

LASSILA & TIKANOJA PLC
FINANCIAL STATEMENTS
1 JANUARY – 31 DECEMBER 2002

Lassila & Tikanoja's earnings per share improved and stood at EUR 1.00. The Board proposes a dividend of EUR 0.75 per share, which is 74.7% of the earnings per share. This year net sales are expected to grow at a clearly quicker pace than in 2002 and results are expected to improve.

NET SALES AND RESULTS

Lassila & Tikanoja's net sales for the final quarter of 2002 came to EUR 68.8 million (EUR 62.5 million). Gross profit was EUR 11.4 million (EUR 10.3 million), corresponding to 16.6% of net sales (16.5%). Operating profit came to EUR 5.8 million (EUR 5.2 million) and operating margin was 8.5% (8.4%).

Net sales for the whole year came to EUR 267.2 million, showing an increase of 8.7%, of which 5 percentage points were organic growth. Profit before taxes came to EUR 23.2 million (EUR 21.5 million). Earnings per share were EUR 1.00 (EUR 0.94). Gross profit and gross profit as a percentage of net sales were boosted by improved operating efficiency. Lassila & Tikanoja acquired 16 minor companies in 2002. Marketing resources were strengthened considerably, which showed up as a distinct growth in new sales. The uncertainty of the economic outlook has slowed down the growth of net sales.

Marketing, sales and administrative costs were substantially higher than in 2001, mainly because of the changing of the company's operating name (some EUR 1.5 million) and by the fact that the costs arising from operating as a listed company were not included in the figures for the first nine months of 2001. These costs have been apportioned to each division and they have reduced the net profits of each division.

Net sales from Environmental services (waste management, recycling, environmental products) totalled EUR 122.3 million (EUR 113.1 million), an increase of 8.2%. Operating profit came to EUR 15.9 million (EUR 13.5 million). The rise in profitability was a result of long-term intensification of waste management operations. The fleet has been reduced for three consecutive years while the volume has increased, mainly thanks to efficient route planning. Moreover, because the average age of the fleet has decreased, maintenance costs have fallen. In recycling services, net profits were burdened by high repair costs. The focus in improvement is on increasing waste recovery capacity and enhancing the efficiency of the waste treatment process. Net sales from environmental products increased and profitability improved.

Net sales from Property Services (property maintenance and cleaning) came to EUR 87.8 million (EUR 79.8 million), showing an increase of 10.0%. Operating profit was EUR 6.2 million (EUR 7.7 million). Operating profit from cleaning services was good despite being burdened by pension costs that were higher – as anticipated – than in the comparison period. Operating profit from cleaning services did not, however, reach the 2001 level. Operating profit for the Property Services was also burdened by the poor result from property maintenance for the first six months of the year. For the last six months, property services performed rather well, thanks to the implementation of new planning and production control systems and measures carried out in summer to intensify production.

Net sales from Industrial Services (hazardous waste management, industrial cleaning, damage repair services and sewer maintenance) were EUR 57.0 million (EUR 52.9 million), an increase of 7.8%. Net sales from all product lines increased, with the exception of industrial cleaning. Demand by industry dropped over the year. The growth in net sales came from certain major damage repair projects and corporate acquisitions. Operating profit was EUR 4.8 million (EUR 5.1 million). The results for the final quarter for industrial cleaning and damage repair services were disappointing. Both product lines were unsuccessful in managing subcontracting costs incurred from volume variation. To remedy the situation, the management of the lines was concentrated at the end of the year, and capacity is currently being brought into line with demand. A new production management system will be put into service in damage repair services during the first quarter of 2003.

FINANCING

Interest-bearing liabilities amounted to EUR 7.3 million less than a year earlier. Net financial expenses decreased by 23.3% from the previous year and stood at EUR 3.7 million (EUR 4.8 million). They were 1.4% of net sales and 13.7% of operating profit. EUR 5.7 million was released from working capital (EUR 0.7 million). The equity ratio was 41.0%(38.1%)and the gearing rate was 84.4 (91.9). Investments were financed out of cash flow from operations.

INVESTMENTS

Gross investments totalled EUR 33.6 million (EUR 14.8 million), of which EUR 12.0 million were acquisitions. Machinery and equipment was replaced, production premises were expanded and 16 minor company acquisitions were made. Depreciation came to EUR 22.2 million (EUR 22.0 million).

In December a sales contract was entered for the acquisition of cleaning company SPS Siivouspalvelut Oy from the Finland Post Group. The acquisition was effective from the beginning of the year 2003. The annual net sales of SPS Siivouspalvelut Oy are EUR 13.5 million and it employs approximately 700 persons.

COMPANY SHARES

The volume of trading in Lassila & Tikanoja plc shares on the Helsinki Exchanges from January through December was 2,889,677, which is 18.3% of the number of shares. The value of trading was EUR 45.9 million. The trading price varied between EUR 13.00 and EUR 22.25. The final trading price was EUR 15.50. The market capitalisation was EUR 245.3 million on 31 December 2002. The total number of shares is 15,826,308.

PROPOSAL BY THE BOARD OF DIRECTORS

The following proposal concerning distribution of the profit will be made by the company Board of Directors to the Annual General Meeting to be held on 1 April 2003:

Distributable assets according to the consolidated balance sheet on 31 Dec. 2002, EUR	67 606 759.00
Parent company profit 1 Jan. – 31 Dec. 2002, EUR	5 764 774.05
Parent company retained earnings, EUR	47 585 491.75
Distributable assets according to the parent company balance sheet 31 Dec. 2002, EUR	53 350 265.80
The Board of Directors proposes that a dividend of EUR 0.75 be paid on each of the 15,826,308 shares, EUR	11 869 731.00
Left on the retained earnings account, EUR	41 480 534.80
Total, EUR	53 350 265.80

In accordance with the decision of the Board of Directors, the record date for payment of the dividend is 4 April 2003. The Board of Directors proposes to the Annual General Meeting that the dividend be paid after the record period on 11 April 2003.

Earnings/share were EUR 1.00. The proposed dividend is 74.7% of the earnings per share.

SUMMARY OF STOCK EXCHANGE RELEASES IN CONFORMANCE WITH ARTICLE 7, CHAPTER 2 OF THE SECURITIES MARKETS ACT

On 5 March 2002 the Company announced that Säkkipäline Oy, subsidiary of Lassila & Tikanoja plc, will merge into the parent company on 1 April, 2002. After the merger, the business is conducted under the name Lassila & Tikanoja plc and the company launched a house brand, L&T.

On 9 April 2002 the Company issued a stock exchange release giving the decisions of the Annual General Meeting:

The AGM re-elected Lasse Kurkilahti and Soili Suonoja to the Board of Directors for the period 2002-2003. The Board of Directors comprises the following persons: Heikki Hakala, Lasse Kurkilahti, Juhani Lassila, Juhani Majjala and Soili Suonoja. Juhani Majjala is Chairman and Heikki Hakala Vice Chairman of the Board of Directors. PricewaterhouseCoopers Oy, Authorized Public Accountants, were elected auditors.

The AGM decided to issue stock options to key personnel of Lassila & Tikanoja and to a wholly-owned subsidiary of Lassila & Tikanoja plc.

The Company shall issue a maximum of 400,000 stock options. Each stock option entitles its holder to subscribe for one share of Lassila & Tikanoja plc. To each share one voting right is attached. As a result of such share subscription, the number of shares of Lassila & Tikanoja plc may increase by a maximum of 400,000 new shares, which is 2.5% of the current total number of shares and voting rights. So far the key persons have been entitled to subscribe for 128,000 stock options. The share subscription price for these options is EUR 19.42.

On 15 October 2002 the Company issued a stock exchange release giving preliminary information on the third quarter result.

AUTHORISATION FOR THE BOARD OF DIRECTORS

The Board of Directors is not authorised to effect any shares issues or to launch a convertible bond or a bond with warrants.

PROSPECTS FOR THE YEAR 2003

Demand for Lassila & Tikanoja services will steadily increase in the long term. Net sales are expected to grow at a clearly quicker pace in 2003 than in 2002 and results are expected to improve. This forecast is supported by, for example, the corporate acquisitions carried out last year, better sales resources and new production management systems.

STATEMENT OF INCOME

EUR 1000	1-12/2002	%	Pro forma 1-12/2001	%	Change %
----------	-----------	---	------------------------	---	----------

Net sales	267 175	100	245 818	100	8.7
Cost of goods sold	-217 611	-81.4	-201 853	-82.1	7.8
Gross profit	49 564	18.6	43 965	17.9	12.7
Sales and marketing expenses	-8 582	-3.2	-5 447	-2.2	
Administration expenses	-8 637	-3.2	-7 294	-3.0	
Other operating income and expenses	409	0.2	563	0.2	
Operating profit before depreciation on goodwill	32 754	12.3	31 787	12.9	3.0
Depreciation on goodwill	-5 905	-2.2	-5 499	-2.2	
Operating profit	26 849	10.0	26 288	10.7	2.1
Financial income and expenses	-3 677	-1.4	-4 794	-2.0	-23.3
Profit before extraordinary items	23 172	8.7	21 494	8.7	7.8
Extraordinary items					
Profit before income taxes	23 172	8.7	21 494	8.7	7.8
Income taxes	-7 189	-2.7	-6 674	-2.7	
Minority interests	-99		24		
Profit for the financial year	15 884	5.9	14 844	6.0	7.0

BALANCE SHEET

EUR 1000	12/2002	12/2001
Assets		
Fixed assets		
Intangible assets	83 795	81 607
Tangible assets	89 396	81 536
Financial assets	3 468	3 395
Fixed assets, total	176 659	166 538
Current assets		
Inventories	2 311	1 726
Non-current receivables	1	1
Current receivables	28 292	28 546
Cash at bank and in hand	4 795	12 305
Current assets, total	35 399	42 578
Assets, total	212 058	209 116
Shareholders' equity and liabilities		
Shareholders' equity		
Share capital	7 913	7 913
Other restricted equity	7 518	7 518
Equity share of accumulated appropriations	2 943	2 179
Other unrestricted equity	67 607	61 983
Shareholders' equity, total	85 981	79 593
Minority interests	895	
Provisions	526	526
Liabilities		
Deferred tax liability	5 827	4 957
Non-current liabilities	66 450	76 234
Current liabilities	52 379	47 806
Liabilities, total	124 656	128 997
Shareholders' equity and liabilities, total	212 058	209 116

KEY FIGURES

	12/2002	Pro forma 12/2001
Earnings/share, EUR	1.00	0.94
Equity/share, EUR	5.43	5.03
Dividend/share, EUR	0.75*	0.60
Dividend/earnings, %	74.7*	64.1
Dividend yield, %	4.8*	3.3
P/E ratio	15.4	19.2
Cash flow from operations/share, EUR	2.66	2.57
Return on equity, % (ROE)	19.2	19.5
Return on invested capital, % (ROI)	16.5	15.9

Equity ratio, %	41.0	38.1
Gearing, %	84.4	91.9
Gross investments, EUR 1000	33 640	14 804
Depreciation, EUR 1000	22 220	21 962
Net interest-bearing liabilities, EUR 1000	73 311	73 138
Average personnel, converted to full-time	3 763	3 676
Number of shares traded as a percentage of the average	18.3	5.4**

* Proposal by the Board of Directors

** From 1 October to 31 December 2001

CASH FLOW STATEMENT

EUR 1000	12/2002	Pro forma 12/2001
Cash flow before change in working capital	48 599	47 772
Change in working capital	5 664	719
Financial items and taxes	-12 229	-7 769
Cash flow from operations	42 034	40 722
Investments in group companies	-9 737	-316
Other investments	-22 993	-15 655
Proceeds from sale of fixed assets	1 766	1 637
Cash flow from investing activities	-30 964	-14 334
Dividends paid	-9 484	-7 913
Change in interest-bearing liabilities	-9 096	-9 315
Cash flow from financing	-18 580	-17 228
Change in cash and cash equivalents	-7 510	9 160

FIGURES BY DIVISION

NET SALES

EUR 1000	12/2002	Pro forma 12/2001	Change %
Environmental Services	122 327	113 087	8.2
Property Services	87 841	79 836	10.0
Industrial Services	57 007	52 895	7.8
Total	267 175	245 818	8.7

OPERATING PROFIT

	12/2002 EUR 1000	% of net sales	Pro forma EUR 1000	12/2001 % of net sales
Environmental Services	15 863	13.0	13 515	12.0
Property Services	6 219	7.1	7 659	9.6
Industrial Services	4 767	8.4	5 114	9.7
Total	26 849	10.0	26 288	10.7

QUARTERLY FIGURES

EUR 1000	Q402	Q302	Q202	Q102
Net sales				
Environmental Services	31 819	32 151	31 017	27 340
Property Services	22 914	21 710	21 543	21 674
Industrial Services	14 116	16 455	14 483	11 953
Total	68 849	70 316	67 043	60 967

Operating profit				
Environmental Services	3 726	5 464	3 792	2 881
Property Services	1 694	2 686	572	1 267
Industrial Services	414	2 770	1 474	109
Total	5 834	10 920	5 838	4 257
Net financial expenses	-866	-954	-926	-931
Profit before extraordinary items	4 968	9 966	4 912	3 326
Operating margin				
Environmental Services	11.7	17.0	12.2	10.5
Property Services	7.4	12.4	2.7	5.8
Industrial Services	2.9	16.8	10.2	0.9
Lassila & Tikanoja	8.5	15.5	8.7	7.0

	Q401	Pro forma Q301	Pro forma Q201	Pro forma Q101
Net sales				
Environmental Services	28 959	28 681	29 157	26 290
Property Services	20 246	19 680	19 609	20 301
Industrial Services	13 344	13 476	14 553	11 522
Total	62 549	61 837	63 319	58 113
Operating profit				
Environmental Services	2 574	4 218	3 371	3 352
Property Services	1 700	2 994	1 338	1 627
Industrial Services	964	1 934	1 988	228
Total	5 238	9 146	6 697	5 207
Net financial expenses	-931	-1 334	-1 178	-1 351
Profit before extraordinary items	4 307	7 812	5 519	3 856
Operating margin				
Environmental Services	8.9	14.7	11.6	12.8
Property Services	8.4	15.2	6.8	8.0
Industrial Services	7.2	14.4	13.7	2.0
Lassila & Tikanoja	8.4	14.8	10.6	9.0

CONTINGENT LIABILITIES

EUR 1000	12/2002	12/2001
Security for company liabilities		
Pledges	97	25
Real estate mortgages	3 613	3 613
Corporate mortgages	25	
Liabilities		
Leasing payments and liabilities	312	360

DERIVATIVE CONTRACTS

EUR 1000	12/2002	12/2001
Interest rate swaps		
Nominal values	52 000	52 000
Market value	-2 430	-1 410

The figures have not been audited.

Lassila & Tikanoja plc was registered on 30 September 2001, when Lassila & Tikanoja plc (former) was demerged into two new listed companies, Lassila & Tikanoja plc and ja J.W. Suominen Group plc. The financial data for the financial year 1 January to 31 December 2001 and for the time before the demerger consist of pro forma figures. They are based on the financial statements of the former Lassila & Tikanoja Group for the period from 1 January 1997 to 30 September 2001 and on the financial statements of the new Lassila & Tikanoja group for the period from 30 September to 31 December 2001. They have been calculated as if the demerger had taken place on 1 January 1997. The pro forma calculation principles are explained in detail in the Demerger Prospectus/Tender Offer Document of 1 March 2001, updated 26 September 2001.

Helsinki, 4 February 2003

LASSILA & TIKANOJA PLC
Board of Directors