.14	**0.44**	0.68
Diluted earnings per share, EUR	**-0.18**	0.14	**0.44**	0.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1000	**10-12/ 2011**	**10-12 /2010**	**1-12/ 2011**	**1-12/ 2010**
Profit for the period	**-6 865**	5 312	**16 964**	26 204
Other comprehensive income, after tax				
Hedging reserve, change in fair value	**928**	314	**-487**	224
Revaluation reserve				
Gains in the period	**-13**	-3	**-4**	-58
Current available-for-sale financial assets	**-13**	-3	**-4**	-58
Currency translation differences	**645**	236	**111**	777
Currency translation differences, non-controlling interest	**7**	6	**-11**	14
Other comprehensive income, after tax	**1 567**	553	**-391**	957
Total comprehensive income, after tax	**-5 298**	5 865	**16 573**	27 161
Attributable to:				
Equity holders of the company	**-5 305**	5 856	**16 580**	27 130
Non-controlling interest	**7**	9	**-7**	31

TAX EFFECTS OF COMPONENTS OF OTHER COMPREHENSIVE INCOME

	31.12.2011			**31.12.2010**		
EUR 1 000	**Before tax**	**Tax expense/ benefit**	**After tax**	**Before tax**	**Tax expense/benefit**	**After tax**
Hedging reserve, change in fair value	**-623**	**136**	**-487**	302	-78	224
Revaluation reserve						
Current available-for-sale financial assets	**-5**	**1**	**-4**	-60	2	-58
Currency translation differences	**169**	**-58**	**111**	1 275	-498	777
Currency translation differences non-controlling interest	**-11**		**-11**	14		14
Components of other comprehensive income	**-470**	**79**	**-391**	1 531	-574	957

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1000	12/2011	12/2010
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	**119 509**	113 467
Customer contracts arising from acquisitions	**10 591**	4 736
Agreements on prohibition of competition	**3 162**	10 023
Other intangible assets arising from business acquisitions	**78**	1 229
Other intangible assets	**11 149**	13 226
	144 489	142 681
Property, plant and equipment		
Land	**4 589**	4 671
Buildings and constructions	**78 217**	78 908
Machinery and equipment	**120 015**	111 733
Other	**85**	85
Prepayments and construction in progress	**4 616**	5 303
	207 522	200 700
Other non-current assets		
Available-for-sale investments	**605**	598
Finance lease receivables	**3 578**	3 547
Deferred tax assets	**6 323**	3 924
Other receivables	**3 315**	3 401
	13 821	11 470
Total non-current assets	**365 832**	354 851
Current assets		
Inventories	**27 953**	27 957
Trade and other receivables	**91 629**	85 662
Derivative receivables	**419**	407
Prepayments	**438**	317
Current available-for-sale financial assets	**2 299**	9 895
Cash and cash equivalents	**5 770**	4 653
Total current assets	**128 508**	128 891
TOTAL ASSETS	**494 340**	483 742

EUR 1000	12/2011	12/2010
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of the company		
Share capital	**19 399**	19 399
Share premium reserve		50 673
Other reserves	**-2 469**	-2 141
Unrestricted equity reserve	**50 658**	
Retained earnings	**133 125**	128 597
Profit for the period	**16 960**	26 188
	217 673	222 716
Non-controlling interest	**271**	278
Total equity	**217 944**	222 994
Liabilities		
Non-current liabilities		
Deferred tax liabilities	**29 389**	33 718
Retirement benefit obligations	**628**	615
Provisions	**2 500**	2 748
Borrowings	**92 914**	95 563
Other liabilities	**960**	364
	126 391	133 008
Current liabilities		
Borrowings	**42 319**	31 261
Trade and other payables	**105 751**	94 891
Derivative liabilities	**1 850**	1 173
Tax liabilities	**85**	15
Provisions		400
	150 005	127 740
Total liabilities	**276 396**	260 748
TOTAL EQUITY AND LIABILITIES	**494 340**	483 742

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1000	12/2011	12/2010
Cash flows from operating activities		
Profit for the period	**16 964**	26 204
Adjustments		
Income tax expense	**4 030**	9 786
Depreciation, amortisation and impairment	**61 548**	43 937
Finance income and costs	**4 602**	4 229
Other	**-858**	1 570
Net cash generated from operating activities before change in working capital	**86 286**	85 726
Change in working capital		
Change in trade and other receivables	**-7 843**	-6 118
Change in inventories	**9**	4 874
Change in trade and other payables	**11 055**	-918
Change in working capital	**3 221**	-2 162
Interest paid	**-6 165**	-5 409
Interest received	**1 020**	914
Income tax paid	**-9 896**	-15 259
Net cash from operating activities	**74 466**	63 810
Cash flows from investing activities		
Acquisition of subsidiaries and businesses, net of cash acquired	**-24 430**	-1 655
Proceeds from sale of subsidiaries and businesses, net of sold cash		199
Purchases of property, plant and equipment and intangible assets	**-45 503**	-36 003
Proceeds from sale of property, plant and equipment and intangible assets	**1 850**	3 655
Purchases of available-for-sale investments	**-20**	-74
Change in other non-current receivables	**98**	-2 673
Dividends received		1
Net cash used in investing activities	**-68 005**	-36 550
Cash flows from financing activities		
Change in short-term borrowings	**8 712**	5 091
Proceeds from long-term borrowings	**20 000**	
Repayments of long-term borrowings	**-19 761**	-23 166
Dividends paid	**-21 284**	-21 301
Repurchase of own shares	**-517**	-1 125
Net cash generated from financing activities	**-12 850**	-40 501

EUR 1000	12/2011	12/2010
Net change in liquid assets	**-6 389**	-13 241
Liquid assets at beginning of period	**14 548**	27 583
Effect of changes in foreign exchange rates	**-90**	206
Liquid assets at end of period	**8 069**	14 548

Liquid assets

EUR 1000	12/2011	12/2010
Cash and cash equivalents	**5 770**	4 653
Available-for-sale financial assets	**2 299**	9 895
Total	**8 069**	14 548

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1000	Share capital	Share premium reserve	Currency translation differences	Revaluation reserve	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Equity at 1.1.2011	**19 399**	**50 673**	**-1 523**	**-48**	**-570**	**0**	**154 785**	**222 716**	**278**	**222 994**
Expense recognition of share-based benefits							183	183		183
Repurchase of own shares							-553	-553		-553
Dividends paid							-21 290	-21 290		-21 290
Transfer from revaluation reserve				52		-15		37		37
Transfer from share premium reserve		-50 673				50 673				
Total comprehensive income			111	-4	-487		16 960	16 580	-7	16 573
Equity at 31.12.2011	**19 399**	**0**	**-1 412**	**0**	**-1 057**	**50 658**	**150 085**	**217 673**	**271**	**217 944**
Equity at 1.1.2010	**19 399**	**50 673**	**-2 300**	**10**	**-794**	**0**	**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			777	-58	224		26 187	27 130	31	27 161
Equity at 31.12.2010	**19 399**	**50 673**	**-1 523**	**-48**	**-570**	**0**	**154 785**	**222 716**	**278**	**222 994**

KEY FIGURES

	10-12/ 2011	10-12/ 2010	1-12/ 2011	1-12/ 2010
Earnings per share, EUR	**-0.18**	0.14	**0.44**	0.68
Earnings per share, diluted, EUR	**-0.18**	0.14	**0.44**	0.68
Cash flows from operating activities per share, EUR	**0.75**	0.54	**1.92**	1.65
EVA, EUR million	**-14.9**	1.2	**-2.2**	10.1
Capital expenditure, EUR 1000	**14 893**	12 458	**70 590**	39 321
Depreciation, amortisation and impairment, EUR 1000	**28 394**	10 322	**61 548**	43 937
Equity per share, EUR			**5.63**	5.75
Dividend/share, EUR				0.55
Dividend/earnings, %				81.4
Capital repayment / share, EUR			**0.55***	
Capital repayment / earnings, %			**125.0***	
Dividend yield, %				3.7
Capital repayment yield, %			**3.7***	
P/E ratio			**26.2**	21.8
Return on equity, ROE, %			**7.7**	11.9
Return on invested capital, ROI, %			**7.6**	11.6
Equity ratio, %			**44.5**	46.5
Gearing, %			**58.3**	50.3
Net interest-bearing liabilities, EUR 1000			**127 165**	112 277
Average number of employees in full-time equivalents			**8 513**	7 835
Total number of full-time and part-time employees at end of period			**9 357**	8 732
Number of outstanding shares adjusted for issues, 1000 shares				
average during the period			**38 722**	38 749
at end of period			**38 686**	38 738
average during the period, diluted			**38 762**	38 773

* Proposal by the board of directors

ACCOUNTING POLICIES

This financial statements release is in compliance with IAS 34 standard. The same accounting policies as in the annual financial statements for the year 2010 have been applied. The following new, revised or amended IFRS standards and IFRIC interpretations that have become effective in 2011 have not had an impact on the financial statements:

- IAS 24 (revised) Related Party Disclosures
- IAS 32 (amendment) Financial Instruments: Presentation – Classification of Rights Issues
- FRIC19 Extinguishing Financial Liabilities with Equity Instruments.
- IFRIC 14 (amendment) Prepayments of a Minimum Funding Requirement
- annual improvements to IFRS.

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

The financial statements release has not been audited.

SEGMENT INFORMATION

Net sales

EUR 1000	10-12/2011 External	10-12/2011 Inter-division	10-12/2011 Total	10-12/2010 External	10-12/2010 Inter-division	10-12/2010 Total	Total net sales, change %
Environmental Services	**82 960**	**1 054**	**84 014**	73 020	972	73 992	13.5
Cleaning and Office Support Services	**39 728**	**373**	**40 101**	34 259	321	34 580	16.0
Property Maintenance	**32 901**	**550**	**33 451**	30 810	786	31 596	5.9
Renewable Energy Sources	**11 412**	**1 166**	**12 578**	13 418	1 848	15 266	-17.6
Eliminations		**-3 143**	**-3 143**		-3 927	-3 927	
L&T total	**167 001**	**0**	**167 001**	151 507	0	151 507	10.2

EUR 1000	1-12/2011 External	1-12/2011 Inter-division	1-12/2011 Total	1-12/2010 External	1-12/2010 Inter-division	1-12/2010 Total	Total net sales, change %
Environmental Services	**322 264**	**3 620**	**325 884**	286 260	3 771	290 031	12.4
Cleaning and Office Support Services	**155 817**	**1 454**	**157 271**	139 399	1 216	140 615	11.8
Property Maintenance	**132 399**	**2 192**	**134 591**	121 546	1 923	123 469	9.0
Renewable Energy Sources	**41 650**	**3 752**	**45 402**	50 988	4 118	55 106	-17.6
Eliminations		**-11 018**	**-11 018**		-11 028	-11 028	
L&T total	**652 130**	**0**	**652 130**	598 193	0	598 193	9.0

Operating profit

EUR 1000	10-12/ 2011	%	10-12/ 2010	%	1-12/ 2011	%	1-12/ 2010	%
Environmental Services	**8 305**	**9.9**	8 204	11.1	**33 970**	**10.4**	33 674	11.6
Cleaning and Office Support Services	**937**	**2.3**	181	0.5	**7 131**	**4.5**	7 524	5.4
Property Maintenance	**1 928**	**5.8**	633	2.0	**8 181**	**6.1**	7 764	6.3
Renewable Energy Sources	**-18 189**	**-144.6**	-361	-2.4	**-21 250**	**-46.8**	-6 553	-11.9
Group admin. and other	**-887**		-104		**-2 435**		-2 190	
L&T total	**-7 906**	**-4.7**	8 553	5.6	**25 597**	**3.9**	40 219	6.7
Finance costs, net	**-1 099**		-987		**-4 603**		-4 229	
Profit before tax	**-9 005**		7 566		**20 994**		35 990	

Other segment information

EUR 1000	12/2011	12/2010
Assets		
Environmental Services	**346 224**	330 963
Cleaning and Office Support Services	**54 302**	39 007
Property Maintenance	**45 048**	38 098
Renewable Energy Sources	**27 346**	49 113
Group admin. and other	**2 528**	1 902
Unallocated assets	**18 892**	24 659
L&T total	**494 340**	483 742
Liabilities		
Environmental Services	**57 367**	50 300
Cleaning and Office Support Services	**29 804**	25 654
Property Maintenance	**15 889**	15 784
Renewable Energy Sources	**3 932**	4 835
Group admin. and other	**1 343**	1 193
Unallocated liabilities	**168 061**	162 982
L&T total	**276 396**	260 748

EUR 1000	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Capital expenditure				
Environmental Services	**10 098**	9 007	**43 362**	31 409
Cleaning and Office Support Services	**629**	814	**14 721**	2 112
Property Maintenance	**4 007**	2 440	**11 776**	5 074
Renewable Energy Sources	**45**	316	**454**	654
Group admin. and other	**114**	-119	**277**	72
L&T total	**14 893**	12 458	**70 590**	39 321
Depreciation and amortisation				
Environmental Services	**7 865**	7 141	**30 760**	28 558
Cleaning and Office Support Services	**1 354**	980	**4 928**	4 023
Property Maintenance	**1 355**	1 025	**4 873**	4 017
Renewable Energy Sources	**758**	1 176	**3 919**	4 702
Group admin. and other	**1**		**7**	5
L&T total	**11 333**	10 322	**44 487**	41 305
Impairment				
Renewable Energy Sources	**17 061**		**17 061**	2 632
L&T total	**17 061**		**17 061**	2 632

INCOME STATEMENT BY QUARTER

EUR 1000	**10-12/ 2011**	**7-9/ 2011**	**4-6/ 2011**	**1-3/ 2011**	**10-12/ 2010**	**7-9/ 2010**	**4-6/ 2010**	**1-3/ 2010**
Net sales								
Environmental Services	**84 014**	85 906	83 535	72 429	73 992	75 806	75 624	64 609
Cleaning and Office Support Services	**40 101**	41 530	40 784	34 856	34 580	35 659	35 710	34 666
Property Maintenance	**33 451**	31 322	30 879	38 939	31 596	26 926	28 090	36 857
Renewable Energy Sources	**12 578**	7 213	9 600	16 011	15 266	7 617	12 097	20 126
Inter-division net sales	**-3 143**	-2 502	-2 612	-2 761	-3 927	-2 238	-2 507	-2 356
L&T total	**167 001**	163 469	162 186	159 474	151 507	143 770	149 014	153 902
Operating profit								
Environmental Services	**8 305**	12 308	9 182	4 175	8 204	10 930	10 124	4 416
Cleaning and Office Support Services	**937**	3 718	1 001	1 475	181	4 088	2 218	1 037
Property Maintenance	**1 928**	3 582	769	1 902	633	3 263	1 075	2 793
Renewable Energy Sources	**-18 189**	-1 085	-1 325	-651	-361	-1 432	-3 900	-860
Group admin. and other	**-887**	-344	-767	-437	-104	-574	-762	-750
L&T total	**-7 906**	18 179	8 860	6 464	8 553	16 275	8 755	6 636
Operating margin								
Environmental Services	**9.9**	14.3	11.0	5.8	11.1	14.4	13.4	6.8
Cleaning and Office Support Services	**2.3**	9.0	2.5	4.2	0.5	11.5	6.2	3.0
Property Maintenance	**5.8**	11.4	2.5	4.9	2.0	12.1	3.8	7.6
Renewable Energy Sources	**-144.6**	-15.0	-13.8	-4.1	-2.4	-18.8	-32.2	-4.3
L&T total	**-4.7**	11.1	5.5	4.1	5.6	11.3	5.9	4.3
Finance costs, net	**-1 099**	-1 277	-1 163	-1 064	-987	-1 272	-917	-1 053
Profit before tax	**-9 005**	16 902	7 697	5 400	7 566	15 003	7 838	5 583

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 2011 would have been EUR 665.7 million and the consolidated profit for the period EUR 17.6 million if all the acquisitions had occurred on 1 January 2011. 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 45.1 million in 2011.

Business combinations in aggregate

Consideration

EUR 1000	Fair values used in consolidation
Cash	27 830
Equity instruments	
Contingent consideration	45
Total consideration transferred	**27 875**
Indemnification asset	
Fair value of equity interest held before the acquisition	
Total consideration	**27 875**
Acquisition-related costs (included in the administrative expenses in the consolidated financial statements)	**27**

Recognised amounts of identifiable assets acquired and liabilities assumed

Property, plant and equipment	4 281
Customer contracts	9 042
Agreements on prohibition of competition	3 336
Other intangible assets arising from business acquisitions	0
Other intangible assets	160
Non-current available-for-sale financial assets	122
Inventories	411
Trade and other receivables	5 914
Cash and cash equivalents	3 399
Total assets	26 666
Deferred tax liabilities	752
Non-current interest-bearing liabilities	45
Trade and other payables	8 475
Retirement benefit obligations	0
Contingent liability	0
Total liabilities	9 272
Total identifiable net assets	**17 394**
Non-controlling interest	0
Goodwill	10 481
Total	**27 875**

Acquisitions by Environmental Services
- 4 January 2011, Pentti Laurila Ky, an environmental management business operating in the Keuruu and Multiala region in central Finland
- 1 February 2011, the Ypäjä-based Matti Hossi Ky, a waste management and interchangeable platform business
- 1 March 2011, the PPT Luttinen Oy waste management business
- 1 May 2011, Papros Oy, an environmental management company, and Full House Oy, a company specialising in the provision of environmental management services, both operating in the Helsinki region and
- 1 October 2011, Paraisten Puhtaanapito Oy, a company providing waste management, recycling and wastewater services.

Acquisitions by Cleaning and Office Support Services
- 1 January 2011, the cleaning business of Kestosiivous Oy, a company operating in the Helsinki region
- 1 April 2011, the cleaning and property maintenance businesses of Varkaus-based Savon Kiinteistöhuolto- ja Siivouspalvelu Oy, Varkauden Kiinteistönhoito ja Siivouspalvelu Oy and Jo-Pe Huolto Oy
- 1 May 2011, Östgöta Städ Ab in Sweden, a cleaning service provider
- 1 June 2011, WTS-Palvelut Oy, a cleaning company operating in the Tampere region.
- 1 November 2011, Palvelusiivous Ulla Haavisto Oy, a cleaning company operating in the Forssa region.

Acquisitions by Cleaning and Office Support Services and Property Maintenance
- 1 April 2011, the Hansalaiset Oy group, including its subsidiaries, providing cleaning and property maintenance services in the Helsinki, Turku, Tampere and Oulu regions.

Acquisitions by Property Maintenance
- 1 March 2011, the operations of KH-Kiinteistöhuolto Oy operating in the Nurmijärvi region.
- 1 December 2011, Nastolan Talohuolto Oy, property maintenance company operating in Lahti region

Acquisitions by Prpperty Maintenance after the financial period
- 1 January 2012, the property maintenance operations of IK Kiinteistöpalvelu Oy.
- 1 February 2012 the business of Jyvässeudun Talonmiehet Oy and Kiinteistöhuolto Markku Hyttinen Oy.

The accounting process for these acquisitions is still in progress.

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

By annual net sales, the largest acquisitions were Hansalaiset Oy (EUR 11.0 million), Papros Oy (EUR 6.2 million), Full House Oy (EUR 3.2. million) and Östgöta Städ Ab (EUR 11.8 million).

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 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 31 December 2011, the acquisition price for the remaining 30 percent was reduced by EUR 239 thousand to EUR 2,411 thousand (EUR 2,650 thousand). The adjustment is treated in line with IFRS 3 and it 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 under Note 2 of the consolidated financial statements and under Summary on significant accounting policies.

CHANGES IN INTANGIBLE ASSETS

EUR 1000	1-12/2011	1-12/2010
Carrying amount at beginning of period	**142 681**	148 417
Business acquisitions	**22 859**	1 175
Other capital expenditure	**2 646**	2 944
Disposals	**-18**	-1 760
Amortisation and impairment	**-23 865**	-9 134
Transfers between items		-4
Exchange differences	**186**	1 043
Carrying amount at end of period	**144 489**	142 681

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1000	1-12/2011	1-12/2010
Carrying amount at beginning of period	**200 700**	201 651
Business acquisitions	**4 441**	500
Other capital expenditure	**40 616**	34 628
Disposals	**-477**	-1 711
Depreciation and impairment	**-37 683**	-34 803
Transfers between items		4
Exchange differences	**-75**	431
Carrying amount at end of period	**207 522**	200 700

CAPITAL COMMITMENTS

EUR 1000	1-12/2011	1-12/2010
Intangible assets	**0**	0
Property, plant and equipment	**4 593**	5 106
Total	**4 593**	5 106
The Group’s share of capital commitments of joint ventures	**0**	0

RELATED-PARTY TRANSACTIONS
(Joint ventures)

EUR 1000	1-12/2011	1-12/2010
Sales	**2 489**	2 332
Other operating income	**63**	74
Interest income	**707**	505
Non-current receivables		
Capital loan receivable	**24 396**	20 646
Current receivables		
Trade receivables	**2 710**	2 375
Loan receivables	**1 633**	1 034

CONTINGENT LIABILITIES

Securities for own commitments

EUR 1000	12/2011	12/2010
Mortgages on rights of tenancy	**42 186**	42 179
Company mortgages	**21 460**	21 460
Other securities	**174**	222
Bank guarantees required for environmental permits	**5 702**	4 634

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

Operating lease liabilities

EUR 1000	12/2011	12/2010
Maturity not later than one year	**7 708**	8 087
Maturity later than one year and not later than five years	**15 504**	20 087
Maturity later than five years	**4 185**	4 509
Total	**27 397**	32 683

Liabilities associated with derivative agreements

Interest rate and currency swaps

EUR 1000	12/2011	12/2010
Nominal values of interest rate and currency swaps*		
Maturity not later than one year	**13 429**	11 010
Maturity later than one year and not later than five years	**38 033**	49 355
Maturity later than five years		267
Total	**51 462**	60 632
Fair value	**-1 504**	-1 173
Nominal value of interest rate swaps**		
Maturity not later than one year	**4 000**	
Maturity later than one year and not later than five years	**19 455**	
Maturity later than five years	**4 545**	
Total	**28 000**	
Fair value	**-144**	

* The interest rate and currency swaps are used to hedge cash flow related to a floating rate loan, and hedge accounting under IAS 39 has been applied to it. The hedges have been effective, and the changes in the fair values are shown in the consolidated statement of comprehensive income for the period. On the balance sheet date, the value of foreign currency loans was EUR 0.5 million positive. The fair values of the swap contracts are based on the market data at the balance sheet date.

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

Commodity derivatives

metric tons	12/2011	12/2010
Nominal values of diesel swaps		
Maturity not later than one year	**2 544**	7 596
Maturity later than one year and not later than five years	**636**	2 544
Total	**3 180**	10 140
Fair value, EUR 1000	**419**	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 on market prices at the balance sheet date.

Currency derivatives

EUR 1000	**12/2011**	**12/2010**
Volume of forward contracts		
Maturity not later than one year	**1 079**	196
Fair value	**-19**	7

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

CALCULATION OF KEY FIGURES

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

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

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

EVA:
operating profit - cost calculated on invested capital (average of four quarters)
WACC 2010: 8.7%
WACC 2011: 7.7%

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, 1 February 2012

LASSILA & TIKANOJA PLC
Board of Directors

Pekka Ojanpää
President and CEO

For additional information please contact:
Pekka Ojanpää, President and CEO, tel. +358 10 636 2810,
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. L&T is a significant supplier of wood-based biofuels, recovered fuels and recycled raw materials. With operations in Finland, Sweden, Latvia and Russia, L&T employs 9,500 persons. Net sales in 2011 amounted to EUR 652 million. L&T is listed on NASDAQ OMX Helsinki.

Distribution:
NASDAQ OMX Helsinki
Major media
www.lassila-tikanoja.com