



LASSILA &amp; TIKANOJA PLC

## LASSILA & TIKANOJA PLC INTERIM REPORT 1 JANUARY – 31 MARCH 2005

- Net sales: EUR 85.2 million (EUR 76.8 million)
- Operating profit: EUR 6.3 million (EUR 6.2 million)
- Earnings/share: EUR 0.11 (EUR 0.10)
- Return on invested capital (ROI): 12.7% (14.4%)
- Net sales are expected to grow at a faster rate than last year and an improved financial performance is also expected. The result will, however, increase at a slower pace than the net sales because of the considerable inputs into the business operations.

This interim report has been prepared in accordance with the accounting and valuation principles of IFRS. The interim report has not been audited.

### NET SALES AND FINANCIAL PERFORMANCE

Lassila & Tikanoja's net sales for the first quarter totalled EUR 85.2 million (EUR 76.8 million), a growth of 10.9%, of which 4.1 percentage points was organic. In industrial cleaning and wastewater services demand was weak and uneven mainly due to seasonal fluctuations. The earnings per share were EUR 0.11 (EUR 0.10).

#### Environmental Services

Net sales of Environmental Services (waste management, recycling services, environmental products) amounted to EUR 39.5 million (EUR 36.1 million), an increase of 9.4%. The operating profit was EUR 4.7 million (EUR 5.5 million). The financial performance was burdened by the rapid rise in the price of fuels, investment in early-stage business activities and the seasonal nature of the operations of the joint venture company Salvor Oy. Sale prices will be raised in the spring and in the summer.

The construction of a recycling plant was started in Turku, and the facility should be ready at the end of the year. The recycling plant in Riga is expected to be ready at the beginning of 2006. Several other recycling plant ventures are planned as well. The net sales of environmental products increased, but the financial performance was modest because of the large input in marketing.

L&T began active cooperation with the Stena Metall Group in Finland. The cooperation focuses on collecting metals and the collection and processing of electrical and electronic scrap.

#### Property Services

Net sales of Property Services (property maintenance and cleaning services) totalled EUR 34.7 million (EUR 30.4 million), an increase of 14.3%. The operating profit grew by 84.7% and totalled EUR 2.2 million (EUR 1.2 million). The profitability of both product lines improved.

Lassila & Tikanoja's position on the property services market was strengthened as the company managed to exploit the elimination from the market of a major player in the field as a result of a takeover. Measures to manage production and to make it more efficient, more customer contacts, and less snowfall than in the previous year also helped to improve the financial performance. Added to that, pension costs, too, were smaller than in the previous year.

At the beginning of the year, negotiations concerning the acquisition of the business operations of Moscow-based Alfa Cleaning were concluded. Its contracts will be transferred during the spring. The joint venture company Blue Service Partners Oy started operations. It produces comprehensive solutions in catering, property and facility services for the municipal sector in particular.

## Industrial Services

Net sales of Industrial Services (hazardous waste services, industrial cleaning, damage repair services and wastewater services) totalled EUR 11.6 million (EUR 11.1 million), an increase of 5.2%. The operations were running at a loss of EUR –0.2 million (EUR –0.1 million). The net sales of all product lines went up except for wastewater services. Industrial cleaning's growth resulted from corporate acquisitions.

Weak demand in January and February pushed industrial cleaning and wastewater services into the red. The financial performance of hazardous waste services improved with the rise in the recovery rate. Damage repair services strengthened its market position.

Demand for all services in Industrial Services strengthened at the end of March. The order book for industrial cleaning is strong. However, restructuring measures have been launched.

## FINANCING

Net interest-bearing liabilities amounted to EUR 26.1 million less than a year earlier and equalled to the amount at the end of the previous financial period (EUR 81.2 million). Net finance costs were 0.5% (1.5%) of net sales and 6.4% (19.2%) of operating profit. The decrease was mainly due to the changes in the fair values of interest rate swaps. A finance income of EUR 0.4 million was recorded, while a finance expense of EUR 0,2 million was recorded for the comparison period. In addition, the share issue carried out last year improved the company's financial position.

EUR 6.3 million (EUR 3.0 million) were tied up in the working capital during the period. The equity ratio was 48.2% (28.6%) and the gearing rate was 45.7 (145.3).

## DIVIDEND

The Annual General Meeting held on 4 April 2005 decided on a dividend of EUR 0.25 per share. The dividends, totalling EUR 9.5 million, were paid on 14 April 2005, and they have not been recorded in the interim report.

## INVESTMENTS

Gross investments totalled EUR 8.2 million (EUR 11.4 million). Machinery and equipment was replaced and production premises were expanded. Depreciation amounted to EUR 5.7 million (EUR 5.1 million).

Of the gross investments, EUR 1.9 million were spent on three corporate acquisitions. Kaakon Teollisuuspalvelu Oy was acquired for industrial cleaning. The waste paper collecting business of Raahen Romu and the machine loading operations of Lahden Autokunta were acquired for Environmental Services. The combined annual net sales of the acquired companies total EUR 2.8 million.

The acquisition of Jäteässä Oy entered in force on 1 April 2005. Jäteässä Oy is a Finnish waste management company operating in the Helsinki region. The net sales of Jäteässä Oy totalled EUR 10 million in 2004 and it employs 65 people.

## PERSONNEL

The average number of personnel converted to full-time employees was 5,174 (4,875) in January - March. At the end of March the total number of employees working full-time and part-time was 6,610 people (6,141). Of them 499 people were abroad.

## SHARES AND SHARE CAPITAL

### Traded volume and price

The volume of trading in Lassila & Tikanoja plc shares on the Helsinki Stock Exchange from January through March was 5,715,599, which is 15.0% of the average number of shares. The value of trading was EUR 81.3 million. The trading price varied between EUR 13.10 and EUR 15.04. The final trading price was EUR 14.51. The market capitalisation was EUR 553.4 million on 31 March 2005.

### Share capital

At the beginning of the year 2005, the company's registered share capital amounted to EUR 19,068,117. On 8 February 2005, the Board approved the subscriptions of 5,600 new shares made pursuant to the 2002A stock options. As a result of these subscriptions, the share capital increased by 2,800 euros to 19,070,917 euros and the number of the shares increased to 38,141,834 shares.

### Stock options 2002

The Annual General Meeting held on 9 April 2002 decided to issue stock options to key personnel of Lassila & Tikanoja a wholly owned subsidiary of Lassila & Tikanoja plc. 28 key persons have been entitled to subscribe for the stock options.

On the basis of these stock options, 147,160 new shares have been subscribed for by 27 January 2005. On the basis of the rest of the 2002A stock options, a maximum of 112,840 shares can be subscribed for. On the basis of the rest of all stock options issued under stock option scheme 2002 a maximum of 652,840 shares can be subscribed for, which is 1.71% of the current number of shares. The share subscription price for the 2002A stock options is EUR 7.86, for the 2002B stock options EUR 7.02 and for the 2002C stock options EUR 11.46.

Lassila & Tikanoja's 2002A stock options have been listed on the Helsinki Stock Exchange since 3 May 2004. The Board of Directors has resolved to apply for listing of 2002B stock options on the main list of the Helsinki Stock Exchange starting from 2 May 2005.

### Stock options 2005

The Annual General Meeting held on 4 April 2005 decided to issue stock options to key personnel of the Lassila & Tikanoja Group and/or to a wholly-owned subsidiary of Lassila & Tikanoja plc. The number of stock options issued is 600,000. Each stock option entitles its holder to subscribe for one share of Lassila & Tikanoja plc with the book counter value of EUR 0.50 per share. L&T Advance Oy, a wholly owned subsidiary of Lassila & Tikanoja plc, subscribed for all the 600,000 stock options to be granted at a later date to the present and future key personnel of the Lassila & Tikanoja Group.

The stock option rights are divided into three classes. The share subscription price for the 2005A stock options shall be the trade volume weighted average price of the Company's share on the Helsinki Stock Exchange in May 2005, rounded off to the nearest cent, for the 2005B stock options the trade volume weighted average price of the Company's share on the Helsinki Stock Exchange in May 2006, rounded off to the nearest cent, and for the 2005C stock options the trade volume weighted average price of the Company's share on the Helsinki Stock Exchange in May 2007, rounded off to the nearest cent. The subscription price of the stock 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 share subscription periods are as follows: for the 2005A stock options 2 November 2007 – 29 May 2009, for the 2005B stock options 3 November 2008 – 31 May 2010, for the 2005C stock options 2 November 2009 – 31 May 2011.

The stock options issued under the stock option scheme 2005 entitle their holders to subscribe for a maximum of 1.57% of the Company's current number of shares.

### **Notifications on major holdings**

On 10 March 2005, Varma Mutual Pension Insurance Company reported that it holds 5.08% of the share capital and votes of Lassila & Tikanoja plc.

### **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.

### **BOARD OF DIRECTORS AND AUDITORS**

The Annual General Meeting of Shareholders held on 4 April 2005 confirmed five as the number of the members of the Board of Directors. The following Board members were re-elected to the Board until the end of the following AGM: Heikki Hakala, Lasse Kurkilahti, Juhani Lassila, Juhani Maijala and Soili Suonoja.

PricewaterhouseCoopers Oy, Authorised Public Accountants, were elected auditors. Principal Auditor is Heikki Lassila, Authorised Public Accountant.

In a meeting held after the Annual General Meeting the Board of Directors re-elected Juhani Maijala as Chairman of the Board and Heikki Hakala as Vice Chairman. The position of the Chairman of the Board of Directors is no more full-time.

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

4 April 2005: The changes caused by the transition to IFRS to accounting principles and figures reported for 2004.

4 April 2005: The Board of Directors resolved to apply for listing of 2002B stock option rights on the main list of the Helsinki Stock Exchange starting from 2 May 2005. A total of 260,000 shares can be subscribed for on the basis of the 2002B stock options. The subscription period is from 2 May 2005 to 30 October 2006.

7 April 2005: The Board of Directors approved the subscriptions for the stock options decided by the Annual General Meeting held on 4 April 2005, made by L&T Advance Oy, a wholly owned subsidiary of Lassila & Tikanoja plc. L&T Advance Oy subscribed for a total of 600,000 stock options to be granted at a later date to the present and future key personnel of the Lassila & Tikanoja Group.

### **PROSPECTS FOR 2005**

In general, prospects in the company's divisions are good. The amount of waste material coming to the recycling plants is expected to increase as a result of the acquisition of Jäteässät Oy and sales activity. Property Services' sales are expected to remain strong. The threat of strike action in the forest industry is making it difficult to predict demand in Industrial Services. A strike would create problems for the industrial cleaning season, which is about to start.

Expansion abroad is making progress and several smallish corporate acquisitions are planned. The organisation of international operations in Finland and the local organisation in Russia have been strengthened, so that Lassila & Tikanoja will be able to manage the growth in its business operations in a controlled manner.

Net sales are expected to grow at a faster rate than last year and an improved financial performance is also expected (compared with the 2004 result excluding the revenue recognition of the pension liability). The result will, however, increase at a slower pace than net sales because of the considerable inputs into the business operations.

## TRANSITION TO IFRS

The changes caused by the transition to IFRS to accounting principles and figures reported for 2004 are explained in a stock exchange release disclosed on 4 April 2005 and on the company website. The accounting principles presented in the release have been applied in preparing this interim report.

A non-recurring pension liability amounting to EUR 10.5 million (EUR 7.8 million net of deferred tax assets) was recognised as revenue in the IFRS income statement for the final quarter of the year 2004, because the principles for calculating disability pension liabilities under the Finnish statutory employment pension scheme had changed (TEL). The IFRS income statement for the period 1 January - 31 December 2004 and key figures 12/2004 are presented below also excluding this revenue recognition.

### INCOME STATEMENT 1.1. – 31.3.

EUR 1000	1-3/2005	%	1-3/2004	%	Change %
Net sales	<b>85 192</b>	<b>100.0</b>	76 840	100.0	10.9
Cost of sales	<b>-74 570</b>	<b>-87.5</b>	-66 852	-87.0	11.5
Gross profit	<b>10 622</b>	<b>12.5</b>	9 988	13.0	6.3
Marketing and selling costs	<b>-2 774</b>	<b>-3.3</b>	-2 277	-3.0	21.8
Administrative expenses	<b>-1 928</b>	<b>-2.3</b>	-1 582	-2.1	21.9
Other operating income and expenses	<b>426</b>	<b>0.5</b>	70	0.1	508.6
Operating profit	<b>6 346</b>	<b>7.4</b>	6 199	8.1	2.4
Finance costs, net	<b>-408</b>	<b>-0.5</b>	-1 190	-1.5	-65.7
Profit before tax	<b>5 938</b>	<b>7.0</b>	5 009	6.5	18.5
Income tax	<b>-1 606</b>	<b>-1.9</b>	-1 409	-1.8	14.0
Profit before minority interests	<b>4 332</b>	<b>5.1</b>	3 600	4.7	20.3
Minority interests	<b>-110</b>		-56		96.4
Profit for the period	<b>4 222</b>	<b>5.0</b>	3 544	4.6	19.1
Earnings per share, EUR	<b>0.11</b>		0.10		
Diluted earnings per share, EUR	<b>0.11</b>		0.10		

The relative proportion of the estimated taxes due for the full financial year has been taken into account.

**INCOME STATEMENT 1.1. – 31.12.2004**

EUR 1000	1-12/2004		1-12/2004 excluding revenue recognition of pension liability	
		%		%
<b>Net sales</b>	337 241	100.0	337 241	100.0
Cost of sales	-271 031	-80.4	-280 915	-83.3
<b>Gross profit</b>	66 210	19.6	56 326	16.7
Marketing and selling costs	-9 223	-2.7	-9 578	-2.8
Administrative expenses	-6 026	-1.8	-6 322	-1.9
Other operating income and expenses	361	0.1	361	0.1
<b>Operating profit</b>	51 322	15.2	40 787	12.1
Finance costs, net	-2 969	-0.9	-2 969	-0.9
Share of profits of associates	64		64	
<b>Profit before tax</b>	48 417	14.4	37 882	11.2
Income tax	-12 905	-3.8	-10 166	-3.0
<b>Profit before minority interests</b>	35 512	10.5	27 716	8.2
Minority interests	-383		-383	
<b>Profit for the period</b>	35 129	10.4	27 333	8.1
Revenue recognition of pension liability			7 796	
Profit for the period			35 129	
Earnings per share, EUR	1.01		0.79	
Diluted earnings per share, EUR	1.01			

**BALANCE SHEET**

EUR 1000	3/2005	3/2004	12/2004
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	92 395	84 529	92 005
Other intangible assets	8 689	4 741	8 129
Property, plant and equipment	116 833	105 469	115 410
Other non-current assets	6 348	5 061	6 223
<b>Total non-current assets</b>	<b>224 265</b>	199 800	221 767
<b>Current assets</b>			
Inventories	3 892	3 383	4 261
Trade and other receivables	44 762	39 844	37 197
Cash and cash equivalents	17 537	5 349	19 759
<b>Total current assets</b>	<b>66 191</b>	48 576	61 217
<b>TOTAL ASSETS</b>	<b>290 456</b>	248 376	282 984
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital, share premium and other reserves	63 722	15 398	63 724
Accumulated profits	69 633	49 998	34 386
Profit for the period	4 222	3 544	35 129
<b>Total equity attributable to equity holders of the parent</b>	<b>137 577</b>	68 940	133 239
Minority interests	1 766	1 223	1 550
<b>Total equity</b>	<b>139 343</b>	70 163	134 789
<b>Non-current liabilities</b>			
Deferred income tax liabilities	11 351	5 635	10 628
Pension liabilities	876	10 873	1 162
Provisions	855	396	821
Non-current interest-bearing liabilities	67 586	79 991	67 704
Other non-current liabilities	18	271	245
<b>Total non-current liabilities</b>	<b>80 686</b>	97 166	80 560
<b>Current liabilities</b>			
Current interest-bearing liabilities	13 637	27 307	13 481
Trade and other non-interest-bearing payables	56 790	53 740	54 154
<b>Total current liabilities</b>	<b>70 427</b>	81 047	67 635
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>290 456</b>	248 376	282 984

**STATEMENT OF CHANGES IN EQUITY**

EUR 1000	Share capital	Share premium	Revaluation and other reserves	Accumulated profits	Minority interests	Total equity
Equity on 1.1.2005	19 068	44 932	-276	69 515	1 550	134 789
Subscriptions pursuant to 2002A stock options	3	41				44
Translation differences			-50			-50
Remuneration expense of share options				118		118
Available-for-sale investments, change in fair value			4			4
Investment by a minority holder					106	106
Minority interests					110	110
Profit for the period				4 222		4 222
<b>Equity on 31.3.2005</b>	<b>19 071</b>	<b>44 973</b>	<b>-322</b>	<b>73 855</b>	<b>1 766</b>	<b>139 343</b>
<b>Equity on 1.1.2004</b>	<b>7 913</b>	<b>7 518</b>	<b>-121</b>	<b>68 943</b>	<b>1 167</b>	<b>85 420</b>
Dividends paid				-18 992		-18 992
Translation differences			86			86
Remuneration expense of share options				47		47
Available-for-sale investments, change in fair value			2			2
Change in minority interests					56	56
Profit for the period				3 544		3 544
<b>Equity on 31.3.2004</b>	<b>7 913</b>	<b>7 518</b>	<b>-33</b>	<b>53 542</b>	<b>1 223</b>	<b>70 163</b>

**RECONCILIATION OF PROFIT FOR THE PERIOD**

EUR 1000	1-3/2004	1-12/2004
According to FAS	2 150	21 376
IFRS 1 First-time Adoption of IFRS:		
Depreciation on revaluations	-19	-76
IFRS 2 Share-based Payment	-47	-331
IFRS 3 Business Combinations	1 884	8 194
IAS 1 Format of financial statements: Minority interests	-2	55
IAS 2 Inventories	37	125
IAS 12 Income Taxes	-478	-4 316
IAS 17 Leases: Finance Leases	-37	-3
IAS 18 Revenue: Recognition in the income statement	382	-39
IAS 19 Employee Benefits: Post-employment benefits	-82	9 133
IAS 37 Provisions	6	6
IAS 39 Financial Instruments	-250	1 005
According to IFRS	3 544	35 129
Revenue recognition of deferred pension liability		-7 796
Adjusted IFRS		27 333

**RECONCILIATION OF EQUITY**

EUR 1000	1.1.2004	31.3.2004	31.12.2004
According to FAS	95 786	79 045	130 649
IFRS 1 First-time Adoption of IFRS: Depreciation on revaluations	-1 256	-1 275	-1 333
IFRS 3 Business Combinations		1 884	8 194
IAS 1 Format of financial statements: Minority interests	1 167	1 223	1 550
IAS 2 Inventories	121	74	240
IAS 12 Income Taxes	1 879	1 467	-2 406
IAS 17 Leases: Finance Leases	733	697	785
IAS 18 Revenue: Recognition in the income statement	-1 137	-754	-1 176
IAS 19 Employee Benefits: Post-employment Benefits	-10 295	-10 377	-1 161
IAS 37 Provisions	10	16	17
IAS 39 Financial Instruments	-1 588	-1 837	-570
According to IFRS	85 420	70 163	134 789

**KEY FIGURES**

	<b>3/2005</b>	3/2004	12/2004 Excluding revenue recognition of deferred pension liability	12/2004
Earnings per share, EUR	<b>0.11</b>	0.10	0.79	1.01
Equity per share, EUR	<b>3.65</b>	2.04		3.53
Cash flow from operations per share, EUR	<b>0.12</b>	0.18		1.40
Return on equity, ROE, %	<b>12.3</b>	18.2	24.8	31.9
Return on invested capital, ROI, %	<b>12.7</b>	14.4	22.5	27.1
Equity ratio, %	<b>48.2</b>	28.6		48.1
Gearing, %	<b>45.7</b>	145.3		45.6
Gross investments, EUR 1,000	<b>8 207</b>	11 357		48 124
Depreciation, EUR 1,000	<b>5 738</b>	5 064		21 401
Net interest-bearing liabilities	<b>63 687</b>	101 950		61 427
Average personnel converted to full-time	<b>5 174</b>	4 875		5 409
Adjusted number of shares, 1,000 shares				
average during the period	<b>38 139</b>	34 477		34 650
at end of period	<b>38 142</b>	34 477		38 136
average during period, diluted	<b>38 373</b>	34 693		34 884

**CASH FLOW STATEMENT**

EUR 1000	3/2005	3/2004	12/2004
Cash flow before change in working capital	<b>11 633</b>	11 392	62 321
Change in working capital	<b>-6 261</b>	-3 045	68
Net finance cost	<b>164</b>	84	-4 024
Taxes	<b>-1 047</b>	-2 291	-9 990
<b>Cash flow from operating activities</b>	<b>4 489</b>	6 140	48 375
Investments in group companies	<b>-1 434</b>	-4 215	-15 236
Other investments	<b>-5 170</b>	-6 222	-30 365
Proceeds from sales of property, plant and equipment	<b>147</b>	390	2 158
<b>Cash flow from investing activities</b>	<b>-6 457</b>	-10 047	-43 443
Increase of share capital	<b>44</b>		48 569
Equity investment by a minority holder	<b>106</b>		
Dividends paid		-18 805	-34 845
Change in interest-bearing liabilities	<b>-411</b>	17 314	-9 573
<b>Cash flow from financing</b>	<b>-261</b>	-1 491	4 151
Change in cash and cash equivalents	<b>-2 229</b>	-5 398	9 083
Cash and cash equivalents at the beginning of the financial period	<b>19 759</b>	10 710	10 710
Changes in exchange rates and fair values	<b>7</b>	37	-34
Cash and cash equivalents in balance sheet	<b>17 537</b>	5 349	19 759

**SEGMENT REPORTING****NET SALES**

EUR 1000	3/2005	3/2004	Change %	12/2004
Environmental Services	<b>39 524</b>	36 136	9.4	159 152
Property Services	<b>34 745</b>	30 409	14.3	124 820
Industrial Services	<b>11 638</b>	11 067	5.2	56 195
Group administration and other non-allocated items	<b>91</b>	100		377
Inter-division sales	<b>-806</b>	-872		-3 303
Lassila & Tikanoja	<b>85 192</b>	76 840	10.9	337 241

**OPERATING PROFIT**

EUR 1000	3/2005	%	3/2004	%	Change %	12/2004	%
Environmental Services	<b>4 717</b>	<b>11.9</b>	5 484	15.2	-14.0	26 097	16.4
Property Services	<b>2 224</b>	<b>6.4</b>	1 204	4.0	84.7	9 336	7.5
Industrial Services	<b>-243</b>	<b>-2.1</b>	-70	-0.6	-247.1	6 907	12.3
Group administration and other non-allocated items	<b>-352</b>		-419			-1 553	
Lassila & Tikanoja	<b>6 346</b>	<b>7.4</b>	6 199	8.1	2.4	40 787	12.1

**OTHER FIGURES BY DIVISION**

EUR 1000	3/2005	3/2004	12/2004
<b>Assets</b>			
Environmental Services	163 922	150 757	159 659
Property Services	44 941	33 932	41 638
Industrial Services	56 864	52 302	55 797
Non-allocated assets	24 729	11 385	25 890
Lassila & Tikanoja	290 456	248 376	282 984
<b>Liabilities</b>			
Environmental Services	27 532	27 065	25 819
Property Services	20 760	24 670	20 484
Industrial Services	8 862	9 480	9 104
Non-allocated liabilities	93 959	116 998	92 788
Lassila & Tikanoja	151 113	178 213	148 195
<b>Investments</b>			
Environmental Services	3 954	8 420	26 928
Property Services	1 912	1 206	12 609
Industrial Services	2 338	1 730	8 580
Non-allocated investments	3	1	7
Lassila & Tikanoja	8 207	11 357	48 124
<b>Depreciations</b>			
Environmental Services	3 083	2 816	11 727
Property Services	1 326	1 137	4 888
Industrial Services	1 302	1 091	4 706
Non-allocated depreciations	27	20	80
Lassila & Tikanoja	5 738	5 064	21 401

**DIVISIONAL FIGURES BY QUARTER**

EUR 1000	1-3 /2005	10-12 /2004*	7-9 /2004	4-6 /2004	1-3 /2004
<b>Net sales</b>					
Environmental Services	39 524	42 387	39 950	40 679	36 136
Property Services	34 745	33 610	31 051	29 750	30 409
Industrial Services	11 638	14 325	15 865	14 938	11 067
Group administration and other non-allocated items	91	91	92	94	100
Inter-division sales	-806	-904	-752	-775	-872
Lassila & Tikanoja	85 192	89 509	86 206	84 686	76 840
<b>Operating profit</b>					
Environmental Services	4 717	5 968	7 161	7 484	5 484
Property Services	2 224	2 133	3 985	2 014	1 204
Industrial Services	-243	1 306	3 067	2 604	-70
Group administration and other non-allocated items	-352	-367	-318	-449	-419
Lassila & Tikanoja	6 346	9 040	13 895	11 653	6 199
<b>Operating margin</b>					
Environmental Services	11.9	14.1	17.9	18.4	15.2
Property Services	6.4	6.3	12.8	6.8	4.0
Industrial Services	-2.1	9.1	19.3	17.4	-0.6
Lassila & Tikanoja	7.4	10.1	16.1	13.8	8.1
Finance costs, net	-408	-665	-861	-253	-1 190
Share of profits of associates		64			
Revenue recognition of deferred pension liability		10 535			
<b>Profit before tax</b>	<b>5 938</b>	<b>18 974</b>	<b>13 034</b>	<b>11 400</b>	<b>5 009</b>

\* Operating profit excluding revenue recognition of deferred pension liability

**CONTINGENT LIABILITIES**

EUR 1000	3/2005	3/2004	12/2004
<b>SECURITY FOR COMPANY LIABILITIES</b>			
Pledged shares			284
Real estate mortgages	784	84	784
Corporate mortgages	622	504	50
Other securities	166	348	943
<b>OTHER LIABILITIES</b>			
Leasing payments and liabilities	431	921	512

Leasing payments and liabilities do not include payments under agreements classified as finance lease agreements.

LASSILA & TIKANOJA PLC  
Board of Directors