



LASSILA & TIKANOJA PLC INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2006

- Net sales for the third quarter EUR 111.6 million, growth 15.0%; operating profit EUR 19.9 million, growth 49.3%; earnings per share EUR 0.36 (EUR 0.25)
- Net sales for January-September EUR 320.6 million, growth 14.4%; operating profit EUR 39.9 million, growth 32.0%; earnings per share EUR 0.72 (EUR 0.54)
- In the final quarter the growth rate of the net sales is expected to remain at about the same level as for the first nine months. There will be a marked improvement in the financial performance for the entire year. The financial performance for the final quarter is expected to remain at the same level as for the comparative quarter last year.

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

GROUP NET SALES AND FINANCIAL PERFORMANCE

Third quarter net sales and financial performance

Lassila & Tikanoja's net sales in the third quarter totalled EUR 111.6 million (EUR 97.1 million), an increase of 15.0%, 3.6 percentage points of which came from corporate acquisitions. The operating profit was EUR 19.9 million (EUR 13.3 million), which is 17.8% (13.7%) of net sales. Net sales were increased by successful sales work and the occurrence of industrial shutdown work in this quarter. Productivity improved and fixed costs rose more slowly than net sales. The effect on the earnings per share of the gains of EUR 1.9 million on the sale of a property was EUR 0.04.

January-September net sales and financial performance

Net sales for nine months went up by 14.4% to EUR 320.6 million (EUR 280.4 million), 4.8 percentage points of the growth coming from corporate acquisitions. The earnings per share were EUR 0.72 (EUR 0.54). Organic growth exceeded market growth, and L&T's market position was strengthened in most business operations. Cleaning operations in Sweden were started at the beginning of the year.

Key figures

| | 7-9/ 2006 | 7-9/2005 | Change % | 1-9/2006 | 1-9/2005 | Change % | 1-12/2005 |
|----------------------------------|--------------|----------|-------------|--------------|----------|-------------|-----------|
| Net sales, EUR million | 111.6 | 97.1 | 15.0 | 320.6 | 280.4 | 14.4 | 377.4 |
| Operating profit, EUR million | 19.9 | 13.3 | 49.3 | 39.9 | 30.2 | 32.0 | 39.3 |
| Operating profit % | 17.8 | 13.7 | | 12.4 | 10.8 | | 10.4 |
| Profit before taxes, EUR million | 19.1 | 13.0 | 46.6 | 38.5 | 28.6 | 35.1 | 37.5 |
| Earnings per share, EUR | 0.36 | 0.25 | 44.0 | 0.72 | 0.54 | 33.3 | 0.70 |
| EVA, EUR million | 14.5 | 7.8 | 85.9 | 24.0 | 14.9 | 61.1 | 18.3 |

NET SALES AND FINANCIAL PERFORMANCE BY DIVISION

Environmental Services

Third quarter

The net sales of Environmental Services (waste management, recycling services, environmental products) in the third quarter amounted to EUR 53.0 million (EUR 46.6 million), an increase of 13.7%. The operating profit was EUR 10.0 million (EUR 7.0 million).

The continuation of strong organic growth, better productivity and control over fixed costs improved profitability. The recycling plant at Riga, Latvia, came on stream in July.

January-September

Environmental Services net sales for January-September amounted to EUR 151.8 million (EUR 133.3 million), an increase of 13.8%. The operating profit was EUR 25.1 million (EUR 18.1 million).

Investments in improving productivity and recycling plants were continued. Together with strong organic growth, they have contributed to improved profitability, further measures for which will be continued by increasing training in economical driving, raising the degree of processing at the recycling plants and starting the phased introduction of a new production management system. During the current year construction will start on three smaller new recycling plants in Finland that will come on stream early next year.

International operations made good progress, and the greater efficiency in production and price increases in Latvia and Russia brought a clear improvement to the financial performance. Environmental Products' financial performance improved as a result of efficiency measures.

Property Services

Third quarter

The net sales of Property Services (property maintenance and cleaning services) totalled EUR 41.5 million (EUR 35.6 million), an increase of 16.3%. The operating profit was EUR 4.8 million (EUR 4.5 million).

The financial performance of Property Services was improved in Finland by the successful sale of additional services to contract customers. Net sales for maintenance of technical systems increased and the financial performance improved. The period under review saw the establishment of Huomenta Toimitilapalvelut, a franchise chain specialising in cleaning and office support services for SME customers.

January-September

The net sales of Property Services for January-September totalled EUR 123.8 million (EUR 106.3 million), an increase of 16.4%. The operating profit was EUR 7.6 million (EUR 9.6 million).

Most of the growth in cleaning services occurred abroad. However, investment in expanding business operations abroad had a detrimental effect on the financial performance. Price competition in Finland was hard, especially in the first half of the year, but at the end of the period under review the situation began to normalise. As a result of more effective sales measures, the trade in cleaning services revived in Finland compared with situation in the first half of the year. The first outsourcing agreements for support services were made with forest industry customers.

The cleaning operations in Moscow were running at a loss. It is planned to make them profitable by the summer of next year.

Cleaning services in Sweden were started at the beginning of the year with the acquisition of Allied Service Partners Ab, which is based in Stockholm and Gothenburg. Lassila & Tikanoja now provides cleaning services in Sweden, Latvia and Russia. In October Lassila & Tikanoja acquired All Clean & Consulting Entrepreneur i Sverige AB (Accent), a Swedish company offering cleaning and office support services. Accent's net sales in 2005 amounted to about SEK 87 million. During the final months of the year investment will be carried out in Sweden in expanding the operations and implementing marketing measures that will increase awareness of L&T. The scope for new corporate acquisitions will also be charted.

The net sales of property maintenance increased organically, and the financial performance was at the level of the comparative period. Maintenance of technical systems in particular have shown clear growth, and operations have expanded to new locations.

Industrial Services

Third quarter

The net sales of Industrial Services (hazardous waste management, industrial cleaning, damage repair services and wastewater services) totalled EUR 18.2 million (EUR 15.8 million), an increase of 15.1%. The operating profit was EUR 3.8 million (EUR 2.3 million).

The growth in net sales came in particular from industrial cleaning and damage repair services, in which there were an unusually large number of industrial shutdown maintenance and damage repair jobs for the time of year. The demand for hazardous waste management and wastewater services also revived and net sales went up.

The division's financial performance showed a clear improvement because it managed a simultaneous increase in net sales, improvement in productivity and reduction in fixed costs. The financial performance of industrial cleaning in the comparative period was negatively affected by the labour disputes in the forest industry.

January-September

The net sales of Industrial Services for January-September were EUR 47.9 million (EUR 43.2 million), an increase of 10.7%. The operating profit was EUR 6.9 million (EUR 3.8 million).

Good demand and better productivity improved the division's financial performance and profitability considerably, mostly in industrial cleaning, where methodical efforts have been taken to improve cost-efficiency and productivity. Damage repair also improved its financial performance significantly.

In hazardous waste services, the Oulu production plant was modernized to respond better to the growing demands of waste recovery. By raising the rate of waste recovery, L&T managed to reduce further the expensive delivery of hazardous waste for destruction by a third party.

At the end of the period under review a joint-venture company (50/50), L&T Recoil Oy, was set up to construct an oil-regeneration plant in Hamina in early 2008. The plant will mean the taking of a step forward in the processing chain of hazardous waste, in line with the chosen strategy. At the same time it will open up new opportunities for growth and international operations.

FINANCING

Net interest-bearing liabilities amounted to EUR 13.6 million less than a year earlier. Net interest-bearing liabilities, totalling EUR 70.8 million, decreased by EUR 14.4 million. In July-September, interest expenses were equal to those in the comparison period, and in January-September EUR 0.2 million less than in the comparison period.

A reduction of EUR 0.1 million (income of EUR 0.3 million) in the finance income resulting from changes in the fair values of interest rate swaps was recognised in the income statement in July-September. The total income for January-September amounted to EUR 0.4 million, which equals to the amount for the comparison period. In January-September, net finance costs decreased by 21%, being 0.4% (0.6%) of net sales and 3.3% (5.6%) of operating profit.

A total of EUR 0.3 million arising from the changes in the fair value of an interest rate swap to which hedge accounting under IAS 39 is applied, was recognised in equity in January-September.

The equity ratio was 50.1% (46.8%). The gearing rate was 41.8 (57.8). Cash flow from operating activities amounted to EUR 42.1 million (EUR 30.9 million). EUR 11.4 million were tied up in the working capital (EUR 9.2 million). The large amount of working capital at the end of September was the result of the timing of invoicing periods for waste management and the growth in net sales.

CAPITAL EXPENDITURE

In January-September, capital expenditure totalled EUR 32.1 million (EUR 49.6 million). Approximately EUR 9 million were spent on seven corporate acquisitions. The effect of the combined annual net sales of the acquired companies on the group net sales totalled EUR 19.4 million.

A Latvian property services company SIA Evus was acquired for Property Services in August. The net sales for Evus amounted to 0.6 million euros in 2005, and it employs around 100 people. In September, the business operations of Kiimingin Kiinteistöpalvelu Oy, a minor property services company, were acquired.

The following acquisitions were made in the second quarter:

In April majority of the shares of Suomen Keräystuote Oy was acquired, and the company, being previously an associate, became a group company. L&T holds presently more than 90 per cent of the shares. Suomen Keräystuote Oy is a marketing company owned by Finnish paper collection companies. It supplies collected recoverable paper and board to industry. The net sales for Suomen Keräystuote amounted to EUR 7 million in 2005, but the effect on the group net sales on annual level is only EUR 3.8 million due to intra-group net sales. In addition, the rental operations of WeeCee Finland Oy were acquired.

The following acquisitions were made in the first quarter:

Hämeenlinnan Puhtaanapito Oy, a waste management company, was acquired for Environmental Services. Its net sales totalled EUR 4.4 million in 2005 and it employed 36 people. Allied Service Partners AB (ASP), a Swedish company specialising in property maintenance services, was acquired for Property Services. ASP operates in Stockholm and Gothenburg. The net sales of ASP were EUR 10.3 million in 2005, and it employs 390 people. The property maintenance operations of Kempeleen Kiinteistöhuolto Oy were also acquired.

Machinery and equipment were replaced, production premises were expanded, and new information systems were built. Depreciation amounted to EUR 20.6 million (EUR 18.2 million) in January-September.

In January-September, capital expenditure by division was as follows: Environmental Services EUR 16.5 million (EUR 33.3 million), Property Services EUR 11.9 million (EUR 8.8 million), and Industrial Services EUR 3.7 million (EUR 7.4 million).

In October a Swedish company All Clean & Consulting Entrepreneur i Sverige AB (Accent) providing cleaning and office support services was acquired. The net sales of Accent amounted to about SEK 87 million in 2005, and it employs 180 persons.

PERSONNEL

The average number of personnel converted to full-time employees was 6,863 (6,183) in January–September. At the end of September the total number of employees working full-time and part-time was 8,290 people (7,657). Of them 1,610 people (1,245) 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 September was 8,851,185, which is 23.0% of the average number of shares. The value of trading was EUR 143.0 million. The trading price varied between EUR 14.75 and EUR 17.70. The closing price was EUR 15.64. The market capitalisation was EUR 602.3 million (EUR 607.7 million) on 30 September 2006.

Share capital

At the beginning of the year the company's registered share capital amounted to EUR 19,188,887. During the year 2006, a total of 133,600 shares have been subscribed for pursuant to the 2002B and 2002C share options. After these subscriptions, the company's share capital amounts to EUR 19,255,687 and the number of the shares is 38,511,374.

Dividend

The Annual General Meeting held on 23 March 2006 resolved on a dividend of EUR 0.40 per share. The dividend, totalling EUR 15.4 million, was paid on 4 April 2006.

Share option plans 2002 and 2005

The subscription period for 2002A options has ended. Until 13 July 2006, a total of 239,000 shares pursuant to the 2002B options and a total of 17,700 shares pursuant to the 2002C options have been subscribed for. Pursuant to the remaining outstanding 2002B share options a maximum of 17,000 shares and pursuant to the remaining 2002C options a maximum of 256,300 shares can be subscribed for. Pursuant to all remaining outstanding 2002 options a maximum of 273,300 shares may be subscribed for, which is 0.7% of the current number of shares. The subscription period for the 2002B options ends on 30 October 2006.

The share subscription price for the 2002B options is EUR 7.02 and for 2002C options EUR 11.46. 2002 options have been granted to 28 key persons. The 2002B options have been listed on the Helsinki Stock Exchange since 2 May 2005 and the 2002C options since 2 May 2006.

In 2005, 600,000 share options were issued, each entitling its holder to subscribe for one share of Lassila & Tikanoja plc. Presently, 26 key persons hold 165,000 2005A options and 35 key persons hold 195,000 2005B options. L&T Advance Oy, a wholly-owned subsidiary of Lassila & Tikanoja plc, holds 5,000 2005A options, 5,000 2005B options and 230,000 2005C options.

The share subscription price for the 2005A options is EUR 14.22, and for 2005B options EUR 16.98. The options issued under the share option plan 2005 entitle their holders to subscribe for a maximum of 1.6% of the current number of shares.

Notifications on major holdings

On 10 April 2006, Tapiola Group reported that its holding in the share capital and votes of Lassila & Tikanoja plc had decreased to 4.6%.

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 23 March 2006 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.

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

On 23 March 2006, the Board of Directors resolved to apply for listing of 2002C share option rights on the main list of the Helsinki Stock Exchange starting from 2 May 2006.

PROSPECTS FOR THE REMAINDER OF THE YEAR 2006

Prospects in L&T's divisions are good. In the final quarter, organic growth is expected to continue strong and the growth rate of the net sales is expected to remain at about the same level as for the first nine months. There will be a marked improvement in the financial performance for the entire year. The financial performance for the final quarter is expected to remain at the same level as for the comparative quarter last year. During the final part of the year several new service products will be launched onto the market.

Environmental Services will continue to be in demand. The environmental permits that have been obtained will make investment in new recycling plants possible. As a result of robust sales and the coming on stream of new recycling plants during the year, the division's financial performance is expected to show a clear improvement in the last quarter over the comparative period.

In Property Services the outsourcing of support services in the forest industry has gathered momentum, and competition in property services in Finland has begun to normalise. The cleaning operations in Sweden will be strengthened. Property Services' financial performance in the final quarter is expected to be considerably weaker than last year as a result of the investment in expanding the cleaning operations abroad, especially in Sweden.

The market outlook for Industrial Services is cautiously favourable. Demand is expected to be back to normal for the year-end. It will, however, to some extent be more even than previously and easier to predict. The work situation in damage repair services in the final part of the year is good. The division's financial performance is expected to show a clear improvement over the comparative quarter.

INCOME STATEMENT

| EUR 1000 | 7-9/ 2006 | 7-9/ 2005 | 1-9/2006 | 1-9/2005 | 1-12/ 2005 |
|--|----------------|---------------|----------------|----------------|----------------|
| Net sales | 111 648 | 97 098 | 320 642 | 280 351 | 377 448 |
| Cost of goods sold | -88 673 | -79 837 | -267 742 | -236 903 | -320 536 |
| Gross profit | 22 975 | 17 261 | 52 900 | 43 448 | 56 912 |
| Selling and marketing costs | -2 900 | -2 538 | -9 105 | -8 520 | -11 508 |
| Administrative expenses | -2 010 | -1 788 | -6 215 | -5 690 | -7 304 |
| Other operating income and expenses | 1 787 | 365 | 2 293 | 962 | 1 154 |
| Operating profit | 19 852 | 13 300 | 39 873 | 30 200 | 39 254 |
| Finance income | 74 | 478 | 1 064 | 854 | 1 363 |
| Finance costs | -814 | -741 | -2 397 | -2 535 | -3 164 |
| Share of profit of associates | | | | | 27 |
| Profit before income tax | 19 112 | 13 037 | 38 540 | 28 519 | 37 480 |
| Income tax expense | -4 911 | -3 439 | -10 293 | -7 665 | -10 250 |
| Profit for the period | 14 201 | 9 598 | 28 247 | 20 854 | 27 230 |
| Attributable to: | | | | | |
| Equity holders of the parent | 14 026 | 9 466 | 27 755 | 20 462 | 26 822 |
| Minority interest | 175 | 132 | 492 | 392 | 408 |
| Earnings per share for profit attributable to the equity holders of the parent: | | | | | |
| Earnings per share, EUR | 0.36 | 0.25 | 0.72 | 0.54 | 0.70 |
| Earnings per share, EUR -diluted | 0.36 | 0.24 | 0.72 | 0.53 | 0.70 |

BALANCE SHEET

| EUR 1000 | 9/2006 | 9/2005 | 12/2005 |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 103 697 | 99 351 | 99 120 |
| Intangible assets from acquisitions | 9 597 | 9 800 | 9 859 |
| Other intangible assets | 7 807 | 6 958 | 5 893 |
| Property, plant and equipment | 137 320 | 130 179 | 135 404 |
| Other non-current assets | 6 716 | 6 556 | 6 676 |
| Total non-current assets | 265 137 | 252 844 | 256 952 |
| Current assets | | | |
| Inventories | 4 384 | 4 243 | 4 744 |
| Trade and other receivables | 64 759 | 54 180 | 45 898 |
| Cash and cash equivalents | 8 249 | 7 488 | 7 252 |
| Total current assets | 77 392 | 65 911 | 57 894 |
| TOTAL ASSETS | 342 529 | 318 755 | 314 846 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | 19 256 | 19 111 | 19 189 |
| Share premium reserve | 47 556 | 45 533 | 46 606 |
| Revaluation and other reserves | 119 | -189 | -179 |
| Retained earnings | 72 190 | 60 313 | 60 428 |
| Profit for the period | 27 755 | 20 462 | 26 822 |
| Total equity attributable to equity holders of the parent | 166 876 | 145 230 | 152 866 |
| Minority interest | 2 658 | 2 149 | 2 166 |
| Total equity | 169 534 | 147 379 | 155 032 |
| Non-current liabilities | | | |
| Deferred income tax liabilities | 21 132 | 14 285 | 15 768 |
| Pension obligations | 312 | 278 | 176 |
| Provisions | 733 | 1 046 | 684 |
| Interest-bearing liabilities | 58 926 | 61 309 | 59 629 |
| Other non-current liabilities | 413 | 226 | 224 |
| Total non-current liabilities | 81 516 | 77 144 | 76 481 |
| Current liabilities | | | |
| Interest-bearing liabilities | 20 125 | 31 343 | 24 077 |
| Trade and other non-interest-bearing payables | 71 098 | 62 889 | 58 956 |
| Provisions | 256 | | 300 |
| Total current liabilities | 91 479 | 94 232 | 83 333 |
| TOTAL EQUITY AND LIABILITIES | 342 529 | 318 755 | 314 846 |

CASH FLOW STATEMENT

| EUR 1000 | 9/2006 | 9/2005 | 12/2005 |
|---|----------------|----------------|----------------|
| Cash generated from operations before change in working capital | 56 929 | 47 305 | 62 490 |
| Change in working capital | -11 360 | -9 161 | -3 334 |
| Net finance cost | -829 | -1 798 | -2 760 |
| Taxes | -2 610 | -5 433 | -7 455 |
| Net cash flows from operating activities | 42 130 | 30 913 | 48 941 |
| Investments in group companies | -7 803 | -15 893 | -15 801 |
| Other investments | -18 781 | -29 058 | -40 151 |
| Proceeds from sales of property, plant and equipment | 3 607 | 1 138 | 1 747 |
| Net cash flows from investing activities | -22 977 | -43 813 | -54 205 |
| Proceeds from share subscriptions | 1 018 | 644 | 1 795 |
| Dividends paid | -15 257 | -9 525 | -9 525 |
| Change in borrowings | -3 920 | 9 500 | 479 |
| Net cash flows from financing activities | -18 159 | 619 | -7 251 |
| Net change in liquid assets | 994 | -12 281 | -12 515 |
| Liquid assets at beginning of period | 7 252 | 19 759 | 19 759 |
| Changes in exchange rates and fair values | 3 | 10 | 8 |
| Liquid assets in balance sheet | 8 249 | 7 488 | 7 252 |

STATEMENT OF CHANGES IN EQUITY

| EUR 1000 | Share capital | Share premium reserve | Revaluation and other reserves | Retained earnings | Equity attrib. to equity holders of the parent | Minority interest | Total equity |
|--|---------------|-----------------------|--------------------------------|-------------------|--|-------------------|----------------|
| Equity at 1.1.2006 | 19 189 | 46 606 | -179 | 87 250 | 152 866 | 2 166 | 155 032 |
| Dividend | | | | -15 355 | -15 355 | | -15 355 |
| Subscriptions pursuant to 2002 options | 67 | 950 | | | 1 017 | | 1 017 |
| Translation differences | | | 32 | | 32 | | 32 |
| Remuneration expense of share options | | | | 295 | 295 | | 295 |
| Current available-for-sale investments, change in fair value | | | 2 | | 2 | | 2 |
| Interest rate swap, change in fair value | | | 264 | | 264 | | 264 |
| Profit for the period | | | | 27 755 | 27 755 | 492 | 28 247 |
| Equity at 30.9.2006 | 19 256 | 47 556 | 119 | 99 945 | 166 876 | 2 658 | 169 534 |
| Equity at 1.1.2005 | 19 068 | 44 932 | -276 | 69 515 | 133 239 | 1 550 | 134 789 |
| Dividends | | | | -9 535 | -9 535 | | -9 535 |
| Subscriptions pursuant to 2002A options | 43 | 601 | | | 644 | | 644 |
| Translation differences | | | 87 | | 87 | | 87 |
| Remuneration expense of share options | | | | 333 | 333 | | 333 |
| Investment by a minority holder | | | | | | 207 | 207 |
| Profit for the period | | | | 20 462 | 20 462 | 392 | 20 854 |
| Equity at 30.9.2005 | 19 111 | 45 533 | -189 | 80 775 | 145 230 | 2 149 | 147 379 |

KEY FIGURES

| | 7-9/2006 | 7-9/2005 | 1-9/2006 | 1-9/2005 | 2005 |
|---|--------------|----------|---------------|----------|--------|
| Earnings per share, EUR | 0.36 | 0.25 | 0.72 | 0.54 | 0.70 |
| Earnings per share, EUR - diluted | 0.36 | 0.24 | 0.72 | 0.53 | 0.70 |
| Cash flows from operating activities per share, EUR | 0.47 | 0.36 | 1.10 | 0.81 | 1.28 |
| EVA, EUR million* | 14.5 | 7.8 | 24.0 | 14.9 | 18.3 |
| Capital expenditure, EUR 1000 | 8 255 | 14 965 | 32 088 | 49 593 | 60 852 |
| Depreciation, EUR 1000 | 6 836 | 6 273 | 20 636 | 18 176 | 24 774 |
| Equity per share, EUR | | | 4.33 | 3.80 | 3.98 |
| Return on equity, ROE, % | | | 23.2 | 19.7 | 18.8 |
| Return on invested capital, ROI, % | | | 22.4 | 18.1 | 17.9 |
| Equity ratio, % | | | 50.1 | 46.8 | 49.5 |
| Gearing, % | | | 41.8 | 57.8 | 49.3 |
| Net interest-bearing liabilities | | | 70 802 | 85 164 | 76 455 |
| Average personnel converted to full-time | | | 6 863 | 6 183 | 5 918 |
| Number of shares, 1000 shares | | | | | |
| average during the period | | | 38 420 | 38 158 | 38 193 |
| at end of period | | | 38 511 | 38 222 | 38 378 |
| average during period - diluted | | | 38 571 | 38 398 | 38 421 |

*EVA = operating profit – cost calculated on invested capital (average of four quarters). WACC 2006: 8.75%; 2005: 9.0%

SEGMENT REPORTING**NET SALES**

| EUR 1000 | 7-9/2006 | 7-9/2005 | Change % | 1-9/2006 | 1-9/2005 | Change % | 1-12/2005 |
|--------------------------|----------------|----------|-------------|----------|----------------|-------------|-----------|
| Environmental Services | 52 973 | 46 588 | 13.7 | 151 789 | 133 346 | 13.8 | 180 679 |
| Property Services | 41 463 | 35 645 | 16.3 | 123 819 | 106 345 | 16.4 | 142 890 |
| Industrial Services | 18 223 | 15 838 | 15.1 | 47 862 | 43 222 | 10.7 | 57 584 |
| Group admin. and other | 19 | 91 | | 115 | 274 | | 366 |
| Inter-division net sales | -1 030 | -1 064 | | -2 943 | -2 836 | | -4 071 |
| Total | 111 648 | 97 098 | 15.0 | 320 642 | 280 351 | 14.4 | 377 448 |

OPERATING PROFIT

| EUR 1000 | 7-9/2006 | % | 7-9/2005 | % | 1-9/2006 | % | 1-9/2005 | % | 1-12/2005 | % |
|------------------------|---------------|-------------|----------|------|---------------|-------------|----------|------|-----------|------|
| Environmental Services | 9 986 | 18.9 | 7 017 | 15.1 | 25 108 | 16.5 | 18 124 | 13.6 | 23 986 | 13.3 |
| Property Services | 4 833 | 11.7 | 4 462 | 12.5 | 7 604 | 6.1 | 9 554 | 9.0 | 11 947 | 8.4 |
| Industrial Services | 3 800 | 20.9 | 2 260 | 14.3 | 6 862 | 14.3 | 3 837 | 8.9 | 4 746 | 8.2 |
| Group admin. and other | 1 233 | | -439 | | 299 | | -1 315 | | -1 425 | |
| Total | 19 852 | 17.8 | 13 300 | 13.7 | 39 873 | 12.4 | 30 200 | 10.8 | 39 254 | 10.4 |

OTHER SEGMENT REPORTING

| EUR 1000 | 7-9/2006 | 7-9/2005 | 1-9/2006 | 1-9/2005 | 12/2005 |
|--------------------------------------|----------|----------|----------|----------|---------|
| Assets | | | | | |
| Environmental Services | | | 205 852 | 193 960 | 189 844 |
| Property Services | | | 59 258 | 48 516 | 50 330 |
| Industrial Services | | | 64 633 | 61 880 | 59 997 |
| Group admin. and other | | | 2 940 | 5 553 | 5 211 |
| Non-allocated assets | | | 9 846 | 8 846 | 9 464 |
| Lassila & Tikanoja | | | 342 529 | 318 755 | 314 846 |
| Liabilities | | | | | |
| Environmental Services | | | 35 788 | 33 341 | 29 947 |
| Property Services | | | 23 380 | 20 591 | 20 910 |
| Industrial Services | | | 10 437 | 9 860 | 8 787 |
| Group admin. and other | | | 638 | 575 | 269 |
| Non-allocated liabilities | | | 102 752 | 107 008 | 99 901 |
| Lassila & Tikanoja | | | 172 995 | 171 375 | 159 814 |
| Capital expenditure | | | | | |
| Environmental Services | 5 118 | 8 657 | 16 504 | 33 293 | 40 542 |
| Property Services | 1 968 | 3 378 | 11 859 | 8 849 | 11 471 |
| Industrial Services | 1 161 | 2 869 | 3 671 | 7 387 | 8 785 |
| Group admin. and other | 8 | 61 | 54 | 64 | 54 |
| Lassila & Tikanoja | 8 255 | 14 965 | 32 088 | 49 593 | 60 852 |
| Depreciation and amortisation | | | | | |
| Environmental Services | 3 961 | 3 469 | 11 762 | 9 972 | 13 567 |
| Property Services | 1 668 | 1 423 | 5 229 | 4 126 | 5 674 |
| Industrial Services | 1 188 | 1 353 | 3 571 | 3 995 | 5 422 |
| Group admin. and other | 19 | 28 | 74 | 83 | 111 |
| Lassila & Tikanoja | 6 836 | 6 273 | 20 636 | 18 176 | 24 774 |

INCOME STATEMENT BY QUARTER

| EUR 1000 | 7-9/2006 | 4-6/2006 | 1-3/2006 | 10-12/2005 | 7-9/2005 | 4-6/2005 | 1-3/2005 | 10-12/2004* |
|---|----------|----------|----------|------------|----------|----------|----------|-------------|
| Net sales | | | | | | | | |
| Environmental Services | 52 973 | 51 692 | 47 124 | 47 333 | 46 588 | 47 234 | 39 524 | 42 387 |
| Property Services | 41 463 | 41 243 | 41 113 | 36 545 | 35 645 | 35 955 | 34 745 | 33 610 |
| Industrial Services | 18 223 | 16 513 | 13 126 | 14 362 | 15 838 | 15 746 | 11 638 | 14 325 |
| Group admin. and other | 19 | 26 | 70 | 92 | 91 | 92 | 91 | 91 |
| Inter-division net sales | -1 030 | -1 044 | -869 | -1 235 | -1 064 | -966 | -806 | -904 |
| Lassila & Tikanoja | 111 648 | 108 430 | 100 564 | 97 097 | 97 098 | 98 061 | 85 192 | 89 509 |
| Operating profit | | | | | | | | |
| Environmental Services | 9 986 | 7 828 | 7 294 | 5 862 | 7 017 | 6 390 | 4 717 | 5 968 |
| Property Services | 4 833 | 1 499 | 1 272 | 2 393 | 4 462 | 2 868 | 2 224 | 2 133 |
| Industrial Services | 3 800 | 2 277 | 785 | 909 | 2 260 | 1 820 | -243 | 1 306 |
| Group admin. and other | 1 233 | -547 | -388 | -110 | -439 | -524 | -352 | -367 |
| Lassila & Tikanoja | 19 852 | 11 057 | 8 963 | 9 054 | 13 300 | 10 554 | 6 346 | 9 040 |
| Operating margin | | | | | | | | |
| Environmental Services | 18.9 | 15.1 | 15.5 | 12.4 | 15.1 | 13.5 | 11.9 | 14.1 |
| Property Services | 11.7 | 3.6 | 3.1 | 6.5 | 12.5 | 8.0 | 6.4 | 6.3 |
| Industrial Services | 20.9 | 13.8 | 6.0 | 6.3 | 14.3 | 11.6 | -2.1 | 9.1 |
| Lassila & Tikanoja | 17.8 | 10.2 | 8.9 | 9.3 | 13.7 | 10.8 | 7.4 | 10.1 |
| Finance costs, net | -740 | -391 | -201 | -120 | -263 | -1 010 | -408 | -665 |
| Share of profits of associates | | | | 27 | | | | 64 |
| Revenue recognition of deferred pension liability | | | | | | | | 10 535 |
| Profit before tax | 19 112 | 10 666 | 8 762 | 8 961 | 13 037 | 9 544 | 5 938 | 18 974 |

* Operating profit excluding revenue recognition of deferred pension liability.

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 10-12/2004, because the principles for calculating disability pension liabilities under the Finnish statutory employment pension scheme had changed.

CONTINGENT LIABILITIES

| EUR 1000 | 9/2006 | 9/2005 | 12/2005 |
|--|--------|--------|---------|
| For Group borrowings | | | |
| Real estate mortgages | | 700 | |
| For other own commitments | | | |
| Real estate mortgages | 484 | 121 | 105 |
| Corporate mortgages | 2 778 | 500 | 500 |
| Other securities | 201 | 193 | 188 |
| Bank guarantees required for environmental permits | 2 885 | 1 926 | 1 969 |

Other securities are security deposits.

The Group has given no pledges, mortgages or guarantees on behalf of outsiders.

Operating lease liabilities

| EUR 1000 | 9/2006 | 9/2005 | 12/2005 |
|--|--------|--------|---------|
| Maturity not later than one year | 2 926 | 2 670 | 2 809 |
| Maturity later than one year and not later than five years | 7 505 | 6 947 | 7 016 |
| Maturity later than five years | 3 816 | 4 390 | 4 357 |
| Total | 14 247 | 14 007 | 14 182 |

Derivative financial instruments

| EUR 1000 | 9/2006 | 9/2005 | 12/2005 |
|--|--------|--------|---------|
| Nominal values of interest rate swaps* | | | |
| Maturity not later than one year | 13 500 | 6 000 | 6 000 |
| Maturity later than one year and not later than five years | 30 500 | 44 000 | 44 000 |
| Total | 44 000 | 50 000 | 50 000 |
| Fair value of interest rate swaps | 647 | -212 | 237 |

*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.

Nominal value of interest rate swap**

| | |
|--|--------|
| Maturity not later than one year | 1 429 |
| Maturity later than one year and not later than five years | 5 714 |
| Maturity later than five years | 7 857 |
| Total | 15 000 |
| Fair value of interest rate swap | 357 |

** The interest rate swap is used to hedge cash flow related to a floating rate loan, and hedge accounting under IAS 39 has been applied to it. The hedge has been effective, and the total change in the fair value has been recognised in the hedging fund under equity.

The fair values of interest rate swaps are based on market prices.

Helsinki, 24 October 2006

LASSILA & TIKANOJA PLC
Board of Directors

Jari Sarjo
President and CEO

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