LASSILA & TIKANOJA PLC
INTERIM REPORT
1 JANUARY – 31 MARCH 2003

Net sales: EUR 71.7 million (EUR 61.0 million)
Operating profit: EUR 4.8 million (EUR 4.3 million)
Earnings/share: EUR 0.16 (EUR 0.14)
Return on invested capital (ROI): 11.6% (10.5%)

NET SALES AND RESULTS

Lassila & Tikanoja net sales increased by 17.7%. Almost 13% of this came from company acquisitions, the rest being organic growth. Earnings per share improved, and stood at EUR 0.16. Performance was hampered by the extremely cold winter, which affected productivity, and by the integration costs involved in the acquisition of a relatively large cleaning services company, SPS Siivouspalvelut Oy. In addition, two smaller companies were acquired during the period.

Net sales by Environmental Services (waste management, recycling services, environmental products) increased by 14.2% and operating profit by 19.1%. The higher profitability was mainly the result of more efficient waste management operations. The result of recycling services improved less than expected, because the volume of material processed fell somewhat mainly due to the cold winter. Investments in the growing recycling business will continue. Net sales of and profits from environmental products fell.

Net sales by Property Services (property maintenance and cleaning services) rose by 28.9%, but the operating result fell by 4.8%. As expected, the cleaning services result was weakened by the cost of integrating SPS Siivouspalvelut Oy, and this impact will continue for the next two quarters. The integration process has proceeded according to plan. Property maintenance performance improved, reaching a very good level for the time of year. The improvement can be attributed to new production planning and control methods introduced last year, and to higher net sales. Investment in maintenance of technical systems continued.

Net sales by Industrial Services (hazardous waste management, industrial cleaning, damage repair services and sewer maintenance) rose by 5.2%. Net sales by all product lines increased, with the exception of hazardous waste management. Operating profit improved slightly in the division, but nevertheless fell clearly short of target, especially in damage repair services and hazardous waste management. The profitability of hazardous waste management will be improved when the new physical-chemical treatment plant opens later in the spring. The performance of industrial cleaning improved thanks to successful sales work. In damage repair services, capacity has been adjusted to correspond to demand. These measures will have full effect in the latter half of the year.

FINANCING

Interest-bearing liabilities amounted to EUR 5.7 million less than a year earlier and to EUR 1.5 million more than at the end of the previous financial year. Net financial expenses were 1.4% of net sales and 20.2% of operating profit. EUR 2.9 million was tied up in working capital during the review period (EUR 1.2 million). The equity ratio was 40.8%(38.5%)and the gearing rate was 83.8 (85.6).

INVESTMENTS

Gross investments totalled EUR 9.2 million (EUR 3.8 million). The largest single investment was the acquisition of SPS Siivouspalvelut Oy, a cleaning company, at the beginning of the period. In addition, machinery and equipment was replaced, production premises were expanded and two minor corporate acquisitions made. Depreciation came to EUR 6.1 million.

ANNUAL GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc was held on 1 April 2003. The meeting decided on payment of a dividend of EUR 0.75 per share. 11 April 2003 was designated as the dividend payment date.

The Annual General Meeting approved the Statement of Income, the Balance Sheet, the Consolidated Statement of Income and the Consolidated Balance Sheet and granted freedom from liability to the members of the Board of Directors and the President and CEO.

Heikki Hakala, Juhani Lassila and Juhani Maijala were re-elected to the Board of Directors for the period 2003-2004. The Board of Directors comprises the following persons: Heikki Hakala, Lasse Kurkilahti, Juhani Lassila, Juhani Maijala and Soili Suonoja. The Board of Directors met immediately after the AGM and re-elected Juhani Maijala as full-time chairman. Heikki Hakala was re-elected deputy chairman of the Board.

PricewaterhouseCoopers Oy, Authorized Public Accountants, were elected auditors.

AUTHORISATION FOR THE BOARD OF DIRECTORS

The Board of Directors is not authorised to effect any share issues or to launch a convertible bond or a bond with warrants. Neither is the Board authorised to decide on the repurchase nor disposal of the Company's own shares.

COMPANY SHARES

The volume of trading in Lassila & Tikanoja plc shares on the Helsinki Exchanges from January through March was 1,161,452, which is 7.3% of the number of shares. The value of trading was EUR 18.5 million. The trading price varied between EUR 15.01 and 17.50 EUR. The final trading price was EUR 16.70. The market capitalisation was EUR 264.3 million on 31 March 2003. The total number of shares is 15,826,308.

PROSPECTS FOR THE REST OF THE YEAR

Demand for Lassila & Tikanoja's services is estimated to increase also this year at a higher rate than the GDP. Net sales are expected to grow at a clearly quicker pace than in 2002 and results are expected to improve. This forecast is supported by, for example, the corporate acquisitions carried out last year and early this year, better sales resources and new production management methods.

STATEMENT OF INCOME

EUR 1000	**1-3/2003**	**%**	1-3/2002	%	Change %	1-12/2002	%
Net sales	**71 737**	**100.0**	60 967	100.0	17.7	267 175	100.0
Cost of goods sold	**-60 919**	**-84.9**	-51 318	-84.2	18.7	-217 611	-81.4
Gross profit	**10 818**	**15.1**	9 649	15.8	12.1	49 564	18.6
Sales and marketing expenses	**-1 879**	**-2.6**	-1 902	-3.1		-8 582	-3.2
Administration expenses	**-2 490**	**-3.5**	-2 190	-3.6		-8 637	-3.2
Other operating income and expenses	**184**	**0.3**	72	0.1		409	0.2
Operating profit before depreciation on goodwill	**6 633**	**9.2**	5 629	9.2	17.8	32 754	12.3
Depreciation on goodwill	**-1 828**	**-2.5**	-1 372	-2.3		-5 905	-2.2
Operating profit	**4 805**	**6.7**	4 257	7.0	12.9	26 849	10.0
Financial income and expenses	**-971**	**-1.4**	-931	-1.5	4.3	-3 677	-1.4
Profit before extraordinary items	**3 834**	**5.3**	3 326	5.5	15.3	23 172	8.7
Extraordinary items							
Profit before income taxes	**3 834**	**5.3**	3 326	5.5	15.3	23 172	8.7
Income taxes	**-1 302***	**-1.8**	-1 136*	-1.9		-7 189	-2.7
Minority interests	**-36**					-99	
Profit for the period	**2 496**	**3.5**	2 190	3.6	14.0	15 884	5.9

* Taxes on the profit for the period under review.

BALANCE SHEET

EUR 1000	**3/2003**	3/2002	12/2002
Assets			
Fixed assets			
Intangible assets	**85 640**	81 583	83 795
Tangible assets	**90 539**	79 838	89 396
Financial assets	**3 438**	3 397	3 468
Fixed assets, total	**179 617**	164 818	176 659
Current assets			
Inventories	**2 313**	1 914	2 311
Non-current receivables	**1**	1	1
Current receivables	**32 550**	30 133	28 292
Cash at bank and in hand	**4 734**	15 333	4 795
Current assets, total	**39 598**	47 381	35 399
Assets, total	**219 215**	212 199	212 058
Shareholders' equity and liabilities			
Shareholders’ equity			
Share capital	**7 913**	7 913	7 913
Other restricted equity	**7 518**	7 518	7 518
Equity share of accumulated appropriations	**2 618**	730	2 943
Other unrestricted equity	**70 428**	65 622	67 607
Shareholders’ equity, total	**88 477**	81 783	85 981
Minority interests	**941**		895
Provisions	**526**	526	526
Liabilities			
Deferred tax liability	**5 828**	4 430	5 827
Non-current liabilities	**66 441**	76 138	66 450
Current liabilities	**57 002**	49 322	52 379
Liabilities, total	**129 271**	129 890	124 656
Shareholders' equity and liabilities, total	**219 215**	212 199	212 058

KEY FIGURES

	3/2003	3/2002	12/2002
Earnings/share, EUR	**0.16**	0.14	1.00
Equity/share, EUR	**5.59**	5.17	5.43
Cash flow from operations/share, EUR	**0.41**	0.49	2.66
Return on equity (ROE), %	**11.5**	10.9	19.2
Return on invested capital (ROI), %	**11.6**	10.5	16.5
Equity ratio, %	**40.8**	38.5	41.0
Gearing, %	**83.8**	85.6	84.4
EVA, EUR million	**1.1***	0.3**	11.3**
Gross investments, EUR 1000	**9 219**	3 792	33 640
Depreciation, EUR 1000	**6 086**	5 350	22 220
Net interest-bearing liabilities, EUR 1000	**74 905**	69 970	73 311
Average personnel converted to full-time	**4 414**	3 589	3 763

EVA = Operating profit – cost calculated on invested capital (average of four quarters)
* WACC = 9.0
** WACC = 9.5

CASH FLOW STATEMENT

EUR 1000	**3/2003**	3/2002	12/2002
Cash flow before change in working capital	**10 679**	9 500	48 599
Change in working capital	**-2 888**	-1 177	5 664
Financial items and taxes	**-1 377**	-490	-12 229
Cash flow from operations	**6 414**	7 833	42 034
Investments in group companies	**-2 574**	-1 607	-9 737
Other investments	**-5 675**	-3 327	-22 993
Proceeds from sale of fixed assets	**326**	270	1 766
Cash flow from investing activities	**-7 923**	-4 664	-30 964
Dividends paid			-9 484
Change in interest-bearing liabilities	**1 448**	-140	-9 096
Cash flow from financing	**1 448**	-140	-18 580
Change in cash and cash equivalents	**-61**	3 029	-7 510

FIGURES BY DIVISION

NET SALES

EUR 1000	**3/2003**	3/2002	change %	12/2002
Environmental Services	**31 229**	27 340	14,2	122 327
Property Services	**27 938**	21 674	28,9	87 841
Industrial Services	**12 570**	11 953	5,2	57 007
Total	**71 737**	60 967	17,7	267 175

OPERATING PROFIT

	3/2003		3/2002		12/2002	
	EUR 1000	**% of net sales**	EUR 1000	% of net sales	EUR 1000	% of net sales
Environmental Services	**3 432**	**11.0**	2 881	10.5	15 863	13.0
Property Services	**1 206**	**4.3**	1 267	5.8	6 219	7.1
Industrial Services	**167**	**1.3**	109	0.9	4 767	8.4
Total	**4 805**	**6.7**	4 257	7.0	26 849	10.0

QUARTERLY FIGURES

EUR 1000	Q103	Q402	Q302	Q202
Net sales				
Environmental Services	31 229	31 819	32 151	31 017
Property Services	27 938	22 914	21 710	21 543
Industrial Services	12 570	14 116	16 455	14 483
Total	71 737	68 849	70 316	67 043
Operating profit				
Environmental Services	3 432	3 726	5 464	3 792
Property Services	1 206	1 694	2 686	572
Industrial Services	167	414	2 770	1 474
Total	4 805	5 834	10 920	5 838
Net financial expenses	-971	-866	-954	-926
Profit before extraordinary items	3 834	4 968	9 966	4 912
Operating margin				
Environmental Services	11.0	11.7	17.0	12.2
Property Services	4.3	7.4	12.4	2.7
Industrial Services	1.3	2.9	16.8	10.2
Lassila & Tikanoja	6.7	8.5	15.5	8.7

	Q102	Q401	Pro forma Q301	Pro forma Q201
Net sales				
Environmental Services	27 340	28 959	28 681	29 157
Property Services	21 674	20 246	19 680	19 609
Industrial Services	11 953	13 344	13 476	14 553
Total	60 967	62 549	61 837	63 319
Operating profit				
Environmental Services	2 881	2 574	4 218	3 371
Property Services	1 267	1 700	2 994	1 338
Industrial Services	109	964	1 934	1 988
Total	4 257	5 238	9 146	6 697
Net financial expenses	-931	-931	-1 334	-1 178
Profit before extraordinary items	3 326	4 307	7 812	5 519
Operating margin				
Environmental Services	10.5	8.9	14.7	11.6
Property Services	5.8	8.4	15.2	6.8
Industrial Services	0.9	7.2	14.4	13.7
Lassila & Tikanoja	7.0	8.4	14.8	10.6

CONTINGENT LIABILITIES

EUR 1000	**3/2003**	3/2002	12/2002
Security for company liabilities			
Pledges	**112**	25	97
Real estate mortgages	**3 445**	3 445	3 613
Corporate mortgages	**529**		25
Liabilities			
Leasing payments and liabilities	**312**	360	312

DERIVATIVE CONTRACTS

EUR 1000	**3/2003**	3/2002	12/2002
Interest rate swaps			
Nominal values	**52 000**	52 000	52 000
Market value	**-2 833**	-970	-2 430

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, 22 April 2003

LASSILA & TIKANOJA PLC
Board of Directors