LASSILA & TIKANOJA GROUP, P.O. BOX 33, FIN-00101 HELSINKI, TEL. +358 205 05 115, FAX +358 205 05 2899

LASSILA & TIKANOJA

ANNUAL REPORT 1999

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FINANCIAL INFORMATION

Interim Report, January 1 - March 31, issued April 27, 2000
Interim Report, January 1 - June 30, issued July 26, 2000
Interim Report, January 1 - September 30, issued October 25, 2000

The Annual Report and the Interim Reports are also published in English-language translations and are available on the company's Internet pages at the address www.lassila-tikanoja.com.

ANNUAL GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc will be held on Thursday, March 16, 2000, at 4 p.m. in the Savoy Restaurant, Eteläesplanadi 14, Helsinki.

Notice of attendance at the Annual General Meeting is requested by 4 p.m. on March 14, 2000 in writing to the address: Lassila & Tikanoja plc, P.O.Box 33, 00101 Helsinki,
by fax at +358-205 05 2899,
by e-mail at kaija.aho@lassila-tikanoja.fi
or by telephone at +358-205 05 2882.

TO OUR SHAREHOLDERS

The goal of the Lassila & Tikanoja Group is to be a profitable and competitive investment for its owners, compared with other alternatives. The principal criteria for the evaluation of potential investments are the returns and the risks entailed in producing them and their present state and future prospects. We seek a good return by taking reasonable risks. Financial risks are kept low, within the framework of an efficient capital structure.

Expectations regarding Lassila & Tikanoja's returns and related risks are affected by the outlook for the Group's business areas, our own success in these areas and also their relative significance within the Group.

We determine the extent of our interest in the business areas on the basis of their typical growth and profitability; growth of market shares and relative profitability show us the degree of our success. On the basis of these assessments, we have allocated our resources within the Lassila & Tikanoja Group and among its units. The process of allocation of resources involves both the development and nurturing of new business and also the abandonment of old.

We believe that for us the best opportunities for growth are in environmental management and the nonwoven industry, that is in the sectors of Säkkiväline and JWS. Säkkiväline's markets are expected to expand by 10-15 per cent and those of JWS by some ten per cent annually. The other units should also grow. Growth inside Amerplast is being sought from the market for food and hygiene product packaging in the Baltic region. Inka's growth is based on growing demand in Europe for materials handling products, especially those used in disposable lashings.

During the past year, we have realized the goals described above. Organic growth based on Säkkiväline's improved marketing and sales have outpaced growth in the market. In addition, the company acquisitions made in industrial cleaning and maintenance during the spring have stimulated growth and made Säkkiväline the obvious market leader in Finland in that sector.

In January 2000, an agreement regarding acquisition of WM Ympäristöpalvelut Oy was signed. Combining the business of Säkkiväline and WM Ympäristöpalvelut Oy will increase the range of products and the geographical coverage of services. The acquisition will combine two complementary businesses and create excellent conditions for development of the rapidly growing recycling sector. By combining these two companies, a strong market position will be achieved in waste management, hazardous waste management and recycling. On completion of the acquisition in February-March, we feel justified in predicting some 50 per cent growth for Säkkiväline's growth this year and some 20 per cent in 2001.

JWS invested in process and product development. Growth and investment opportunities are sought especially in materials for wet wipe, incontinence and wound care products. Textile-like backsheet for diapers is also an important area for development. We have the resources and capacity to advance rapidly should the opportunity arise.

For Amerplast, start-up of the plant for the manufacture of bakery and tissue paper packaging built in Poland during 1999 was the principal project. Inka's operations were adapted to the chosen strategy. Amerplast and Inka will concentrate on sales and full utilization of the competitive manufacturing capacity built up over the last few years.

In addition to the correct allocation of resources, a rising trend in growth, profitability and share values requires a clear management system. Here organizational structures, explicit goals and rewards for achievement are essential.

The foundation of operations at Lassila & Tikanoja are a compact Group management, independent business units, a lean organization and confidence in people at all levels. This has created a corporate culture in which entrepreneurship and responsibility are widespread.

The starting point of the Group's strategic and operational plans is to increase the value of the company's share. The Board of Directors and the Group executives determine the allocation of Group resources and then develop the strategies of the individual units on this basis. Group executives also take part in deciding on key issues in the units, set goals for operational plans and monitor the realization of the strategies and plans of the units. The units plan their own competition strategy and make all their own operative decisions.

The compensation scheme for management of the Group and the business units and for other key personnel with profit responsibility is linked to the achievement of goals. Total salaries comprise a fixed component and variable components based on financial results and the value of the company share. The variable components form a substantial part of the total. Performance is evaluated taking into account the cost of invested capital, including shareholders' equity. The component of salary based on share values is realized through stock option schemes.

The basis for the success of the Lassila & Tikanoja Group is an awareness of objectives and a commitment to accomplishing results. We hope to be able to report good financial performance in the future, too.

Juhani Maijala

Heikki Bergholm

THE LASSILA & TIKANOJA GROUP

The Lassila & Tikanoja Group is a multisector company comprising a parent company and four business units.

The parent company has been quoted on the Helsinki Exchanges since 1961.

The principles of Corporate governance are presented on page 37.

KEY FIGURES FOR 1999

	1999	1998	Change %
Net sales, EUR mill.	**323.0**	293.7	10.0
Gross profit, EUR mill.	**65.2**	58.9	10.7
Operating profit, EUR mill.	**38.1**	38.1	0.0
Profit before extraordinary items, EUR mill.	**35.9**	35.2	2.1
Return on invested capital, % (ROI)	**21.8**	23.1	
Earnings/share, (EPS) EUR	**1.58**	1.63	-3.1
Cash flow/share, EUR	**3.25**	2.60	25.0
Dividend per share, EUR	**1.00** *	1.00	
Equity ratio, %	**53.6**	53.8	
Gross investment, EUR mill.	**38.5**	35.1	9.7
Average personnel employed	**4 461**	3 956	12.8

* Proposal by the Board of Directors

AMERPLAST

The Amerplast Group manufactures flexible high-quality consumer packaging for industry and the retail trade. The main lines are packaging for hygiene products, foods and retail service. Amerplast is one of the leading Nordic companies in its product lines.

PRESIDENT Harri Myllylä
PRODUCTION DIRECTOR Juha Henttonen
FINANCIAL MANAGER Ulla Pyysalo
MARKETING DIRECTOR Heikki Uusitalo

	1999	1998	Change %
Net sales, EUR million	**64.4**	63.6	1.2
Exports, EUR million	**26.5**	25.4	4.3
Operating profit, EUR million	**4.9**	4.7	4.3
Investments, EUR million	**6.3**	12.4	-49.2
Average personnel	**620**	645	-3.9

INKA

The Inka Group manufactures end products such as lifting slings and lashing equipment and heavy webbings for materials handling. It also makes light-weight narrow fabrics for industry and trade.

PRESIDENT Pentti Kulmala
LOCAL MANAGER Mikko Haapaniemi
PRODUCTION MANAGER Kimmo Jalo
MARKETING DIRECTOR Antti Jouppi

	1999	1998	Change %
Net sales, EUR million	**17.4**	19.2	-9.8
Exports, EUR million	**11.2**	12.4	-9.7
Operating profit, EUR million	**0.9**	1.2	-25.0
Investments, EUR million	**1.2**	3.3	-63.6
Average personnel	**175**	238	-26.5

JWS

J.W. Suominen Oy manufactures nonwoven roll goods for producers of disposable hygiene and medical products and for manufacturers of wiping products. JWS' nonwovens are used for example in wet wipes, diapers, sanitary napkins, wound care products and as coverstock for hospital underpads.

PRESIDENT Kari Parviainen
PRODUCTION DIRECTOR Jukka Heikkinen
RESEARCH AND DEVELOPMENT DIRECTOR Margareta Huldén
MARKETING DIRECTOR Timo Kokkola
FINANCIAL DIRECTOR Kristiina Lilja

	1999	1998	Change %
Net sales, EUR million	**95.7**	93.4	2.6
Exports, EUR million	**91.7**	90.0	1.9
Operating profit, EUR million	**19.8**	18.6	6.5
Investments, EUR million	**3.9**	5.9	-33.9
Average personnel	**324**	333	-2.7

SÄKKIVÄLINE

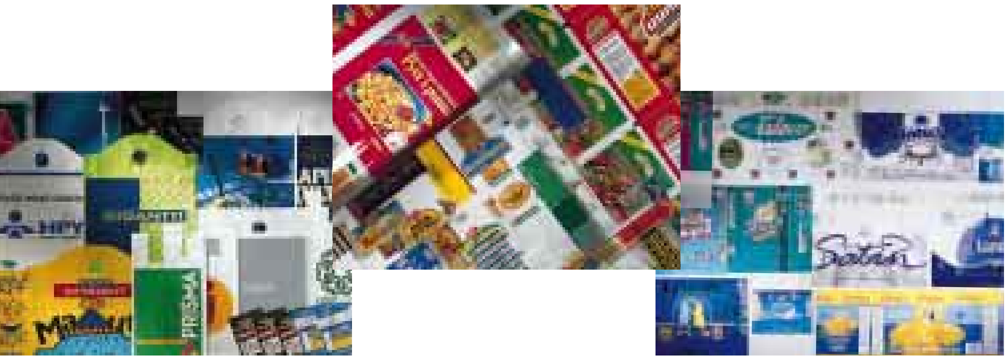
The Säkkiväline Group is Finland's leading marketer and producer of comprehensive environmental management services. Its operations comprise the following product lines: environmental management, professional cleaning, property supervision and maintenance and product trade. Environmental management comprises waste management, hazardous waste management, recycling, industrial cleaning and maintenance, sewer maintenance and damage repair services.

PRESIDENT Jari Sarjo
DIRECTOR, MARKETING Anna-Maija Apajalahti
DIRECTOR, ADMINISTRATION AND LEGAL AFFAIRS
Jorma Mikkonen
DIRECTOR, FINANCES Raine Okker
DEVELOPMENT DIRECTOR, ENVIRONMENTAL SERVICES
Mikko Talola

REGIONAL DIRECTORS:
Pasi Hurme, Tapio Häyrinen, Kauko Kukkonen, Jaana Mulari, Anne Nordenswan, Juha Nurminen, Juha Simola, Ari Ylärakkola

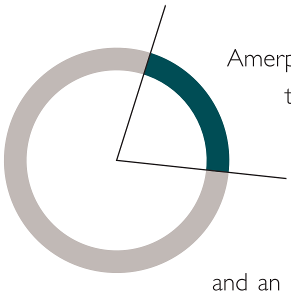
DIVISION DIRECTOR, PRODUCT TRADE:
Seppo Hartikainen

	1999	1998	Change %
Net sales, EUR million	**145.4**	117.3	24.0
Operating profit, EUR million	**11.0**	10.9	0.9
Investments, EUR million	**27.1**	13.4	102.2
Average personnel	**3 330**	2 728	22.1



Packaging manufacured by Amerplast must suit the customer's packaging machines and offer durability, sanitariness and excellent quality of printing. Together, these features add value to the customer's business, product and service.

AMERPLAST 19.9 %



Amerplast manufactures flexible high-quality consumer packaging for industry and the retail trade. In its operations Amerplast stresses customer service, quality, exact delivery times, and cost effectiveness.

Amerplast's business is divided into three main product lines; packaging for hygiene products, foods and retail service.

Amerplast is one of the leading Nordic companies in its product lines and an important manufacturer of packaging for the hygiene products industry in Central Europe.

Demand for products in 1999 has been stable in all of the main business lines. The last three quarters of the year were busier than the initial months and the order backlog at the end of the year was good compared with that of the previous year. Sales of tamper-proof envelopes, tissue paper wrapping and polypropylene bakery bags increased. Sales to the Benelux and Nordic countries rose. Long-term delivery and product-development agreements were signed with major customers.

The largest investment was construction of a plant in Poland. Start-up took place in the autumn, according to plan. Other significant capital outlays were in printing, welding and prepress.

Amerplast's net sales in 1999 totalled EUR 64.4 million and were on the level of the previous year. Exports and international operations contributed EUR 26.5 million to net sales; growth amounted to 4.3 per cent on the previous year. Operating profit was EUR 4.9 million, which is 4.3 per cent more than in 1998. Gross investments were EUR 6.3 million. In 1999, Amerplast employed an average of 620 persons.

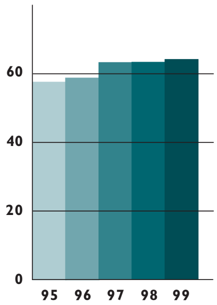
Amerplast's financial results were satisfactory. Profitability decreased during the second half of the year due to a rapid increase in raw material prices. Increases in sales prices to contract customers followed the rise in raw material prices with a time lag.

In 2000, Amerplast will concentrate on increasing sales of highly processed consumer packaging, especially on the Polish and Central European markets. Deliveries to Central Europe will be handled to an increasing extent by the Polish plant, where the first printing press will be installed in July.

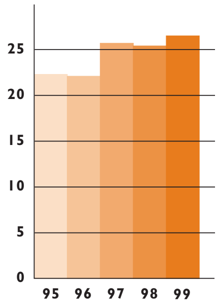
A large market potential, competitive products, investment in product development and a flexible organization and experienced personnel will provide Amerplast with an opportunity for profitable growth in 2000, in both new and existing markets.

Good packaging is a significant component of a brand and of the manufacturer's image. Durability, sanitariness, protectiveness and the ability to keep products fresh are key features for consumers.

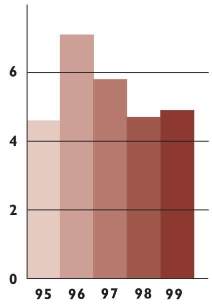
Net sales, EUR million



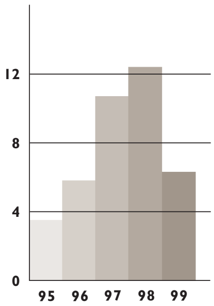
Exports, EUR million

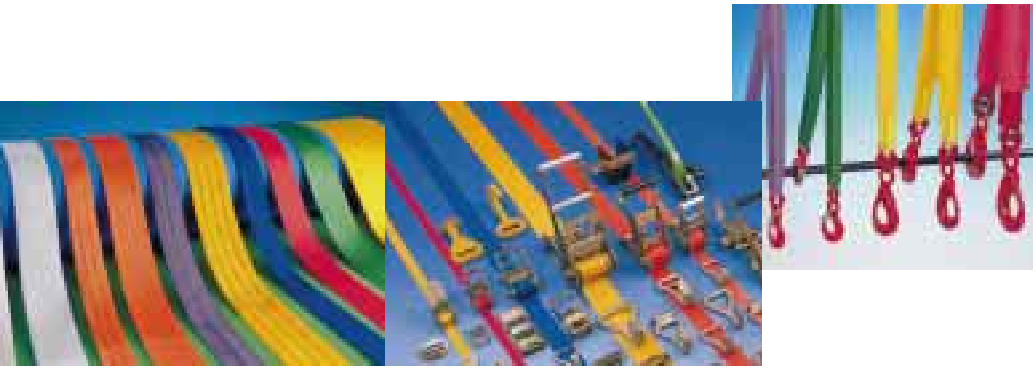


Operating profit, EUR million



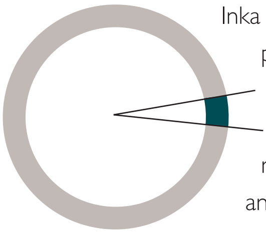
Investments, EUR million





Inka's special expertise is represented by strong narrow fabrics for materials handling. They are used by industry and transport for lifting and lashing loads.

INKA 5.4 %



Inka manufactures heavy webbings for industry and transport from polypropylene and polyester fibres. Its product range also includes heavy webbings for materials handling and technical and other light-weight narrow fabrics for industry and trade. The main markets are the Nordic countries, Central Europe, the Baltic region and Russia.

Manufacture of heavy webbings for materials handling is concentrated in Turku. Lifting slings, lashing equipment and round slings are manufactured in Turku, Tallinn and Gothenburg. Inka has an associate company in Tallinn. Polypropylene fibre used as raw material for materials handling products is manufactured in the Killinkoski factory, as well as light-weight technical and conventional narrow fabrics.

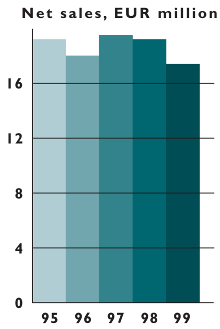
The markets for materials handling products were smaller and the unit costs lower than in the previous year due to the decrease in transport volumes in Russia and Europe and to lower raw material prices. Demand began to pick up in the summer, and at the end of the year an upturn in sales prices accompanied rising raw material prices. Inka was able to increase its market share and the sales volumes of polypropylene products increased. The sales volumes of light-weight narrow fabrics used by the clothing industry continued to decline as did their contribution to sales. This decrease in sales was partially offset by growth in sales of technical narrow fabrics.

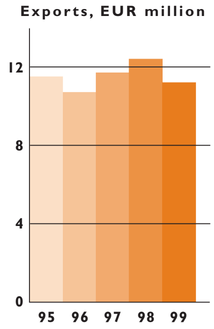
The major investments were a new production line for dyeing and heat setting of heavy webbings and increased automation of their further processing. The productivity of manufacture and further processing was also improved through reorganization. The manufacture of end products was reorganized in the spring.

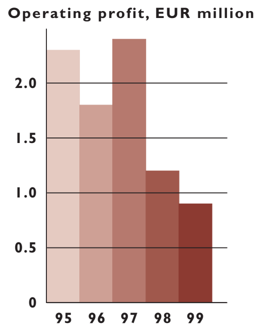
In 1999, Inka's net sales amounted to EUR 17.4 million, which is a 9.8 per cent decrease on the previous year. Exports, including international operations, amounted to EUR 11.2 million and decreased by 9.7 per cent. Operating profit was EUR 0.9 million. Gross investments were EUR 1.2 million. Inka employed an average of 175 persons during 1999 and 158 at the end of the year.

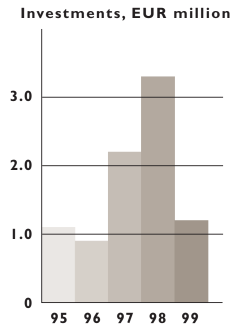
Inka's financial results were poor. They increased at the end of the year thanks to cost savings, reorganization and an improved market for materials handling products.

In 2000, operations will be directed increasingly to products related to lashing and lifting. The capital outlays, reorganization, and cost adjustments will improve Inka's competitiveness and will allow for an increase in production volumes and market share and for improvement of profitability.







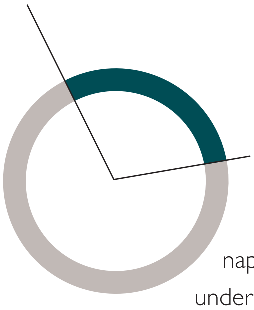


Absolute reliability is required of narrow fabrics used in handling valuable loads.



Hygiene and health care products are manufactured from JWS's nonwovens. Absolute hygiene begins at the production facilities.

JWS 29.6 %



JWS manufactures nonwoven roll goods for producers of disposable hygiene and medical products and for manufacturers of wiping products. JWS' mission is to make everyday living easier for people throughout life, and to increase comfort and cleanliness. It works to achieve this end together with major further-processors.

In hygiene products, JWS' nonwovens are used in wet wipes, diapers and sanitary napkins. In health care, they are used in wound care products and as coverstock for hospital underpads. JWS has a significant market position in all its products lines in Europe. Other important markets are the United States and Japan.

JWS uses two technologies in its nonwoven production in Nakkila: thermal bonding and hydroentanglement. It also manufactures its own polypropylene fibre. Growth in sales of hydroentangled nonwovens continued during 1999. Sales of thermal bonded products declined on the level of the previous year due to the increased supply in Europe and economic problems in Asia. Sales of materials used for wet wipes and new hygiene products continued to grow. During 1999, manufacture and sale of textile-like backsheet for diapers began.

There was a definite upturn in the price level for raw materials during the second half of the year. Oil-based raw materials in particular, such as polypropylene, polyethylene and polyester became more expensive. Transport costs also rose.

The goal of JWS' operational control is to improve cost efficiency, total quality and safety through the quality system. The operating model is being made more process-like; this will improve the core processes of the business. JWS has its own documented environmental system to reduce and prevent load on the environment. The competitiveness of products and production is secured with an extensive programme of R&D and through close cooperation with customers.

Investments concentrated on start-up of the manufacturing line for textile-like diaper backsheet, modernization of hydroentanglement lines, waste water treatment and product development equipment.

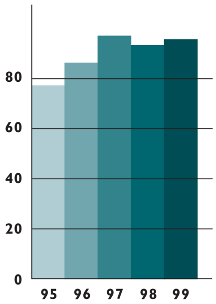
Net sales in 1999 totalled EUR 95.7 million and were 2.6 per cent greater than those of the previous year. Operating profit was EUR 19.8 million, which is 6.5 per cent higher than in 1998. Exports stood at EUR 91.7 million with growth of 1.9 per cent. Gross investments were EUR 3.9 million. JWS employed an average of 324 persons during 1999.

JWS' financial results were good. The sales structure, efficiency of raw material use and productivity of manufacturing improved. On the other hand, price competition intensified and higher raw material prices reduced margins to some extent.

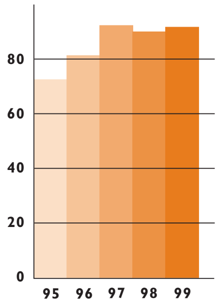
JWS' goal is to grow in its narrow product lines. It is estimated that demand will increase in the main markets during 2000, although a greater supply of both hydroentangled and thermal bonded nonwovens will make competition tougher, especially in conventional product lines. Financial results will also be affected adversely by higher raw material costs. JWS has prospects for increasing net sales and preserving profitability at a good level through active product development, for example of textile-like backsheet, and close cooperation with customers.

Nonwovens manufactured by JWS are used in the production of wound care products, diapers, hospital underpads, sanitary napkins and a wide range of wipes.

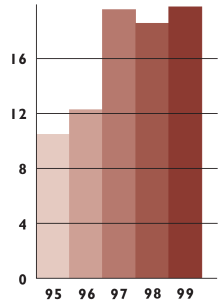
Net sales, EUR million



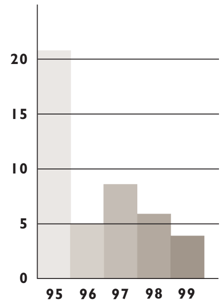
Exports, EUR million



Operating profit, EUR million

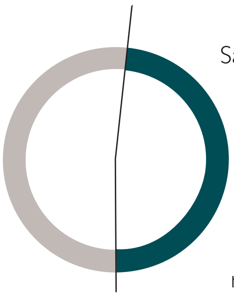


Investments, EUR million



Long-term cooperation, extensive service entities and diverse services give Säkkiväline its competitive edge.

SÄKKIVÄLINE 45.0 %



Säkkiväline is Finland's leading marketer and producer of comprehensive environmental management services. Its operations comprise the following product lines: environmental management, professional cleaning, property supervision and maintenance and product trade. Environmental management comprises waste management, hazardous waste management, recycling services, industrial cleaning and maintenance, sewer maintenance and damage repair.

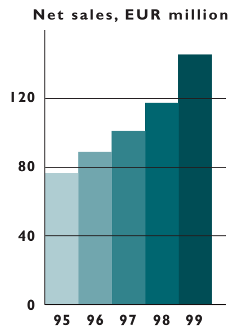
The markets for all of Säkkiväline's product lines continued to grow. The overall potential market for the sector is estimated to be EUR 3.5 billion with growth of 10-15 per cent a year. At present, only about one quarter of this market is handled by private enterprise. Growth in environmental management in particular will be rapid, due to the increasing targets for the collection and reuse of wastes. In property supervision and maintenance services, concentration continued and competition for market shares was tough. Finding labour in Metropolitan Helsinki has become more difficult.

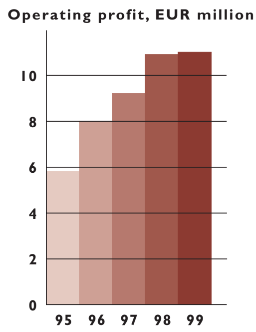
Despite intense competition, Säkkiväline's market position strengthened and its market shares increased, especially in environmental management. This is mainly due to successful sales of comprehensive services and also to company acquisitions in the industrial cleaning and maintenance sector. There was a favourable trend in recycling; reception and processing of electrical and electronic scrap expanded and several significant recycling agreements were made. In December, the agreement concerning nationwide recycling of tyres was renewed and will be in effect until the end of 2006.

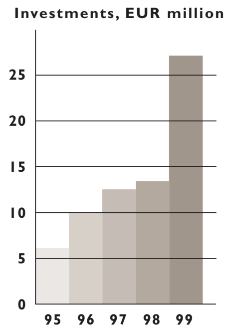
Apart from company acquisitions, the principal investments were in information systems and production facilities.

Three audits were carried out in the quality and environmental programmes; the results were better than those of the previous year. A development phase has begun in both programmes; the aim is to derive concise operational guidelines from the systems to improve usability.

In 1999, Säkkiväline's net sales amounted to EUR 145.4 million; growth was 24.0 per cent. Some 16 per cent of this growth was organic and the remainder from company acquisitions. Environmental management's net sales were EUR 66.7 million with growth of 32.7 per cent. Professional cleaning recorded net sales of EUR 46.0 million and property supervision and maintenance EUR 23.0 million. Net sales from professional cleaning rose by 23.8 per cent and from property supervision and maintenance by 10.2 per cent. Product trade recorded net sales of EUR 9.7 million, which represents an increase of 7.6 per cent on the previous year. Gross investments amounted to EUR 27.1 million.







An organization called 'Keep the Archipelago Tidy' and Säkkiväline have worked together for a long time. In the summer 'Roope' vessels bring hazardous wastes produced by the islanders and summer residents to Säkkiväline's truck.

The profitability of Säkkiväline remained good. Operating profit amounted to EUR 11.0 million. Both environmental management and product trade improved their financial results, while property supervision and maintenance and professional cleaning fell short of their goals. Their profitability was reduced by extensive development projects for computer systems and by the costs of moving and information technology connected with the organizational change in Metropolitan Helsinki.

During 1999, the number of personnel increased in all service product lines. The number of Säkkiväline's personnel converted to full-time staff averaged 3,330 persons.

In 2000, it is estimated that rapid growth in Säkkiväline's net sales will continue and that profitability will remain good. As a service company, Säkkiväline's business is dependent on domestic demand, which is expected to continue growing.

The Lassila & Tikanoja Group is committed to the principles of the ICC Business Charter for Sustainable Development. On the basis of this charter, each unit will develop its own environmental management system and set its own environmental objectives and goals. The Group is seeking to integrate environmental issues into operational systems that also encompass quality and safety.

In research and product development projects, environmental aspects are taken into account already in the planning phase, and development is channelled towards keeping the load on the environment low through the selection of working methods, raw materials and processes. In investment, the aim is to choose the best alternatives for the environment to the extent possible.

AMERPLAST

Amerplast has a documented environmental system whose operational components have been integrated with the quality system. The main environmental impacts of production are caused by the use of printing ink solvents and waste treatment. Efforts to reduce VOC emissions have proceeded in keeping with the EU directive approved in spring 1999. In waste treatment, attention is focused on recycling of plastic material and on minimization of hazardous waste. Through product development, it is possible to reduce the volume of material needed and nevertheless produce packaging that offers at least the same standard of protection.

INKA

An ever greater proportion of Inka's narrow fabrics and end products are made from its own polypropylene fibre, which cause less load on the environment. During 1999, delivery of spinning waste from polypropylene fibre for recycling began. The polypropylene fibre manufactured by Inka and narrow fabrics made from this material were granted the Öko-Tex Standard 100 environmental certificate.

JWS

Since 1996, JWS has observed the ISO 14001 environmental system. Environmental issues have been integrated with the company's quality system. Substantial investments have been made in improving process and waste water treatment. The proportion of waste taken to a landfill has been reduced significantly through sorting and utilization. The importance of environmental issues in company operations is evidenced for example by the research and reports made annually on environmental protection for academic theses and dissertations. Contact with stakeholders has been open and regular.

SÄKKIVÄLINE

Since Säkkiväline operates in the environmental management sector, environmental matters are a part of the company's everyday activity. Environmental issues are also part of the quality system. By means of the internal environmental programme 2000, the company is seeking to minimize the harmful environmental impact of its own operations. During 1999, Säkkiväline concentrated on reducing energy consumption through energy conservation programmes at individual facilities and through training in driving habits. In Savonlinna, Oulu and Vantaa experiments were carried out in which conventional hydraulic oils were replaced with biodegradable oils. The results were good and the use of such oils will be increased. Environmental audits were carried out in northern and central Finland.

The Group's financial results were good and on the level of the previous year. JWS' results were good and showed improvement over the previous year. Säkkiväline's results remained good. Amerplast's results were satisfactory and the performance of Inka weak. The financial results of both Amerplast and Inka during the second half of the year were better than those for the same period of 1998.

Net sales increased by 10 per cent and amounted to EUR 323.0 million. Growth was due almost entirely to Säkkiväline.

Investments of EUR 38.5 million were financed out of cash flow from operations. The equity ratio remained good and net interest-bearing liabilities were on the low level of the previous year.

FINANCIAL RESULTS

The Group's operating profit was EUR 38.1 million and was on the same level as in 1998. It amounted to 11.8 per cent of net sales as opposed to 13.0 of net sales a year earlier. Invested capital was EUR 182.0 million at the end of the year. The rate of growth was 4.8 per cent, which was less than that of net sales. Return on invested capital was 21.8 per cent compared with 23.1 per cent the previous year. Return on equity was 20.0 per cent.

JWS' financial results were good. Net sales increased only slightly; this was because sales prices followed raw material prices and thus averaged below the level of 1998. Demand for hydroentangled nonwovens was good and sales volumes rose. Sales of thermal bonded products continued to decline. Efforts to redirect their sales and production will continue.

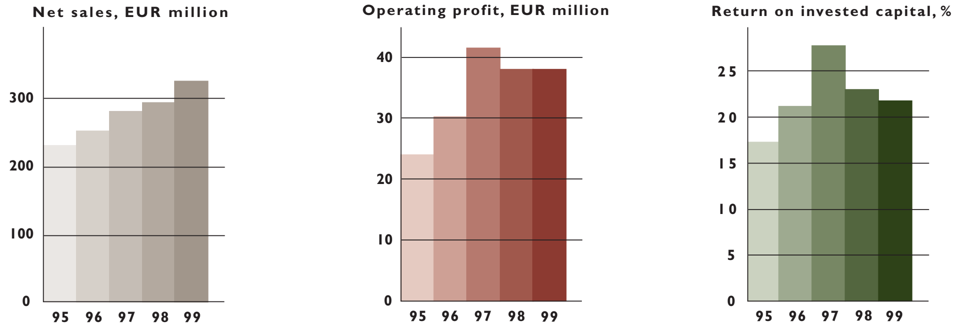
Säkkiväline's financial results were good. Operating profit remained on the level of the previous year. Net sales increased strongly – by 24 per cent. Two-thirds of the growth were organic. Company acquisitions boosted the market position of industrial cleaning and maintenance and enhanced their competitiveness. Säkkiväline's financial results were reduced by reorganization of professional cleaning and property supervision and maintenance in the Helsinki Metropolitan Area and the related costs of moving and information technology. Pension expenses in excess of the projected figure reduced results for the final quarter of last year.

Amerplast recorded satisfactory financial results. Improvement of profitability from the level of the second half of 1998 continued. However, strong increases in raw material prices that began in the summer slowed down improvement in financial results. Sales volumes were on the level of the previous year and demand was stable. The plant in Poland came on stream in the autumn, according to plans.

Inka's performance was weak, as expected. Nevertheless, the effects on profitability of the reforms carried out during the year began to show. Strong increases in raw material prices during the autumn slowed improvement in Inka's financial results, too.

OPERATING PROFIT

	1999		1998	
	EUR 1,000	**%**	**EUR 1,000**	**%**
Amerplast	**4 889**	**7.6**	**4 678**	**7.4**
Inka	**890**	**5.1**	**1 194**	**6.2**
JWS	**19 800**	**20.7**	**18 593**	**19.9**
Säkkiväline	**11 001**	**7.6**	**10 901**	**9.3**
Lassila & Tikanoja	**1 644**		**2 852**	
Consolidation items	**-161**		**-161**	
Total	**38 063**	**11.8**	**38 057**	**13.0**



FINANCIAL RESULTS DURING THE PAST YEAR

EUR 1,000	1-3/99	4-6/99	7-9/99	10-12/99	1-12/99
NET SALES					
Amerplast	15 369	16 192	15 507	17 292	64 360
Inka	4 317	4 479	3 922	4 637	17 355
JWS	23 607	23 276	24 423	24 435	95 741
Säkkiväline	32 057	38 455	36 952	37 985	145 449
Lassila & Tikanoja	701	709	697	724	2 831
Internal sales	-702	-719	-657	-707	-2 785
Group net sales	75 349	82 392	80 844	84 366	322 951
OPERATING PROFIT					
Amerplast	1 444	1 681	748	1 016	4 889
Inka	104	274	269	243	890
JWS	5 168	4 850	5 190	4 592	19 800
Säkkiväline	1 557	3 741	4 107	1 596	11 001
Lassila & Tikanoja	204	338	274	828	1 644
Consolidation items	-41	-40	-40	-40	-161
Group operating profit	8 436	10 844	10 548	8 235	38 063
Net financial expenses	-349	-633	-662	-539	-2 183
Profit before extraordinary items	8 087	10 211	9 886	7 696	35 880

GROUP STRUCTURE

During the financial year, Säkkiväline Puhtaanapito Oy acquired the shares of the following companies: Kaivopumppu M Kulmala Oy, Uudenmaan Erikoispesu Oy, Pohjolan Erikoispesu Oy, Ekopiili Ky, Mansen Pesutekniikka Oy, Turun Pesutekniikka Oy, Eko-rasti Oy and Oulun HVA Oy. Säkkiväline Oy acquired the shares of Varvin Hallit Oy and Kiinteistö Oy Meritonttu. Säkkiväline Siivouspalvelut Oy and Säkkiväline Kiinteistöhuolto Oy were merged with Säkkiväline Oy. The following companies were merged during the financial year with Säkkiväline Puhtaanapito Oy, Porin Ongelmajätekeräys Oy, Kaivopumppu M Kulmala Oy, Uudenman Erikoispesu Oy, Ekopiili Oy, Mansen Pesutekniikka Oy, Turun Pesutekniikka Oy and Pohjolan Erikoispesu Oy.

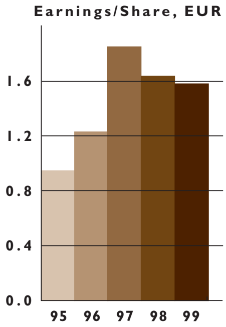
ANNUAL GENERAL MEETING

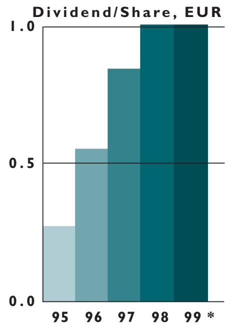
The Annual General Meeting of Lassila & Tikanoja plc was held on March 18, 1999.

The Annual General Meeting converted the company's share capital into euros. The share capital stands at EUR 26,617,939.26.

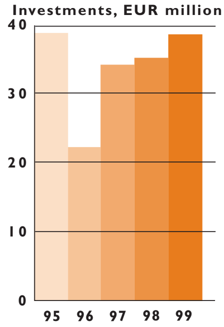
The Annual General Meeting approved the Board of Director's proposal to amend the Articles of Association. The principal amendments were caused by conversion to the euro; the minimum and maximum capital were converted to euros and the nominal value of the share was abandoned.

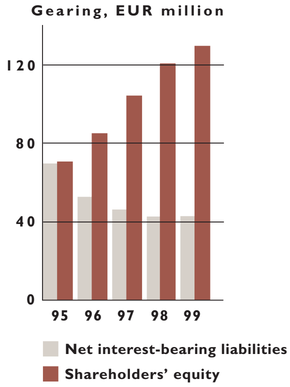
The subscription price for shares to be subscribed with the warrants of the 1998 bond and the maximum amount of the increase in share capital resulting from





* Proposal by the Board of Directors





subscription were converted to euros.

Ilkka Haarlaa, Authorised Public Accountant, and Antti Lassila, Authorised Accountant, were re-elected auditors and SVH Pricewaterhouse Coopers Oy, Authorised Public Accountants, deputy auditors.

Heikki Hakala, Juhani Maijala and Jukka Viinanen were re-elected to the Board of Directors, which now comprises Heikki Hakala, Matti Kavetvuo, Juhani Lassila, Juhani Maijala and Jukka Viinanen.

Immediately after the Annual General Meeting, the company Board of Directors re-elected Juhani Maijala as the full-time chairman of the Board. Heikki Hakala was re-elected deputy chairman.

NET SALES

EUR 1,000	1999 Jan. 1-Dec. 31	1998 Jan. 1-Dec. 31	Change %
Amerplast	64 360	63 614	1.2
Inka	17 355	19 247	-9.8
JWS	95 741	93 357	2.6
Säkkiväline	145 449	117 341	24.0
Lassila & Tikanoja	2 831	2 764	
Total	325 736	296 323	
Internal net sales	- 2 785	-2 669	
Group net sales	322 951	293 654	10.0

GROSS INVESTMENT

Investments by Balance Sheet item

EUR million	1999	1998
Real estate	8.0	2.3
Machinery and equipment	20.3	29.4
Other tangible assets	2.1	1.1
Securities and goodwill	7.6	1.9
Intangible assets and other capitalized expenditure	0.5	0.4
Total	38.5	35.1

Investments by business unit

EUR million	1999	1998
Amerplast	6.3	12.4
Inka	1.2	3.3
JWS	3.9	5.9
Säkkiväline	27.1	13.4
Lassila & Tikanoja		0.1
Total	38.5	35.1

Half of Säkkiväline's investments were for company acquisitions to boost the competitiveness of industrial cleaning and maintenance in particular. Other significant individual capital outlays were for production premises and information systems.

Construction of the plant in Poland was Amerplast's major capital outlay. JWS' investments centred on bringing the manufacturing line for textile-like diaper backsheet on stream, modernization of hydroentanglement lines and waste water treatment.

INVESTED CAPITAL

The Group's invested capital calculated from the balance sheet is as follows:

EUR 1,000	Dec. 31,1999	Dec. 31,1998
Fixed assets	176 530	162 806
Current assets	65 779	61 663
Deferred tax liability	-16 510	-16 253
Trade payables	-13 224	-10 678
Accruals and deferred income	-3 069	-2 780
Other current, non-interest bearing liabilities	-27 486	-20 998
Invested capital	182 020	173 760

Invested capital increased during the year by EUR 8.2 or 4.8 per cent. The rate of circulation for invested capital was 1.8.

FINANCE

The Group's equity ratio was 53.6 per cent compared with 53.8 per cent at the end of the previous year. The ratio of net interest-bearing liabilities to shareholders' equity (the gearing rate) was 32.7 compared with 35.0 a year earlier. Net financial expenses were 0.7 per cent of net sales and 5.7 per cent of operating profit.

Cash flow from operations (EUR 51.4 million) was adequate to cover net investments and dividends. Interest-bearing net investments remained on the level of the previous year and amounted to EUR 42.5 million. Liquidity was good throughout the year.

THE EURO

The parent company, Amerplast, Inka and JWS made the euro their accounting, reporting and payment currency on January 1, 1999. Säkkiväline changed over to the euro on January 1, 2000.

PERSONNEL

The average number of staff in the Group converted to full-time employees.

	1999	1998
Amerplast	**620**	**645**
Inka	**175**	**238**
JWS	**324**	**333**
Säkkiväline	**3 330**	**2 728**
Group support	**6**	**6**
Group Executives and Administration	**6**	**6**
Total	**4 461**	**3 956**

GUIDELINES FOR INSIDERS

As of March 1, 2000, the Group will observe the guidelines for insiders issued by the Helsinki Exchanges on October 28, 1999.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

In January 2000, Säkkiväline acquired the shares of WM Ympäristöpalvelut Oy. The purchase price is EUR 69.5 million, plus EUR 31.4 million in net debt. The acquisition will require approval by the Finnish Competition Authority. The business of WM Ympäristöpalvelut Oy comprises waste collection, transport and recycling and sewer maintenance. Its recycling business is extensive and diverse. WM Ympäristöpalvelut Oy recorded net sales of EUR 66.7 million in 1999 and employs some 550 persons.

PROSPECTS FOR THE YEAR 2000

Demand for the Group's products and services is growing steadily and its operations are not sensitive to business cycle fluctuations.

The outlook for Säkkiväline is stable. Completion of the acquisition of WM Ympäristöpalvelut Oy would further strengthen Säkkiväline. A concerted effort has been put into planning for integration of operations.

Sales of JWS and Amerplast will be reduced at the beginning of the year by the stocks accumulated by some principal customers in anticipation of the millennium. In addition, the raw material price cycle will reduce the financial results of JWS, Amerplast and Inka in early 2000.

The Group's financial results for the entire year are expected to remain good. The possible merger of WM Ympäristöpalvelut Oy with the operations of Säkkiväline is expected to reduce results for 2000 slightly, but to have a positive impact on the Group's results in 2001.

CONSOLIDATED STATEMENT OF INCOME

Jan. 1- Dec. 31 EUR 1,000	1999	%	1998	%	Note
Net sales	322 951	100.0	293 654	100.0	1
Costs of goods sold	-257 752		-234 749		
Gross profit	65 199	20.2	58 905	20.1	
Sales and marketing expenses	-10 097		-9 445		
Administration expenses	-17 943		-15 268		
Other operating income	1 967		4 397		4
Other operating expenses	-423		-328		
Depreciation on goodwill on consolidation	-640		-204		
Operating profit	38 063	11.8	38 057	13.0	2,3
Financial income and expenses					
Share of result from associated company	-105		-94		
Income from other investments held as fixed assets	273		288		
Other interest and financial income	527		381		
Interest and other financial expenses	-2 878		-3 492		
	-2 183	-0.7	-2 917	-1.0	5
Profit before extraordinary items	35 880	11.1	35 140	12.0	
Extraordinary items					
Profit before income taxes	35 880	11.1	35 140	12.0	
Income taxes for the financial year	-11 229		-9 082		
Income taxes from previous financial years	3		-2		
Change in deferred tax liability for the financial year	411		-1 248		
Effect of rise in tax rate on tax liability	-560				
	-11 375	-3.5	-10 332	-3.5	7
Profit for the financial year	24 505	7.6	24 808	8.5	

CONSOLIDATED BALANCE SHEET

Dec. 31 EUR 1,000	1999		%	1998		%	Note
ASSETS							
Fixed assets							
Intangible assets							8
Intangible rights	138			117			
Goodwill	3 721			3 676			
Goodwill on consolidation	7 475			1 693			
Other capitalized expenditure	1 971			1 823			
Advance payments	7	13 312	5.5	113	7 422	3.3	
Tangible assets							9
Land	5 689			5 263			
Buildings	41 895			39 973			
Machinery and equipment	92 859			92 557			
Other tangible assets	3 753			1 880			
Advance payments and construction in progress	6 063	150 259	62.1	3 220	142 893	63.6	
Financial assets							10
Associated company shares	4 108			4 232			
Other shares and holdings	8 754			8 112			
Other receivables	97	12 959	5.3	147	12 491	5.6	
Total fixed assets		176 530	72.9		162 806	72.5	
Current assets							
Inventories							
Raw materials and consumables	7 952			7 233			
Work in progress	3 510			3 081			
Finished products/Goods	8 712			7 780			
Other inventories	1 954	22 128	9.1	1 536	19 630	8.7	
Non-current receivables							
Loan receivables		172	0.1		172	0.1	
Current receivables							11
Trade receivables	29 226			27 899			
Receivables from participating interests	522			84			
Loan receivables				5			
Other receivables	452			71			
Prepaid expenses and accrued income	3 574	33 774	13.9	3 074	31 133	13.9	
Cash at bank and in hand		9 705	4.0		10 728	4.8	
Total current assets		65 779	27.1		61 663	27.5	
Total assets		242 309	100.0		224 469	100.0	

CONSOLIDATED BALANCE SHEET

Dec. 31 EUR 1,000		1999	%		1998	%	Note
SHAREHOLDERS' EQUITY AND LIABILITIES							
Shareholders' equity							
							12,13
Share capital		26 618			26 618		
Share premium account		3 227			3 227		
Revaluation reserve		3 128			3 128		
Legal reserve		1 019			1 019		
Retained earnings		71 333			61 954		
Profit for the financial year		24 505			24 808		
Total shareholders' equity		129 830	53.6		120 754	53.8	
Liabilities							14
Deferred tax liability		16 510	6.8		16 253	7.2	13
Non-current							
Loans from financial institutions	32 750			29 184			
Pension loans	8 677			11 022			
Advances received	3						
Other liabilities	118	41 548	17.1	140	40 346	18.0	
Current							
Loans from financial institutions	8 723			10 717			
Pension loans	1 877			1 904			
Advances received	92			56			
Trade payables	13 224			10 678			
Liabilities to participating interests	146			22			
Other liabilities	27 290			20 959			
Accruals and deferred income	3 069	54 421	22.5	2 780	47 116	21.0	
Total liabilities		112 479	46.4		103 715	46.2	
Total shareholders' equity and liabilities		242 309	100.0		224 469	100.0	

STATEMENTS OF CHANGES IN FINANCIAL POSITION

EUR 1,000	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Operations				
Profit before extraordinary items	35 880	35 140	1 463	14 250
Adjustments:				
Depreciation	24 600	21 340	354	405
Unrealized exchange rate gains or losses	-39	16		
Financial income and expenses	2 183	2 917	182	-11 223
Other adjustments	-483	-3 859		-2 000
Cash flow before change in working capital	62 141	55 554	1 999	1 432
Change in working capital				
Increase/decrease in non-interest-bearing receivables	-2 447	1 741	-161	-7
Increase/decrease in inventories	-2 336	585		
Increase/decrease in current non-interest-bearing liabilities	6 014	-696	63	-165
Cash flow from operations before financial income/expenses and taxes	63 372	57 184	1 901	1 260
Interest expenses and other financial expenses paid	-2 988	-3 945	-1 157	-1 644
Dividends received				8 191
Interest received	359	376	891	1 241
Direct taxes paid	-9 384	-14 111	-8 346	-13 981
Cash flow from operations	51 359	39 504	-6 711	-4 933
Investments				
Investments in Group companies	-9 708	-2 567	-1 749	-6 727
Investments in tangible and intangible assets	-24 080	-30 918	-56	-35
Proceeds from sale of tangible and intangible assets	879	2 005		
Investments in financial assets	-166	-72		-61
Proceeds from sale of financial assets	191	3 958		3 156
Dividends received	197	208	29	48
Cash flow from investing activities	-32 687	-27 386	-1 776	-3 619
Financing				
Share issue		4 506		4 506
Group contributions received			27 748	21 624
Payments of current liabilities		-1 677	-3 159	-4 143
Proceeds from non-current liabilities	15 200	16 802		6 651
Payments of non-current liabilities	-18 829	-19 551	-1 536	-6 912
Dividends paid	-15 823	-12 653	-15 823	-12 653
Cash flow from financing activities	-19 452	-12 573	7 230	9 073
Changes in cash and cash equivalents	-780	-455	-1 257	521
Unrealized exchange rate differences	-243	144	32	-17
Cash and cash equivalents Jan. 1	10 728	11 039	9 134	8 630
Cash and cash equivalents Dec. 31	9 705	10 728	7 909	9 134

The items in the Statements of Changes in Financial Position cannot be derived directly from the balance sheet owing, among other things, to the acquisition of new subsidiaries and changes in exchange rates.

Additional information on acquisition of Group companies and business operations:

	1999	1998
Cash at bank and in hand	242	48
Inventories	162	
Receivables	1 277	89
Fixed assets	6 727	970
Goodwill and goodwill on consolidation	7 440	1 836
Current liabilities	-3 178	-328
Non-current liabilities	-2 612	
Deferred tax liability	-108	
Acquisition price	9 950	2 615
./. Cash and cash equivalents	-242	-48
Investments in Group companies	9 708	2 567

STATEMENT OF INCOME

Jan. 1 - Dec. 31 EUR 1,000	1999	1998	Note
Net sales	2 831	2 764	
Costs of goods sold	-618	-609	
Gross profit	2 213	2 155	
Administration expenses	-1 092	-1 130	
Other operating income	542	2 003	4
Other operating expenses	-18	-1	
Operating profit	1 645	3 027	2,3
Financial income and expenses			
Income from Group companies		11 376	
Income from other investments held as fixed assets	39	64	
Other interest and financial income			
From Group companies	636	978	
From others	247	267	
Interest and other financial expenses			
To Group companies	-291	-458	
To others	-813	-1 004	
	-182	11 223	5
Profit before extraordinary items	1 463	14 250	
Extraordinary items	34 465	27 748	6
Profit before appropriations and income taxes	35 928	41 998	
Appropriations			
Decrease in accelerated depreciation	212	263	
Income taxes	-10 118	-11 842	7
Profit for the financial year	26 022	30 419	

BALANCE SHEET

Dec. 31 EUR 1,000		1999	%		1998	%	Note
ASSETS							
Fixed assets							
Intangible assets							
Other capitalized expenditure		109	0.1		155	0.1	8
Tangible assets							9
Land	3 182			3 182			
Buildings	5 140			5 386			
Machinery and equipment	35			50			
Other tangible assets	42	8 399	5.5	33	8 651	6.0	
Financial assets							10
Shares in Group companies	90 506			88 756			
Receivables from Group companies	11 457			11 457			
Participating interests	4 117			4 117			
Other shares and holdings	505	106 585	69.2	505	104 835	72.8	
Total fixed assets		115 093	74.8		113 641	78.9	
Current assets							
Non-current receivables							
Loan receivables		160	0.1		160	0.1	
Current receivables							11
Receivables from Group companies	30 533			20 658			
Prepaid expenses and accrued income	193	30 726	20.0	366	21 024	14.6	
Cash at bank and in hand		7 909	5.1		9 134	6.4	
Total current assets		38 795	25.2		30 318	21.1	
Total assets		153 888	100.0		143 959	100.0	

BALANCE SHEET

Dec. 31 EUR 1,000		1999	%		1998	%	Note
SHAREHOLDERS' EQUITY AND LIABILITIES							
Shareholders' equity							12
Share capital		26 618			26 374		
Share issue					244		
Share premium account		3 227			3 227		
Legal reserve		1 018			1 018		
Other reserves							
Contingency reserve		22 486			22 486		
Retained earnings		49 736			35 155		
Profit for the financial year		26 022			30 419		
Total shareholders' equity		129 107	83.9		118 923	82.6	
Appropriations							
Depreciation difference		1 040	0.7		1 252	0.8	
Liabilities							14
Non-current							
Loans from financial institutions	12 471			14 153			
Pension loans	4 640			5 990			
Other liabilities							
to Group companies				5			
to others	87	17 198	11.2	86	20 234	14.1	
Current							
Loans from financial institutions	3 182			1 682			
Pension loans	1 350			1 351			
Trade payables	42			31			
Liabilities to Group companies				3			
Other liabilities	1 858			369			
Accruals and deferred income	111	6 543	4.2	114	3 550	2.5	
Total liabilities		23 741	15.4		23 784	16.6	
Total shareholders' equity and liabilities		153 888	100.0		143 959	100.0	

PRINCIPLES FOR PREPARING THE FINANCIAL STATEMENTS

EURO

With the exception of the Säkkiväline group companies, the Lassila & Tikanoja Group and the domestic companies belonging to it have used the euro as their accounting currency since January 1, 1999. Information in the financial statements of the Säkkiväline group was translated into euros for the consolidated financial statements with the fixed conversion rate for the Finnish markka approved by the Council of the European Union.
Information in the 1998 financial statements was translated into euros at the official conversion rate.

EXTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include those companies in which Lassila & Tikanoja plc held, either directly or indirectly, over 50 per cent of the voting rights during the financial year. The financial statements of foreign subsidiaries have been brought into line with the accounting principles of the Group. Separate consolidated financial statements were prepared for the subgroups. The subsidiaries not included in the consolidated financial statements (real-estate companies with state-subsidized mortgages) have no effect on the distributable assets of the Group. Companies are included in the consolidated financial statements from the date of acquisition or establishment to the last day of holding. The parent company Lassila & Tikanoja plc is the management company for the Group. More detailed information on companies in the Group are found on page 29.

ACCOUNTING PRINCIPLES

Mutual share ownership

The consolidated financial statements were prepared with the acquisition cost method. The acquisition cost of shares in Säkkiväline Oy comprises both the sum paid and the nominal value of the directed issue. The shareholders' equity of a subsidiary at the time of acquisition was deducted from the purchase price of that subsidiary's shares, including accumulated appropriations net of tax. As a rule, the resulting goodwill on consolidation not allocated to the underlying fixed assets will be written off in five years. The goodwill on consolidation of companies acquired in Säkkiväline's sectors of operation comprises contracts expected to generate income for some time. Goodwill on consolidation of this kind will be depreciated in ten years.

Intra-group transactions and margins

All intra-Group transactions, balances and unrealized margins on intra-Group deliveries, intra-Group receivables and liabilities, and the intra-Group profit were eliminated.

Translation differences

The statements of income of the foreign group companies were translated into euros at the average rate for the financial year and the balance sheets at the reference rate quoted by the European Central Bank on the day the books were closed. Translation differences arising from the elimination of the shareholders' equities of foreign subsidiaries were treated as a valuation item under consolidated retained earnings.

Mergers of subsidiaries

The principles of previous consolidated financial statements were observed with respect to merger entries. Subsidiary mergers therefore had no effect on consolidated shareholders' equity.

Accumulated appropriations

When entered in the consolidated balance sheet, accumulated appropriations are divided between shareholders' equity and the deferred tax liability and the resulting change in the consolidated statement of income, divided between the change in deferred tax liability and the profit for the financial year. The deferred tax liability was calculated with the tax rate for the following years approved when the books were closed and entered in the balance sheet as a separate item under liabilities.

Income taxes

The consolidated statement of income includes accrual based taxes determined on the basis of Group company profits and the change in the tax liability calculated from the accumulated appropriations. In the 1999 financial statements, the effect of the increase (1%) in the tax rate was also taken into account in the change in the deferred tax liability. The tax credit related to payment of intracorporate dividends was deducted from the income taxes for the financial year.
No tax liability arising from revaluation of properties when sold was entered in the financial statements.

Associated companies

Associated companies were consolidated with the equity method. The share of AS Norsafe's profit (related to the business operations of Inka) based on the Group's holding was entered before operating profit. Kiinteistö Oy Tikankulma was combined with the consolidated financial statements for the first time in 1998. The share of the loss for the financial year entered under financial items comprises depreciation on goodwill on consolidation. The goodwill on consolidation related to this real estate company will be written off in 20 years.

VALUATION OF FIXED ASSETS

Fixed assets were entered in the balance sheet at direct acquisition cost less planned depreciation. Planned straight-line depreciation was calculated from the original acquisition cost on the basis of probable economic life.

The annual depreciation percentages are as follows:

1.	Buildings and structures	2.5 - 8.0 %
2.	Transport equipment	1.6 - 25.0 %
3.	Machinery and equipment	10.0 - 25.0 %
4.	Goodwill	10.0 %
5.	Intangible rights and other capitalized expenditure	10.0 - 20.0 %

The depreciation percentages for purchased used machinery and equipment are double. Depreciation on fixed assets acquired during the financial year was calculated from the day on which they became operational. No depreciation was made on land and revaluations. The values of land and buildings were last raised in 1987.
All goodwill arose in Säkkiväline's sectors. They comprise purchased contracts with an estimated effect of ten years.
Other capitalized expenditure are the first-run costs and expenses incurred in renovation of rented premises.

VALUATION OF INVENTORIES

Inventories were valuated in the balance sheet on the fifo principle at the variable costs of acquisition or manufacture or the probable lower replacement or sale price. No indirect capital costs were capitalized.

NET SALES

Indirect sales taxes, discounts granted and foreign exchange rate differences on sales were deducted from sales revenues. Sales freights and other costs incurred in sales and deliveries were treated according to their nature, as either costs of goods sold or sales expenses. Bad debts were entered under other operating expenses.
Rent income from Parent Company real estate was entered under net sales. The costs incurred were entered as costs of goods sold.

EXPENDITURE FOR RESEARCH AND DEVELOPMENT

Research and development expenditure, with the exception of outlays for equipment, was entered as an expense.

MATCHING OF EXPENDITURE ON PENSIONS

Statutory pension coverage for employees in Finnish companies was provided by private pension insurance companies. Pension insurance premiums were matched with salaries for the financial year. Foreign subsidiaries provide pension coverage in compliance with local practice.

ITEMS DENOMINATED IN FOREIGN CURRENCIES

Receivables and liabilities denominated in foreign currencies were translated into euros at European Central Bank reference rate on the day the books were closed. In the 1998 financial statements, the irrevocably fixed conversion rates adopted by the Council of the European Union were used to translate items denominated in the currencies of the countries which joined stage three of the European Economic and Monetary Union at the beginning of 1999. The exchange rate differences were entered in the statement of income. Unrealized exchange rate gains or losses incurred from forward deals made for hedging purposes were not taken into account in the financial statements unless a corresponding entry was made for the hedged balance sheet item. The interest components of forward deals were accrued as interest income or expense for the duration of the contracts. Foreign exchange rate differences on forward contracts made to provide hedging for sales income were deducted from sales revenues.

1. NET SALES

EUR 1,000	**1999**	%	1998	%
Net sales by business unit				
Service Companies	**145 449**	45.0	117 341	40.0
Nonwovens Industry	**95 741**	29.6	93 357	31.7
Flexible Packaging	**64 360**	19.9	63 614	21.7
Narrow Fabrics Manufacturing	**17 355**	5.4	19 247	6.6
Administration	**2 831**	0.9	2 764	0.9
Internal net sales	**-2 785**	-0.9	-2 669	-0.9
Total	**322 951**	100.0	293 654	100.0
Net sales by market				
Finland	**192 918**	59.7	165 425	56.3
Other Nordic countries	**21 862**	6.8	22 013	7.5
Other EU countries	**87 988**	27.2	84 104	28.6
Other Europe	**13 599**	4.2	14 838	5.1
Other countries	**6 584**	2.0	7 274	2.5
Total	**322 951**	100.0	293 654	100.0

2. PERSONNEL AND ADMINISTRATIVE BODIES

	Group		Parent Company	
	1999	1998	**1999**	1998
Average personnel by business unit				
Service Companies	**3 330**	2 728		
Nonwovens Industry	**324**	333		
Flexible Packaging	**620**	645		
Narrow Fabrics Manufacturing	**175**	238		
Group Support	**6**	6		
Group Executives and Administration	**6**	6	**6**	6
Total	**4 461**	3 956	**6**	6
Personnel expenses for the financial year EUR 1,000				
Salaries	**82 053**	70 878	**535**	489
Other compensations	**272**	310	**61**	90
Pension expenditure	**12 644**	10 199	**-68**	-35
Other salary-related expenses	**8 852**	8 905	**49**	158
Total	**103 821**	90 292	**577**	702
Salaries and bonuses paid to management				
Members of the Boards of Directors and managing directors	**849**	814	**407**	372

Members of the Board of Directors of the parent company do not have pension contracts with the company. The chairman of the Board of Directors and the managing directors of the parent company and subsidiaries have statutory pension insurance.
No loans were granted to members of administrative bodies of Group companies

3. DEPRECIATION

	Group		Parent Company	
EUR 1,000	**1999**	1998	**1999**	1998
Depreciation by function				
Acquisition and production	**21 382**	18 803	**327**	381
Sales and marketing	**419**	355		
Administration	**2 034**	1 853	**27**	24
Goodwill on consolidation	**640**	204		
Goodwill on consolidation of associated companies	**125**	125		
Total	**24 600**	21 340	**354**	405

Depreciation is itemized under intangible and tangible assets.

4. OTHER OPERATING INCOME AND EXPENSES

	Group		Parent Company	
EUR 1,000	**1999**	1998	**1999**	1998
Other operating income				
Profit from sales of fixed assets	**404**	1 466	**1**	
Profit from sales of shares	**144**	2 333		2 001
Contributions and indemnities	**1 232**	450	**539**	
Rents	**43**	66		
Recovery of bad debts	**55**	36		
Other	**89**	46	**2**	2
Total	**1 967**	4 397	**542**	2 003
Other operating expenses				
Losses on sales of fixed assets	**170**	60		1
Bad debts	**181**	219		
Other	**53**	44	**18**	
Total	**404**	323	**18**	1
Share of result of associated company	**19**	5		
Total	**423**	328	**18**	1

5. FINANCIAL INCOME AND EXPENSES

	Group		Parent Company	
EUR 1,000	**1999**	1998	**1999**	1998
Financial income and expenses include				
Dividend income				
From Group companies				11 376
From others	**268**	288	**33**	64
Interest income				
From Group companies			**636**	978
From others	**349**	381	**253**	267
Interest expenses				
To Group companies			**291**	458
To others	**2 797**	3 010	**708**	947
Exchange rate differences	**184**	-356	**-48**	-2

Exchange rate differences apply to financing. Positive net exchange rate differences are included under 'Other interest and financial income' and negative net exchange rate differences under 'Interest and other financial expenses' in the Statement of Income. Differences arising from sales and purchases are entered as valuation items for either sales or purchases.

6. EXTRAORDINARY INCOME AND EXPENSES

	Group		Parent Company	
EUR 1,000	**1999**	1998	**1999**	1998
Extraordinary income				
Group contribution			**34 465**	28 582
Extraordinary expenses				
Group contribution				834
Total extraordinary income and expenses			**34 465**	27 748

7. INCOME TAXES

	Group		Parent Company	
EUR 1,000	**1999**	1998	**1999**	1998
Income taxes for the financial year				
Income taxes on extraordinary items			**9 650**	7 769
Income taxes on operations	**11 229**	9 082	**472**	4 071
Income taxes from previous financial years	**-3**	2	**-4**	2
Changes in the deferred tax liability	**-411**	1 248		
The effect of the rise in the tax rate on the deferred tax liability	**560**			
Total	**11 375**	10 332	**10 118**	11 842

8. INTANGIBLE ASSETS

The figures include all those intangible assets whose acquisition costs have not yet been written off in full as expenses under planned depreciation. In contrast, all goodwill on consolidation and all negative goodwill on consolidation are listed below.

	Group		Parent Company	
EUR 1,000	**1999**	1998	**1999**	1998
Intangible rights				
Acquisition cost Jan. 1	**203**	198		
Fully depreciated	**-22**	-14		
Increase	**43**	19		
Decrease	**-4**			
Acquisition cost Dec. 31	**220**	203		
Accumulated depreciation Jan. 1	**-86**	-81		
Fully depreciated	**22**	14		
Depreciation on decrease	**2**			
Depreciation for the financial year	**-20**	-19		
Accumulated depreciation Dec. 31	**-82**	-86		
Book value Dec. 31	**138**	117		
Goodwill				
Acquisition cost Jan. 1	**10 263**	10 682		
Fully depreciated	**-2 214**	-1 784		
Increase	**843**	1 365		
Acquisition cost Dec. 31	**8 892**	10 263		
Accumulated depreciation Jan. 1	**-6 587**	-7 475		
Fully depreciated	**2 214**	1 784		
Depreciation for the financial year	**-798**	-896		
Accumulated depreciation Dec. 31	**-5 171**	-6 587		
Book value Dec. 31	**3 721**	3 676		
Goodwill on consolidation				
Acquisition cost Jan. 1	**38 101**	37 631		
Increase	**6 430**	470		
Decrease	**-874**			
Acquisition cost Dec. 31	**43 657**	38 101		
Accumulated depreciation Jan. 1	**-36 408**	-36 204		
Depreciation on decrease	**866**			
Depreciation for the financial year	**-640**	-204		
Accumulated depreciation Dec. 31	**-36 182**	-36 408		
Book value Dec. 31	**7 475**	1 693		
Negative goodwill on consolidation				
Acquisition cost Jan. 1	**-165**	-165		
Decrease	**3**			
Acquisition cost Dec. 31	**-162**	-165		
Accumulated entries in statement of income Dec. 31	**162**	165		
Book value Dec. 31	**0**	0		
Other capitalized expenditure				
Acquisition cost Jan. 1	**3 703**	3 654	**381**	375
Fully depreciated	**-807**	-52		
Increase	**307**	270	**37**	6
Decrease	**-24**	-189		
Transfers between items	**406**	20		
Acquisition cost Dec. 31	**3 585**	3 703	**418**	381
Accumulated depreciation Jan. 1	**-1 880**	-1 570	**-226**	-150
Fully depreciated	**807**	52		
Depreciation on decrease	**10**	135		
Depreciation for the financial year	**-551**	-497	**-83**	-76
Accumulated depreciation Dec. 31	**-1 614**	-1 880	**-309**	-226
Book value Dec. 31	**1 971**	1 823	**109**	155
Advance payments on intangible assets				
Acquisition cost Jan. 1	**113**			
Increase	**144**	133		
Transfers to other capitalized expenditure	**-250**	-20		
Book value Dec. 31	**7**	113		

9. TANGIBLE ASSETS

The figures include all those tangible assets whose acquisition costs have not yet been written off in full as expenses under planned depreciation.

	Group		Parent Company	
EUR 1,000	**1999**	1998	**1999**	1998
Land				
Acquisition cost Jan. 1	**2 707**	2 019	**861**	861
Translation difference	**-10**			
Increase	**436**	741		
Decrease		-53		
Acquisition cost Dec. 31	**3 133**	2 707	**861**	861
Revaluations Jan. 1 and Dec. 31	**2 556**	2 556	**2 321**	2 321
Book value Dec. 31.	**5 689**	5 263	**3 182**	3 182
Buildings				
Acquisition cost Jan. 1	**51 790**	51 480	**7 183**	7 217
Fully depreciated	**-1 407**	-665	**-1 354**	-34
Increase	**3 686**	1 132		
Decrease	**-232**	-269		
Transfers between items	**986**	112		
Acquisition cost Dec. 31	**54 822**	51 790	**5 829**	7 183
Accumulated depreciation Jan. 1.	**-18 540**	-16 875	**-5 325**	-5 054
Fully depreciated	**1 407**	665	**1 354**	34
Depreciation on decrease		89		
Depreciation for financial year	**-2 517**	-2 419	**-246**	-305
Accumulated depreciation Dec. 31	**-19 650**	-18 540	**-4 217**	-5 325
Revaluations Jan. 1 and Dec. 31	**6 723**	6 723	**3 528**	3 528
Book value Dec. 31	**41 895**	39 973	**5 140**	5 386
Machinery and equipment				
Acquisition cost Jan. 1	**163 685**	140 139	**102**	106
Translation difference	**404**	-292		
Fully depreciated	**-11 487**	-7 487	**-3**	-10
Increase	**15 530**	24 595	**8**	6
Decrease	**-1 002**	-977		
Transfers between items	**4 244**	7 707		
Acquisition cost Dec. 31	**171 374**	163 685	**107**	102
Accumulated depreciation Jan. 1.	**-71 128**	-62 773	**-52**	-39
Translation difference	**-276**	222		
Fully depreciated	**11 487**	7 486	**3**	10
Depreciation on decrease	**719**	665		
Depreciation for financial year	**-19 317**	-16 728	**-23**	-23
Accumulated depreciation Dec. 31	**-78 515**	-71 128	**-72**	-52
Book value Dec. 31	**92 859**	92 557	**35**	50
Balance sheet value of production machinery and equipment	**120 740**	89 120	**0**	0
Other tangible assets				
Acquisition cost Jan. 1	**2 910**	2 340	**43**	18
Translation difference		-2		
Fully depreciated	**-79**	-190	**-9**	
Increase	**985**	345	**11**	25
Transfers between items	**1 525**	417		
Acquisition cost Dec. 31	**5 341**	2 910	**45**	43
Accumulated depreciation Jan. 1	**-1 030**	-769	**-10**	-8
Translation difference		2		
Fully depreciated	**79**	189	**9**	
Depreciation on decrease	**2**			
Depreciation for financial year	**-639**	-452	**-2**	-2
Accumulated depreciation Dec. 31	**-1 588**	-1 030	**-3**	-10
Book value Dec. 31	**3 753**	1 880	**42**	33
Advance payments and construction in progress				
Acquisition cost Jan. 1	**3 220**	5 550		
Translation difference		-6		
Increase	**9 749**	5 912		
Transfers to buildings	**-981**	-112		
Transfers to machinery and equipment	**-4 400**	-7 707		
Transfers to other tangible assets	**-1 525**	-417		
Book value Dec. 31	**6 063**	3 220		

10. FINANCIAL ASSETS

EUR 1,000	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Shares in Group companies				
Acquisition cost Jan. 1			**88 756**	82 029
Increase			**1 750**	6 727
Acquisition cost Dec. 31			**90 506**	88 756
Holdings in participating interests				
Acquisition cost Jan. 1	**4 304**	4 321	**4 117**	4 117
Translation difference	**20**	-17		
Acquisition cost Dec. 31	**4 324**	4 304	**4 117**	4 117
Adjustment of equity share Jan. 1	**-72**	1		
Change in translation differences	**-20**	27		
Share of associated company results	**2**	25		
Depreciation on goodwill on consolidation	**-126**	-125		
Adjustment of equity share Dec. 31	**-216**	-72		
Associated company investments in consolidated balance sheet	**4 108**	4 232		
Undepreciated goodwill on consolidation from associated company shares Dec. 31	**1 918**	2 044		
Other shares and holdings				
Acquisition cost Jan. 1	**8 112**	9 324	**505**	1 601
Increase	**689**	72		61
Decrease	**-47**	-1 284		-1 157
Acquisition cost Dec. 31	**8 754**	8 112	**505**	505

GROUP COMPANIES

	Percentage of total number of shares and of voting power
Amerplast Oy, Tampere	100.0
Inka Oy, Turku	100.0
J.W. Suominen Oy, Nakkila	100.0
Säkkiväline Oy, Helsinki	100.0
Owned through subsidiaries:	
Amerplast AB, Norrköping, Sweden	100.0
Amerplast Sp. z o.o., Warsaw, Poland	100.0
ZAO Amerplast, St. Petersburg, Russia	100.0
Eko-Rasti Oy, Haukipudas	100.0
Inka GmbH, Bochum, Germany	100.0
Kanta-Hämeen Ympäristöyhtiö Oy, Helsinki	100.0
Kiinteistö Oy Tampereen Sarankulma, Helsinki	100.0
Kiinteistö Oy Meritonttu, Espoo	100.0
Oulun HVA Oy, Oulu	100.0
Svensk Lasthantering Bengt Lindahl AB, Gothenburg, Sweden	100.0
Säkkiväline Kalusto Oy, Helsinki	100.0
Säkkiväline Palvelu Oy, Helsinki	100.0
Säkkiväline Puhtaanapito Oy, Helsinki	100.0
Säkkiväline Ympäristöhuolto Oy, Helsinki	100.0
Varvin Hallit Oy, Raahe	100.0

ASSOCIATED COMPANIES

	Percentage of total number of shares and of voting power
Kiinteistö Oy Tikankulma, Tampere	45.5
Owned through a subsidiary:	
AS Norsafe, Tallinn, Estonia	50.0

The associated companies were consolidated with the equity method.

COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Included in the balance sheet under 'Other shares and holdings')

	Percentage of total number of shares and of voting power	Number of shares	Nominal value of shares FIM 1,000	Book value of shares EUR 1,000	Amount of company shareholders' equity EUR 1,000	Profit/loss according to most recent financial statements EUR 1,000
Group companies						
Kiinteistö Oy Inkanmäki, Turku	100.0	100	250	43	42	0
Kiinteistö Oy Killinkivi, Virrat	58.3	14	70	12	7	0
Participating interest company						
Kiinteistö Oy Killinpolku, Virrat	25.0	1	50	8	6	-3

PUBLICLY QUOTED SECURITIES

	Percentage of total numbers of shares: Group	Parent Comp.	Number of shares: Group	Parent Comp.	Book counter value of shares: Group	Parent Comp.	Book value of shares EUR 1,000: Group	Parent Comp.
Instrumentarium Corporation, Helsinki	0.06	0.06	14 110	14 110	24	24	261	261
Merita Plc exchanged share, Helsinki	0.11		952 701		1 602		6 427	
Total							6 688	261

On December 31, 1999, a write-down of EUR 5.0 million on shares in Merita Plc was made in the consolidated financial statements. This is EUR 0.4 million less than a year earlier. According to the financing agreement related to acquisition of these shares, the write-down has no effect on financial results. Otherwise, the shares were valued at original acquisition cost. The value of publicly quoted securities calculated at the prices current on the day the books were closed was EUR 0.7 million lower than their book value in the Group on December 31, 1999 and EUR 0.2 million higher in the parent company.

11. RECEIVABLES

EUR 1,000	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Receivables from Group companies				
Loan receivables			**30 533**	20 658
Receivables from participating interests				
Trade receivables	**522**	84		
Prepaid expenses and accrued income				
Interest receivables	**7**	24	**7**	15
Employees' health care compensation	**268**	200		
Insurance receivables	**1 284**	243		
VAT receivables	**1 015**	1 557		
Direct taxes	**291**	448		326
Other residual income and prepaid expenditure	**709**	602	**186**	25
Total	**3 574**	3 074	**193**	366

12. SHAREHOLDERS' EQUITY

EUR 1,000	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Share capital Jan. 1	**26 374**	25 340	**26 374**	25 340
Share issue/Warrant bond 93	**244**	1 034	**244**	1 034
Share capital Dec. 31	**26 618**	26 374	**26 618**	26 374
Share issue Jan. 1	**244**	0	**244**	0
Share issue/Warrant bond registered	**-244**	244	**-244**	244
Share issue Dec. 31	**0**	244	**0**	244
Share premium account	**3 227**	0	**3 227**	0
Share issue/Warrant bond 93		2 611		2 611
Share premium		616		616
Share premium account Dec. 31	**3 227**	3 227	**3 227**	3 227
Revaluation fund Jan. 1 and Dec. 31	**3 128**	3 128		
Legal reserve Jan. 1 and Dec. 31	**1 019**	1 019	**1 018**	1 018
Other reserves				
Contingency reserve Jan. 1 and Dec. 31.			**22 486**	22 486
Retained earnings Jan. 1	**86 762**	74 861	**65 574**	47 825
Dividend	**-15 838**	-12 670	**-15 838**	-12 670
Translation difference	**409**	-237		
Retained earnings Dec. 31	**71 333**	61 954	**49 736**	35 155
Profit for the financial year	**24 505**	24 808	**26 022**	30 419
Shareholders' equity Dec. 31	**129 830**	120 754	**129 107**	118 923
Distributable assets				
Profit for the financial year	**24 505**	24 808	**26 022**	30 419
Other unrestricted shareholders' equity	**71 333**	61 954	**49 736**	35 155
Equity share of accumulated appropriations	**-28 282**	-29 930		
Distributable assets	**67 556**	56 832	**75 758**	65 574

13. ACCUMULATED APPROPRIATIONS AND DEFERRED TAX LIABILITY

EUR 1,000	Dec. 31, 1999	Change	Jan. 1,1999
Accumulated appropriations			
Accumulated depreciation difference	56 404	-1 167	57 571
Other reserves	547	73	474
Total	56 951	-1 094	58 045
Deferred tax liability	-16 402	-149	-16 253
Tax liability of subsidiaries at time of acquisition	-108	-108	
Equity share of subsidiaries at time of acquisition	-12 159	-297	-11 862
Transferred to shareholders' equity	28 282	-1 648	29 930
Deferred tax liability			
Based on appropriations of Group companies	16 125	350	15 775
Based on consolidation	385	-93	478
Total	16 510	257	16 253

Accumulated appropriations in the parent company comprise accumulated depreciation differences.

14. LIABILITIES

EUR 1,000	2000*)	2001	2002	2003
Repayment of non-current liabilities in coming years				
Group				
Loans from financial institutions	7 218	7 161	1 474	5 736
Pension loans	1 877	1 853	1 852	1 851
Other liabilities		22	9	87
Total	9 095	9 036	3 335	7 674
Parent Company				
Loans from financial institutions	1 682	1 682	841	
Pension loans	1 350	1 349	1 348	1 347
Other liabilities				87
Total	3 032	3 031	2 189	1 434

*) In the balance sheet under current liabilities

EUR 1,000	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Liabilities which fall due within five years or more				
Loans from financial institutions	**18 379**	9 674	**9 948**	9 948
Pension loans	**3 120**	5 294	**596**	1 943
Other liabilities		86		91
Total	**21 499**	15 054	**10 544**	11 982
Non-interest bearing liabilities				
Non-current	**16 513**	16 253		
Current	**43 776**	34 456	**2 011**	517
Total	**60 289**	50 709	**2 011**	517
Liabilities to Group companies				
Trade payables				3
Other non-current liabilities				5
Total				8
Liabilities to participating interests				
Trade payables	**146**	22		
Accruals and deferred income				
Deferred interest	**447**	536	**83**	108
Waste charges	**673**	582		
Matched expenses	**1 949**	1 662	**28**	6
Total	**3 069**	2 780	**111**	114

Bond with warrants
Other non-current liabilities include the remaining EUR 87,037 (FIM 517,500) of the bond with warrants issued by the company in 1998. The bond will be repaid in a bullet payment on May 15, 2003 and bears no interest.
Due to termination of employment, part of the bond has been redeemed and the bond units with warrants cancelled. The value of the cancelled bond units is EUR 5,046 (FIM 30,000).

15. CONTINGENT LIABILITIES

EUR 1,000	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Security for Company liabilities				
Loans from financial institutions for which mortgages have been given as security	**4 361**	11 031		
Real estate mortgages	**168**	42		
Company mortgages	**5 912**	8 409		
Other security given				
Real estate mortgages	**95**	115		
Company mortgages	**25**	236		
Other securities	**38**	587		
Security for Group companies				
Guarantees			**198**	168
Commitments for which comprehensive security was given				
Loans from financial institutions	**26 753**	32 298	**11 448**	9 948
Other company commitments	**10 092**	16 068	**536**	577
Group company commitments			**6 110**	12 127
Real estate mortgages	**26 158**	26 158	**6 223**	6 223
Company mortgages	**10 416**	10 416		
Book value of pledged shares	**17 670**	17 670	**17 670**	17 670
Other Company liabilities				
Leasing liabilities				
Falling due next year	**207**	20		
Falling due in subsequent years	**310**	53		

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

16. DERIVATIVE CONTRACTS

EUR 1,000	Group 1999	Group 1998	Parent Company 1999	Parent Company 1998
Currency derivatives				
Difference between open contracts and market values	**-10**	-269	**-10**	-269
Counter values of forward contracts	**956**	4 614	**956**	4 614
Interest rate derivatives				
Difference between open contracts and market values	**727**			
Nominal values of interest rate swaps	**12 200**			

FINANCING AND FINANCIAL RISK MANAGEMENT

In the Lassila & Tikanoja Group, financing and financial risk management are concentrated in the Group administration. The liquidity of the Group's principal currencies are netted by means of a cash pool, and the Group administration sees to the investment of surplus liquidity on the money markets. The aim is to keep cash reserves small and ensure sufficient circulation of receivables and inventories. For short-term cash needs arising from fluctuations in cash flow, the Group has adequate credit limits and a commercial paper programme which do not generate any costs when unused. At the end of the year, EUR 1.5 million in limits were in use. The Group administration decides on drawing out loans and negotiates their terms, even though loans are mainly drawn out directly in the name of subsidiaries.

The purpose of financial risk management is to provide hedging against all significant financial risks. Forward contracts are used in the management of foreign currency risks and forward rate agreements and interest rate swaps in interest rate risk management. The units are responsible for providing hedging against their own foreign currency risks and agree on hedging with the Group administration. The Group administration carries out external hedging on the basis of the overall foreign exchange exposure of the Group.

Foreign exchange risks

The Group's foreign exchange risks mainly comprise the positive difference between incoming and outgoing payments denominated in foreign currency. The cash flow exposure is calculated monthly by foreign currency for 12 months ahead. The change of the key buying and selling currencies or their pegging to the euro at the beginning of 1999 has substantially reduced the Group's foreign currency risks. Less than 10 per cent of net sales are in currencies other than the euro and no loans are denominated in foreign currencies. The shareholders' equities of foreign subsidiaries are small and they have been left unhedged.

Interest risks

The Group's principal interest risk is related to loans. To manage the interest risk, loans have been distributed between those with floating interest rates and those with fixed rates. During 1999, the proportion of fixed-rate loans in the loan portfolio has been increased by drawing out loans with fixed interest rates and by making interest rate swap agreements for loans with floating interest rates.

Credit risks

Credit risks are managed by making financial and derivative contracts only with the largest Nordic banks and by investing surplus liquidity in such certificates of deposit and commercial papers that pose only minor risk.

SHARES AND SHAREHOLDERS

SHARE CAPITAL

The share capital of Lassila & Tikanoja plc totals EUR 26,617,939.26. The share has no nominal value. The number of shares is 15,826,308. The book counter value of shares is EUR 1.68; it is not an exact value. The share is quoted on the Helsinki Exchanges.

The minimum share capital is EUR 20,000,000 and the maximum EUR 80,000,000, within the limits of which the share capital can be raised or lowered without amending the Articles of Association.

The minimum number of shares is 10,000,000 and the maximum 40,000,000 shares. The number can be raised or lowered within these limits without amending the Articles of Association.

STOCK EXCHANGE BULLETINS CONCERNING HOLDINGS OF SHARES

As a consequence of the amendment to article 9, chapter 2 of the Securities Markets Act, two stock exchange bulletins regarding holdings of shares were issued: Sampo Life Insurance Company Ltd and Ilmarinen Mutual Pension Insurance Company announced that their holdings exceeded 5 per cent on April 1, 1999, the day on which the Act took effect.

On July 8, 1999 Alfred Berg Rahastoyhtiö Oy announced that it had been exempted by Financial Supervision from the obligation to provide information in accordance with section 9, chapter 2 of the Securities Markets Act.

SHARE TRADING

During 1999, 2,853,847 company shares were traded on the Helsinki Exchanges. This represents 18 per cent of the average number of shares during the year.

The market capitalization of company shares on December 31, 1999 was EUR 388 million.

1998 BOND WITH WARRANTS

On April 2, 1998, the Annual General Meeting decided to issue a bond with warrants for a maximum of FIM 547,500. The warrants entitle their holders to subscribe a total of 730,000 shares in Lassila & Tikanoja plc. The bond with warrants was offered for subscription to key Group employees and to a subsidiary designated by the Board of Directors, thereby deviating from the right of pre-emption. The bond with warrants will mature in five years and does not bear interest. The maximum amount of the increase in share capital was translated into euros (EUR 1,227,771.86) on March 18, 1999.

Due to terminations of employment, part of the bond has been redeemed and the bond units with warrants cancelled. On December 31, 1999, EUR 87,037 (FIM 517,500) of the bond remained. 'A' warrants entitle their holders to subscribe 345,000 shares during the period between May 15, 2001 and May 15, 2004 and 'B' warrants 345,000 shares during the period between May 15, 2003 and May 15, 2004. The subscription price for shares with A warrants is FIM 201 and with B warrants FIM 221. Dividends per share paid between April 1, 1998, and the warrant ex-day will be deducted from the subscription price. The right of subsidiary employees to exercise their warrant rights depends on the financial performance of the employer company. At the end of the financial year, 99 key employees held bond units with warrants.

A maximum of 690,000 shares can be subscribed with the remaining warrants. These shares represent 4.2 per cent of the total number of company shares.

SHARES HELD BY MANAGEMENT

On January 28, 2000, members of the company's Board of Directors and the President and COO owned a total of 1,148,440 shares entitling them to 7.3 per cent of the voting rights. The Chairman of the Board and the President and COO may subscribe 60,000 shares with the 1998 warrant bond, which represent 0.4 per cent of the share capital.

Other company management and key personnel owned 109,304 shares on January 28, 2000. This amounts to 0.7 per cent of the company shares.

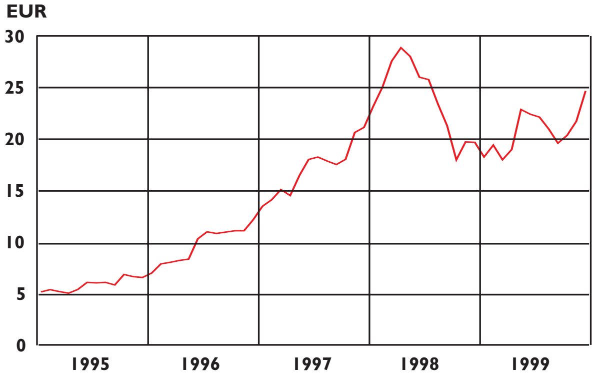
DIVIDEND POLICY

The amount of the Lassila & Tikanoja plc dividend is linked to performance for the financial year. That portion of the profit not considered necessary to secure the healthy development of the Group is distributed to shareholders. Here both the need for financing caused by the Group's growth and its financial position are taken into account.

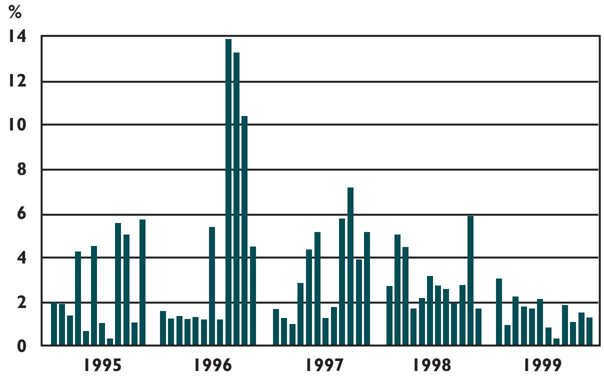
AUTHORIZATION FOR THE BOARD OF DIRECTORS

The company Board of Directors is not authorized to effect any share issues or to launch a convertible bond or a bond with warrants.

Average share prices adjusted for share issue



Relative trading in shares



SHAREHOLDERS BY CATEGORY

	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and of voting power
Companies	116	10.0	679 088	4.3
Financial institutions and insurance companies	37	3.2	4 373 852	27.7
Public institutions	40	3.4	3 863 798	24.5
Non-profit organizations	45	3.9	1 868 359	11.8
Individuals	917	79.0	4 473 155	28.2
Foreign shareholders	6	0.5	5 940	0.0
	1 161	100.0	15 264 192	96.5
Shares registered in a nominee's name			541 716	3.4
Shares not transferred to the book-entry securities system			20 400	0.1
Total			15 826 308	100.0

DISTRIBUTION OF SHARE OWNERSHIP

Number of shares	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and of voting power
1-1 000	723	62.3	250 044	1.6
1 001-5 000	234	20.2	614 949	3.9
5 001-10 000	76	6.4	527 867	3.4
10 001-100 000	103	8.9	3 121 980	19.7
over 100 000	25	2.2	10 749 352	67.9
	1 161	100.0	15 264 192	96.5
Shares registered in a nominee's name			541 716	3.4
Shares not transferred to the book-entry securities system			20 400	0.1
Total			15 826 308	100.0

THE LARGEST SHAREHOLDERS

Shareholders	Number of shares	Percentage of shares and of voting power
1. Pohjola Group Insurance Corporation		
Pohjola Non-Life Insurance Company Limited	684 600	4.3
Pohjola Life Assurance Company Ltd	484 500	3.1
Pohjola Group, total	1 169 100	7.4
2. Evald and Hilda Nissi Foundation	1 005 660	6.4
3. Ilmarinen Mutual Pension Insurance Company	948 000	6.0
4. Sampo Life Insurance Company Ltd	944 183	6.0
5. Tapiola Insurance Group		
Tapiola General Mutual Insurance Company	432 440	2.7
Tapiola Mutual Life Assurance Company	215 000	1.4
Tapiola Corporate Life Insurance Company	100 700	0.6
Tapiola Group, total	748 140	4.7
6. The Local Government Pensions Institution	747 000	4.7
7. Ruth Kangas	702 080	4.4
8. Juhani Maijala	694 240	4.4
9. Varma-Sampo Mutual Pension Insurance Company	613 775	3.9
10. Tapiola Mutual Pension Insurance Company	505 900	3.2
11. Heikki Bergholm	415 000	2.6
12. Mikko Maijala	282 360	1.8
13. Finnish National Fund for Research and Development	272 772	1.7
14. Alfred Berg Optimal Unit Trust	257 860	1.6
15. Alfred Berg Finland Unit Trust	256 646	1.6
16. Suomi Mutual Life Assurance Company	235 200	1.5
17. Mutual Insurance Company Pension-Fennia	189 840	1.2
18. Alfred Berg Portfolio Unit Trust	181 300	1.1
19. PT Pension Trust	172 200	1.1
20. Foundation for Economic Education	150 000	0.9

All information concerning the company's shares is based on the book-entry securities register, as on January 28, 2000.

KEY FIGURES

KEY FIGURES ON SHARES

	1999	1998	1997	1996	1995
Earnings/share (EPS), EUR	**1.58 *)**	1.63	1.85	1.23	0.95
Equity/share, EUR	**8.20**	7.63	6.93	5.64	4.68
Dividend/share, EUR	**1.00 **)**	1.00	0.84	0.55	0.27
Dividend/earnings, %	**63.1 **)**	61.3	45.5	44.3	28.8
Dividend yield, %	**4.1 **)**	4.7	4.0	4.5	4.1
P/E ratio	**15.5**	12.9	11.5	9.9	7.1
Funds from operations per share	**3.11**	3.12	3.13	2.44	2.09
Adjusted share price					
low, EUR	**16.00**	14.63	12.32	6.90	4.84
high, EUR	**26.50**	30.95	22.37	12.61	7.40
average, EUR	**20.48**	23.79	17.90	10.88	6.16
at year end weighted with the number of trades per closing date, EUR	**24.51**	21.07	21.19	12.23	6.74
Market capitalization on Dec. 31, EUR million	**387.9**	333.4	319.3	184.3	101.5
Adjusted number of shares held outside the Group					
Average during the year	**15 826 308**	15 199 922	15 066 308	15 066 308	15 066 308
At year end	**15 826 308**	15 826 308	15 066 308	15 066 308	15 066 308
Number of shares traded	**2 853 847**	5 451 210	6 117 488	8 403 216	4 937 296
as a percentage of the average during the year	**18.0**	35.9	40.6	55.8	32.8

*) With dilution of the warrant bond taken into account: EUR 1.55
The effect of the rise in the tax rate on the deferred tax liability was not taken into account.
**) Proposal by the Board of Directors

CALCULATION OF THE KEY FIGURES

Earnings/share =
Profit before extraordinary items
- income taxes including change in deferred tax liability
+/- minority interest
Adjusted number of shares held outside the Group (average)

Equity/share =
Shareholders' equity including accumulated appropriations net of tax
Adjusted number of shares held outside the Group at year end

Dividend/share =
Dividend/share for the financial year
Adjustment coefficient for share issues after the financial year

Dividend/earnings,% =
Dividend/share x 100
Earnings/share

Dividend yield, % =
Dividend/share x 100
Adjusted share price at year end
weighted with the number of trades per closing date

P/E ratio =
Adjusted share price at year end
weighted with the number of
trades per closing date
Earnings/share

Funds from operations per share =
Operating profit
+ Depreciation
+/- Financial income and expenses
+/- Extraordinary items
- Income taxes excluding the change in deferred tax liability
Adjusted number of shares held outside the Group (average)

Market capitalization =
Number of shares held outside the Group at year end x adjusted share price at year end
weighted with the number of trades per closing date

KEY FIGURES ON FINANCIAL PERFORMANCE

	1999	1998	1997	1996	1995
Net sales, EUR million	**323.0**	293.7	280.8	251.9	231.1
Exports and international operations, EUR million	**130.0**	128.2	130.2	116.0	106.5
Operating profit, EUR million	**38.1**	38.1	41.6	30.3	24.0
as % of net sales	**11.8**	13.0	14.8	12.0	10.4
Profit before extraordinary items, EUR million	**35.9**	35.2	38.8	25.9	18.3
as % of net sales	**11.1**	12.0	13.8	10.3	7.9
Profit before income taxes and minority interest, EUR million	**35.9**	35.2	38.6	25.8	17.5
as % of net sales	**11.1**	12.0	13.8	10.2	7.6
Balance sheet total, EUR million	**242.3**	224.5	214.8	197.6	192.9
Funds from operations, EUR million	**49.3**	47.4	47.2	36.7	31.6
Return on equity, % (ROE)	**20.0**	22.0	29.4	23.9	20.8
Return on invested capital, % (ROI)	**21.8**	23.1	27.8	21.2	17.3
Equity ratio, %	**53.6**	53.8	48.6	43.0	36.6
Gearing, %	**32.7**	35.0	44.0	61.6	98.5
Gross investments, EUR million	**38.5**	35.1	34.1	22.2	38.7
as % of net sales	**11.9**	11.9	12.1	8.8	16.7
Expenditure on R&D, EUR million	**2.6**	2.8	1.9	1.9	1.7
as % of net sales	**0.8**	1.0	0.7	0.8	0.7
Average personnel employed	**4 461**	3 956	3 610	3 241	3 019

Return on equity, % (ROE) =

Profit before extraordinary items
- income taxes including change in
deferred tax liability x 100
Shareholders' equity including accumulated appropriations net of tax
+ minority interest (average)

Return on invested capital, % (ROI) =

Profit before extraordinary items
+ interest and other financial expenses x 100
Balance sheet total
- non-interest bearing liabilities (average)

Equity ratio, % =

Shareholders' equity including accumulated appropriations net of tax
+ minority interests x 100
Balance sheet total - advances received

Gearing, % =

Interest-bearing liabilities
- cash at bank and in hand x 100
Shareholders' equity including
accumulated appropriations net of tax
+ minority interest

Cash flow/share =

Cash flow from operations
Adjusted number of shares held outside the Group (average)

PROPOSAL BY THE BOARD OF DIRECTORS

TO THE ANNUAL GENERAL MEETING

Distributable assets according to the consolidated balance sheet on December 31, 1999	EUR	67,555,528.34
Parent company profit	EUR	26,022,099.68
Profit carried over from previous years	EUR	49,737,388.28
Total	EUR	75,759,487.96
The Board of Directors proposes that a dividend of EUR 1.00 be paid on each of the 15,826,308 shares	EUR	15,826,308.00
leaving the remainder on the retained earnings account	EUR	59,933,179.96
Total	EUR	75,759,487.96

In accordance with the decision of the Board of Directors, the record date is March 21, 2000. The Board of Directors proposes to the Annual General Meeting that the dividend be paid after the record period on March 28, 2000.

Helsinki, February 8, 2000

Juhani Maijala — Heikki Hakala

Matti Kavetvuo — Juhani Lassila

Jukka Viinanen — Heikki Bergholm, President and COO

AUDITORS' REPORT

TO THE SHAREHOLDERS OF LASSILA & TIKANOJA PLC

We have audited the accounting, the financial statements and the corporate governance of Lassila & Tikanoja plc for the period 1.1. – 31.12.1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President and COO. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President and COO have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President and COO of the parent company can be discharged from liability for the period audited by us.

The proposal by the Board of Directors regarding the distributable assets is in compliance with the Companies' Act.

Helsinki, February 10, 2000

Ilkka Haarlaa, Authorised Public Accountant

Antti Lassila, Authorised Accountant

BOARD OF DIRECTORS

In accordance with the Articles of Association, the Board of Directors of Lassila & Tikanoja plc comprises a minimum of four members and a maximum of seven. The members of the Board of Directors are elected by the Annual General Meeting, which is held annually before the end of April. The term of the members of the Board ends on conclusion of the second Annual General Meeting after the election.

The Board of Directors chooses a chairman and a deputy chairman from among its members.

The duties of the chairman of the Board of Directors are full-time. In accordance with the decision of the Board of Directors, the duties of the chairman comprise preparation of strategic decisions for the Group and supervision of their implementation and relations with major investors.

The Board of Directors met 13 times during 1999.

PRESIDENT AND COO

The President and COO of Lassila & Tikanoja plc is chosen by the Board of Directors. The President and COO is responsible for day-to-day operations in keeping with the instructions of the Board of Directors.

BUSINESS ORGANIZATION

The Lassila & Tikanoja Group comprises the parent company Lassila & Tikanoja plc and four business units. Amerplast, Inka and Säkkiväline are groups and JWS is a company (J.W.Suominen Oy). Lassila & Tikanoja plc is the Group's administrative company.

Juhani Maijala, chairman of the Board of Directors of Lassila & Tikanoja plc, Heikki Bergholm, President and COO of the Group, and the President of the subsidiary in question belong to the Boards of Directors of Lassila & Tikanoja's subsidiaries.

Operative decisions are made in the business units. The Group Administration, which serves Group Executives, and Group Support, which serves the business units, report to the Group Executives. Research work related to the products and production processes of Amerplast and Inka is also conducted in the R&D department of JWS.

SALARIES AND EMOLUMENTS

The Annual General Meeting determines the emoluments paid to the members of Lassila & Tikanoja plc's Board of Directors in advance, for one year at a time. The Board of Directors determines the salary, emoluments and other benefits of the Group's President and COO.

Separate emoluments are not paid to the members of the Boards of Directors of the subsidiaries. The Board of Directors of the parent company determines the salaries and other benefits of the management serving under the President and COO of the Group.

The salaries and emoluments paid to the Board of Directors and to the President and COO and the Presidents of the subsidiaries for 1999 are presented in the Notes to the Financial Statements on page 27.

LASSILA & TIKANOJA PLC BOARD OF DIRECTORS

JUHANI MAIJALA, 60
B.Sc. (Econ.), LL.B.
Member of the Board since 1983,
Chairman and CEO since 1998
Elected for the period 1999-2000

HEIKKI HAKALA, 58
M.Sc. (Econ.)
President and CEO of Metso Corporation
Member of the Board since 1988,
Deputy Chairman since 1998
Elected for the period 1999-2000
Chairman of the Board of Directors of
Pohjola Group Insurance Corporation

MATTI KAVETVUO, 55
M.Sc. (Eng.), B.Sc. (Econ.)
Managing Director of Pohjola Group Insurance Corporation
Member of the Board in 1984-1987 and since 1998
Elected for the period 1998-1999
Member of the Board of Directors of Marimekko Oyj

JUHANI LASSILA, 37
M.Sc. (Econ.)
Group Treasurer of Instrumentarium Corporation
Member of the Board since 1998
Elected for the period 1998-1999

JUKKA VIINANEN, 52
M.Sc. (Eng.)
Member of the Board since 1993
Elected for the period 1999-2000
Member of the Board of Directors of
Huhtamäki Van Leer Oyj and Uponor Oyj

PRESIDENT AND COO

HEIKKI BERGHOLM, 43
M.Sc. (Eng.)
President and COO of the Lassila & Tikanoja Group
and Lassila & Tikanoja plc since 1998
Member of the Board of Directors of Sponda Oyj

AUDITORS

ILKKA HAARLAA, Authorised Public Accountant
ANTTI LASSILA, Authorised Accountant
Deputy
SVH PRICEWATERHOUSE COOPERS OY,
Authorised Public Accountants

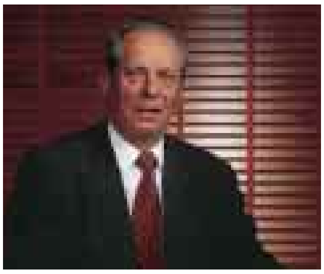
JUHANI MAIJALA, 60
B.Sc. (Econ.), LL.B.
Chairman and CEO since 1998,
joined a Group company in 1977

HEIKKI BERGHOLM, 43
M.Sc. (Eng.)
President and COO
of the Lassila & Tikanoja Group
and Lassila & Tikanoja plc since 1998,
joined a Group company in 1985

SIRKKA TUOMOLA, 52
M.Sc. (Econ.)
Vice President, CFO of the
Lassila & Tikanoja Group since 1992,
joined a Group company in 1981

MARGARETA HULDÉN, 44
D.Sc. (Tech.)
Research and Development
Vice President since 1997,
joined a Group company in 1993

PENTTI KULMALA, 51
B.Sc. (Eng.)
President of the Inka Group
since 1992



AARNO LINDSTRÖM, 65
President of the Amerplast Group
since 1997 until August 31, 1999,
joined a Group company
in 1961.

HARRI MYLLYLÄ, 44
M.Sc. (Eng.)
President of the Amerplast Group
since September 1, 1999,

ESA PALTTALA, 56
B.Sc. (Eng.)
Group Support
Vice President since 1997,
joined a Group company in 1972

KARI PARVIAINEN, 45
M.Sc. (Eng.)
President of J.W. Suominen Oy
since 1998

JARI SARJO, 43
LL.B
President of the
Säkkiväline Group since 1997,
joined a Group company in 1984

CONTACT INFORMATION

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www.sakkivaline.com

Lassila & Tikanoja placed first with its 1998 Annual Report in the division for small and medium-sized listed companies in the annual report competition arranged by the newspaper Helsingin Sanomat and the Helsinki Exchanges.

Incognito Design/Nomini, 2000