LASSILA & TIKANOJA

ANNUAL REPORT 2000

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FINANCIAL INFORMATION

Interim Report, January 1 - March 31, issued May 3, 2001
Interim Report, January 1 - June 30, issued July 31, 2001
Interim Report, January 1 - September 30, issued October 31, 2001

The Annual Report and the Interim Reports are also available on the company's Internet pages at the address www.lassila-tikanoja.com.
The English Annual Report is a translation from the Finnish original, which will prevail in case of any dispute.

ANNUAL GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc will be held on Thursday, March 15 , 2001, 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 13, 2001 in writing to the address: Lassila & Tikanoja plc, P.O. Box 33, 00101 Helsinki,
by fax at +358-10 636 2801,
by e-mail at tuula.henriksson@lassila-tikanoja.fi
or by telephone at +358-10 636 2885.

TO OUR SHAREHOLDERS

The structure of a business, the way in which resources are organized, serves as a tool for reaching targets. Lassila & Tikanoja's decentralized business unit structure was adopted in the 1970s. Over the last two decades it has proved an excellent choice for transforming a manufacturer of clothing and shoes and textile wholesaler into the present group. It has also allowed change and facilitated its efficient implementation.

Lassila and Tikanoja seeks to be

- a profitable and competitive investment,
- a challenging and secure place of employment, and
- a reliable partner.

Our goals have not changed, but the company and the markets have. We now need a new operational structure to achieve our goals.

The Lassila & Tikanoja Group comprises two entities operating in different sectors with different business logics. Both would seem to have excellent prospects for profitable growth and both are now sufficiently large. Service operations are expected to generate net sales in excess of EUR 250 million during the current year and operations based on the processing of plastic and fibres in excess of EUR 200 million. Hence, both have the wherewithal to operate independently. There is reason to develop and invest in both.

We develop business together with customers and suppliers. We operate in markets that are growing and becoming increasingly concentrated. An ever smaller number of increasingly large customers give their business to an ever smaller number of the best and most efficient suppliers in the industry. Here the active participation of management in building closer cooperation with integrating supply chains is essential.

Converting from a holding-company structure to a business unit structure will permit leaner group organizations and combine overlapping and parallel functions. This will bring us nearer to the business itself and make us faster and more cost-effective.

Investors operate internationally. Investing is based on an assessment of the relative potential of different alternatives and currency areas. When investing in the euro area, investors in shares increasingly choose the sector first and then the company. They want more information about investments, more transparency. Operations should be organized so that the structure does not place financial limitations on the profitable growth that can be achieved.

The Board of Directors of Lassila & Tikanoja plc has decided to propose demerger of the Group into two independent companies to the Annual General Meeting convening on March 15, 2001.

According to the Demerger Plan, all the assets and liabilities of Lassila & Tikanoja plc will be transferred to two new companies. As a demerger consideration, the shareholders of Lassila & Tikanoja plc will receive shares in the new companies in proportion to their holdings. Lassila & Tikanoja plc (new Lassila & Tikanoja plc) and J.W. Suominen Group plc are proposed as the names for the companies resulting from the demerger. The shares of Säkkiväline Oy and the assets and liabilities related to the business of the present Säkkiväline Group will be transferred to new Lassila & Tikanoja plc. The shares of J.W. Suominen Oy, Amerplast Oy and Inka Oy and the assets and liabilities related to the business of these companies and their subsidiaries will be transferred to J.W. Suominen Group plc.

In consequence of the demerger, the service operations of the Lassila & Tikanoja Group and the industrial nonwoven materials, packaging and heavy webbings and narrow fabrics business based on the processing of plastics and fibres will be formed into separate groups.

The companies resulting from the demerger will apply for listing of their shares on the Main List of the Helsinki Exchanges so that the shares of both new companies would be quoted for the first time on the trading day following the Demerger Date, on or about October 1, 2001.

The demerger of the Lassila & Tikanoja Group into two internally synergic groups will improve the operational efficiency. It will both improve the conditions for growth by facilitating equity financing and make it easier for owners and other investors to assess the companies as investments.

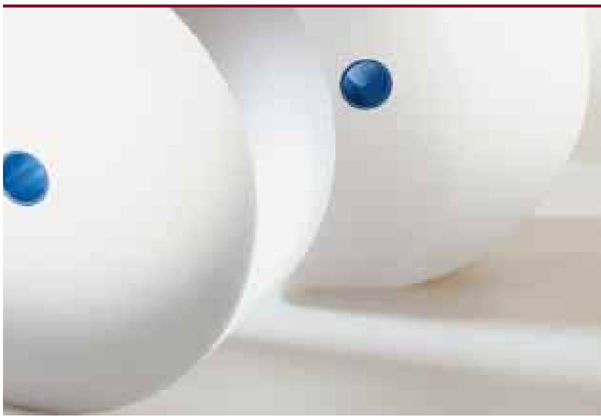
We are convinced that as a result of this demerger, Lassila & Tikanoja will give a better yield and that the yield it produces will be more valued. Employees in the new groups will face challenging tasks and have opportunities for success. Through specialization and concentration, we can further improve our cooperation with major customers. We believe that the new structure will be a good one.

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 41.



KEY FIGURES FOR 2000

	2000	1999	Change %
Net sales, EUR mill.	**391.4**	323.0	21.2
Gross profit, EUR mill.	**72.4**	65.2	11.0
Operating profit, EUR mill.	**35.9**	38.1	-5.8
Profit before extraordinary items, EUR mill.	**30.0**	35.9	-16.3
Return on invested capital, % (ROI)	**15.6**	21.8	
Earnings/share, (EPS) EUR	**1.30**	1.58	-17.7
Cash flow from operations/share, EUR	**2.35**	3.25	-27.7
Dividend per share, EUR	**1.00** *	1.00	
Equity ratio, %	**36.5**	53.6	
Gross investment, EUR mill.	**147.5**	38.5	283.1
Average personnel employed	**4 584**	4 213	8.8

* Proposal by the Board of Directors

SÄKKIVÄLINE

The Säkkiväline Group is Finland's leading marketer and producer of comprehensive environmental management services. Its business is divided into three service sectors and the environmental management product trade. The service sectors are Waste Management and Recycling Services; Property Supervision and Maintenance and Professional Cleaning; and Hazardous Waste Management, Industrial Cleaning, Damage Repair and Sewer Maintenance.

PRESIDENT Jari Sarjo
DIRECTOR Anna-Maija Apajalahti, Property Supervision and Maintenance, Professional Cleaning; marketing and corporate communications
DIRECTOR Jorma Mikkonen, Hazardous Waste Management, Industrial Cleaning and Maintenance, Damage Repair Services and Sewer Maintenance
DIRECTOR Arto Nivalainen, Waste Management and Recycling Services
FINANCIAL DIRECTOR Martin Forss

	2000	1999	Change %
Net sales, EUR million	**210.5**	145.4	44.7
Operating profit, EUR million	**18.9**	11.0	71.8
Investments, EUR million	**136.4**	27.1	403.3
Average personnel	**3 428**	3 082	11.2

JWS

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

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

	2000	1999	Change %
Net sales, EUR million	**90.4**	95.7	-5.6
Exports, EUR million	**86.1**	91.7	-6.1
Operating profit, EUR million	**11.9**	19.8	-39.9
Investments, EUR million	**6.2**	3.9	59.0
Average personnel	**331**	324	2.2

AMERPLAST

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

PRESIDENT Harri Myllylä
SALES MANAGER Osmo Hautamäki
SALES MANAGER Tarja Heikkilä
PRODUCTION DIRECTOR Juha Henttonen
DIRECTOR, LOGISTICS Ari Olkinuora
FINANCIAL MANAGER Ulla Pyysalo

	2000	1999	Change %
Net sales, EUR million	**72.6**	64.4	12.8
Exports, EUR million	**31.9**	26.5	20.4
Operating profit, EUR million	**3.4**	4.9	-30.6
Investments, EUR million	**4.3**	6.3	-31.7
Average personnel	**639**	620	3.1

INKA

The Inka Group manufactures lifting slings and lashing systems for industry and transport from polypropylene and polyester yarn. Inka's product range includes both heavy webbings for materials handling and technical and other light-weight narrow fabrics.

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

	2000	1999	Change %
Net sales, EUR million	**18.0**	17.4	3.6
Exports, EUR million	**11.9**	11.2	6.3
Operating profit, EUR million	**0.7**	0.9	-22.2
Investments, EUR million	**0.5**	1.2	-58.3
Average personnel	**174**	175	-0.6

THE ENVIRONMENT

The Lassila & Tikanoja Group is committed to the principles of the ICC Business Charter for Sustainable Development, the realization of which is assessed annually in the business units. Each unit develops its own environmental management system and sets 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 already taken into account 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.

SÄKKIVÄLINE

Säkkiväline's quality management system takes into account the quality and environmental matters required by the ISO 9001 and ISO 14001 standards. The company is at present building a new operational system based on the quality systems of Säkkiväline and the former WM Ympäristöpalvelut Oy.

Säkkiväline has an extensive network of waste treatment facilities in which recyclable materials are sorted and treated and recycled fuel is produced. Internal environmental auditing at waste treatment facilities in 2000 concentrated on environmental and occupational safety risks. Extensive environmental risk surveys were made at seven hazardous waste units.

The emphasis in waste management transport has been on the reduction of energy consumption and emissions. Acquisition of new collection equipment, use of sulphur-free diesel fuel and biodegradable oils, and optimization of transport routes have been the means used. New vehicles have low-emission engines and new software has been introduced to optimize waste transport routes.

Professional cleaning has monitored the use of hazardous cleaning agents and converted when possible to microfibre products with which no cleaning agents are used. In property supervision and maintenance, more low-emission equipment has been acquired. In work causing dust, equipment with open brushes has been abandoned. The existence of a functional environmental system has been one criterion for choosing suppliers.

JWS

After several years of systematic development work on its operational system, JWS obtained in 2000 an ISO 14001 environmental certificate alongside the ISO 9001 quality certificate. Sufficient attention to environmental issues is important in product and process development and in cooperation with customers and suppliers. The emphasis has been on reduction of the waste water load and waste volume.

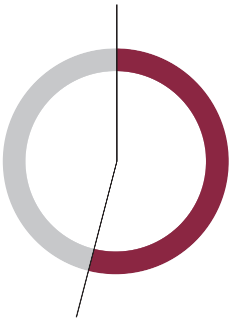
AMERPLAST

The operational components of Amerplast's environmental system based on ISO 14001 principles, have been integrated with the company's quality management system. In autumn 2000, the first incineration facility for VOC emissions from printing ink solvents came on stream at the Grodzisk plant in Poland. Other plants are proceeding in conformance with the timetables of the EU directive and the new environmental protection legislation. The volume of waste hauled to dumps has been reduced in particular by transport of combustible matter from the Nastola and Norrköping plants to local power plants and by separate collection of printing ink containers undertaken in Finland.

INKA

The proportion of polypropylene yarn manufactured by Inka and used as the raw material for narrow fabrics and materials handling products increased further. The volume of waste hauled to dumps has been reduced by recycling of spinning waste and with recyclable yarn packaging. Integration of environmental matters with the operational system has begun. The polypropylene yarn manufactured by Inka and the narrow fabrics made from this material have been granted the Öko-Tex Standard 100 environmental certificate.

SÄKKIVÄLINE 53.8%



Säkkiväline is Finland's leading marketer and producer of comprehensive environmental management services. Its business is divided into three service sectors and the environmental management product trade. The service sectors are Waste Management and Recycling Services; Property Supervision and Maintenance and Professional Cleaning; and Hazardous Waste Management, Industrial Cleaning, Damage Repair and Sewer Maintenance. Säkkiväline is the most diversified and widely operating environmental management company in Finland.

WASTE MANAGEMENT AND RECYCLING SERVICES

Säkkiväline collects, transports, processes and trades in recyclable raw materials and transports waste to dumps for safe final disposal. Its recycling facilities are among the industry's most modern. Realization of the principles of sustainable development is creating "a mirror-image industry" in which materials are reused for either raw material or energy. Säkkiväline operates throughout the entire logistics chain of this industry, assisting customers to meet their environmental goals and obligations.

PROPERTY SUPERVISION AND MAINTENANCE AND PROFESSIONAL CLEANING

Säkkiväline maintains and cleans all types of properties and provides its customers with real-time monitoring and reporting services through advanced network solutions. It takes a broad approach to the development of property maintenance services and offers standardized service concepts to specific customer segments.

HAZARDOUS WASTE MANAGEMENT, INDUSTRIAL CLEANING, DAMAGE REPAIR AND SEWER MAINTENANCE

This service sector specializes in management of the most demanding wastes and in the most difficult cleaning and maintenance. Industries and institutions are the major customers. A high standard of professional skill and special equipment are typical for services of this sector. In hazardous waste management, Säkkiväline has a nationwide collection and service network supplemented by its own regional treatment facilities. Industrial cleaning and damage repair offer their services throughout Finland and sewer maintenance in a few cities.

NET SALES OF SÄKKIVÄLINE

EUR 1,000	2000	1999	Change %
Waste Management and Recycling Services	79 390	35 417	124.2
Property Supervision and Maintenance and Professional Cleaning	74 733	69 033	8.3
Hazardous Waste Management, Industrial Cleaning, Damage Repair and Sewer Maintenance	47 089	31 273	50.6
Others	9 244	9 726	-5.0
Total	210 456	145 449	44.7

OPERATING PROFIT OF SÄKKIVÄLINE

	2000		1999	
	EUR 1,000	**%**	**EUR 1,000**	**%**
Waste Management and Recycling Services	**10 597**	**13.3**	**5 035**	**14.2**
Property Supervision and Maintenance and Professional Cleaning	**4 993**	**6.7**	**2 576**	**3.7**
Hazardous Waste Management, Industrial Cleaning, Damage Repair and Sewer Maintenance	**6 068**	**12.9**	**3 064**	**9.8**
Others	**-2 743 ***		**326**	
Total	**18 915**	**9.0**	**11 001**	**7.6**

*** Mainly depreciation on goodwill**

The markets for all Säkkiväline's product lines continued to grow. The potential market of environmental management services is estimated to be EUR 3.5 billion, and the private sector accounts for approximately one quarter. Growth in waste management and recycling services will continue, thanks to rising targets for collection and reuse. Growth in the commercial market for property supervision and maintenance services has been slower than expected largely because the public sector has slowed down outsourcing of functions as the economy has recovered. Industrial cleaning has expanded along with industrial production and as businesses outsource these functions.

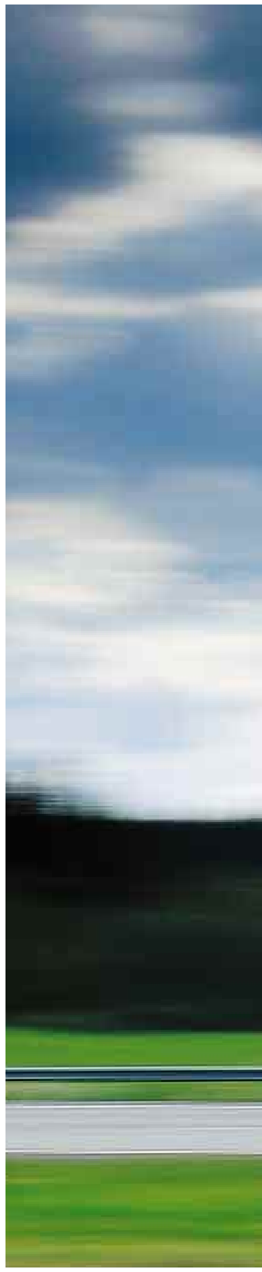
The market shares in waste management and recycling services increased substantially due to acquisition of WM Ympäristöpalvelut Oy. Säkkiväline is Finland's largest provider of waste management and recycling services. For a number of materials, it already provides an unbroken chain of recycling and reuse, which is part of the "mirror-image industry". In property services and professional cleaning, Säkkiväline's market share did not grow as the emphasis in operational control was on improvement of profitability. In hazardous waste management and sewer maintenance Säkkiväline strengthened its market position during 2000. In industrial cleaning, sewer maintenance, damage repair and hazardous waste collection Säkkiväline is the market leader. Säkkiväline's markets are growing and its market shares can be further expanded.

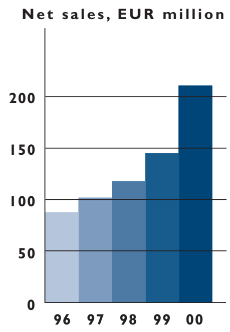
Acquisition of WM Ympäristöpalvelut Oy was the most important event of 2000. The acquisition supplemented and strengthened the logistics chain for waste management and recycling in particular and also for hazardous waste management. Preparations for combining the operations of WM Ympäristöpalvelut Oy with those of Säkkiväline were made with care to ensure realization of the aims of the acquisition. The combination process has advanced according to plan and will be concluded during 2001. Apart from company acquisitions, other significant items of capital expenditure were for information systems and production facilities.

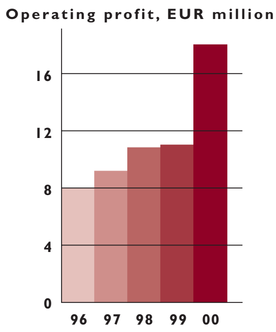
In 2000, Säkkiväline recorded net sales of EUR 210.5 million with growth on the previous year of 44.7%. Profitability remained good, despite the sizeable company acquisitions. Operating profit amounted to EUR 18.9 million, up 71.8% on the previous year. All service sectors improved their operating profit although waste management and recycling recorded a slight decrease in operating profit as a percentage of net sales. Sharply rising prices for liquid fuels cut into profits. Gross investments totalled EUR 136.4 million, of which company acquisitions accounted for EUR 116.3 million.

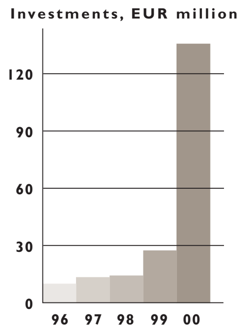
In 2000, the number of personnel increased in all service product lines. The number of office employees declined. Converted to full-time employees, Säkkiväline had an average staff of 3,428 people.

Säkkiväline's net sales are expected to continue growing in 2001, although the emphasis will be on making internal operations more efficient. Profitability is expected to improve, primarily due to the synergy achieved from the company acquisitions made in 2000 and to other measures that improve productivity. As a service provider, Säkkiväline's operations depend on domestic demand.



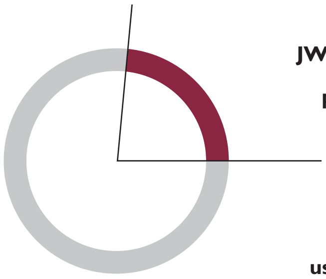






In addition to the collection and pretreatment of used automobile tyres, Säkkiväline's growing recycling business includes the collection and pretreatment of construction waste, paper and board, and electric and electronic scrap.

JWS 23.1%



JWS develops and manufactures nonwoven roll goods for producers of disposable hygiene and medical products and for manufacturers of industrial 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 applications, JWS nonwovens are used in wet wipes, diapers, sanitary napkins, and incontinence products. In medical applications, they are used in wound-care products and as coverstock for hospital underpads. JWS has a significant market position in Europe in all product lines. Other important markets are the United States and Japan.

JWS uses two technologies in its nonwoven production in Nakkila: hydroentanglement and thermal bonding. It also manufactures polypropylene fibre as a raw material for production of nonwovens.

JWS' net sales were down from last year. The sales volumes of materials used in both wet wipes and new hygiene products continued to increase. Overall, however, sales of hydroentangled nonwovens declined as a consequence of changes in women's hygiene products. In addition, early in the year some key customers used the stocks they had accumulated for the millennium. Sales of thermally bonded products increased.

Raw material prices continued to rise throughout the year. The increases were especially apparent in oil-based raw materials such as polypropylene, polyethylene and polyester. Viscose became more expensive as pulp prices rose. The costs of transport and fuel also increased. The higher costs could not be sufficiently passed on to sales prices.

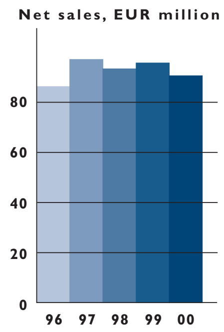
The goal of operational control at JWS is to improve cost-effectiveness, total quality and safety by means of the quality management system. The operating model is being made more process-like and this will in turn increase the efficiency of the core processes of the business. In 2000, JWS was granted an ISO 14001 environmental certificate. The environmental system is being used to reduce and prevent discharges and emissions. The competitiveness of the product range and production is being secured by means of extensive research and product development and through close cooperation with customers.

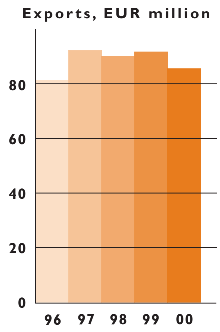
In 2000, investments focused on expansion of fibre capacity, upgrading of the hydroentanglement lines and on equipment for product development.

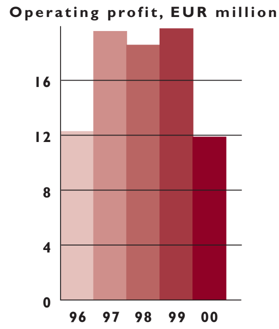
Net sales totalled EUR 90.4 million and were down on the previous year by 5.6%. Exports amounted to EUR 86.1 million and were down 6.1%. Operating profit totalled EUR 11.9 million or 39.9% less than in the previous year. Gross investments were EUR 6.2 million. JWS employed an average of 331 people in 2000.

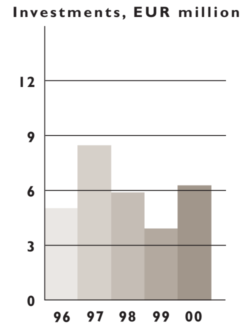
JWS' financial results and profitability measured in return on invested capital declined considerably on the previous year but remained good.

JWS' target is growth in its main narrow product lines. Demand on the main markets is expected to increase in 2001, although an increased supply of nonwovens will intensify competition in conventional product lines. The higher cost of raw materials will also put pressure on prices. JWS can increase its net sales and keep profitability on the good level through active product development and close cooperation with customers.



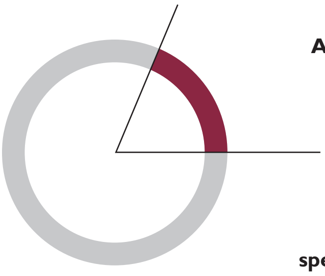






JWS manufactures products from nonwovens that require absolute purity and absorbency.

AMERPLAST 18.5%



Amerplast manufactures flexible high-quality consumer packaging for industry and the retail trade. In its operations, Amerplast stresses cost-effectiveness, high quality – especially in printing, and close cooperation with customers. Amerplast's operations are divided into five main product groups: packaging for hygiene products, packaging for the bakery industry, printed film for the food industry, retail service packaging and special products, the most important of which are tamper-proof envelopes and bags for the electronics industry. Amerplast is one of the leading Nordic companies in its product groups.

Demand for all Amerplast product groups in 2000 was steady on the markets of the Nordic countries and Central Europe and has definitely picked up in Poland, the Baltic countries and Russia. Sales of tamper-proof envelopes and bags for the electronics industry recorded the most growth. Deliveries to Poland, Russia and the Baltic countries have increased substantially as they have to the bakery industry in Germany as well. Amerplast has also further strengthened its position as an important supplier of packaging for hygiene products in Central Europe.

The price of plastic raw materials was clearly higher than in the previous years and on average one-third higher than in 1999. Wages and freight costs also rose considerably.

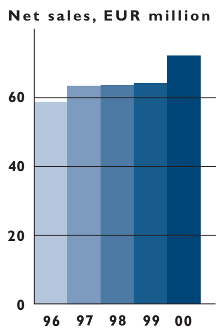
To make operations more efficient and to improve cost-effectiveness, Amerplast revamped its organization in the autumn. The sales organization was brought into line with the five product groups. Logistics was separated from the production organization and made into a unit with responsibility for example for centralized production planning. The plant organization was converted into a production-line organization divided into extrusion, printing, converting and in-line production of bags.

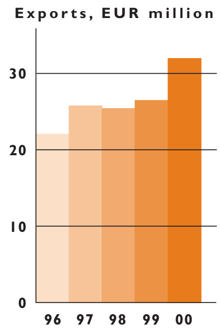
The first stage of the plant investment undertaken in Poland in 1999 was completed in the autumn when the new printing press became operational. At the end of the year, a printing press and four converting units were operating in Poland. The plant employed 28 people.

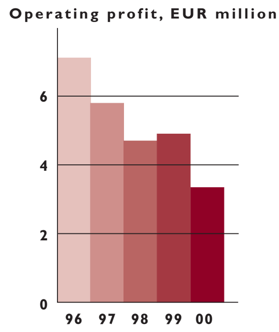
In 2000, Amerplast's net sales amounted to EUR 72.6 million. Exports and operations abroad accounted for EUR 31.9 million of net sales; growth on the previous year was 20.4%. Operating profit was EUR 3.4 million, which is 30.6% less than in 1999. Gross investment totalled EUR 4.3 million. Amerplast employed an average of 639 people in 2000.

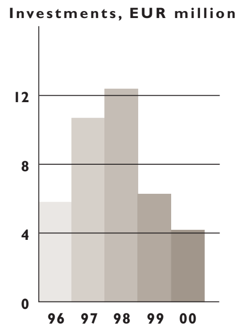
Amerplast's financial results were weak. The results were mainly reduced by the high price of raw material, which could not be passed on to sales prices sufficiently because of long-term supply contracts. Higher wages and freight costs also cut profits.

In 2001, Amerplast will concentrate on improving its profitability by means of a reformed organization. Deliveries from the plant in Poland to Central Europe have begun and are expected to increase next year. Sales in the Nordic countries are expected to remain on the level of 2000, but to grow in Germany, Poland and the Baltic countries.



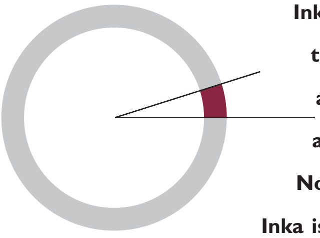






Amerplast manufactures consumer packaging for hygiene products and the bakery and food industries. High-quality printing is the company's core area of competence.

INKA 4.6%



Inka manufactures lifting slings and lashing equipment for industry and transport from polypropylene and polyester yarn. Inka's product range also includes both heavy webbings for materials handling and technical and other light-weight narrow fabrics. The main markets are the Nordic countries, Central Europe, Poland, the Baltic countries and Russia. Inka is one of the leading European manufacturers in its product lines.

The manufacture of heavy webbings for materials handling is concentrated in Turku. Lashing systems, lifting slings and round slings are manufactured in Turku and Tallinn. Polypropylene yarn used as raw material for materials handling products and technical and other light-weight narrow fabrics is manufactured at Virrat, Finland.

Sales of materials handling products continued to grow in both Finland and in the export trade, which accounted for 82%. Increasing the use of polypropylene yarn proceeded as planned. The sales volumes of lashing and lifting products made from polypropylene yarn increased substantially while those sold of polyester declined. The sales volumes of light-weight narrow fabrics used by the clothing industry fell and their proportion of production declined further.

Prices for plastic raw materials rose substantially during the year. Sales prices were increased to offset the rise, but implementation could not be immediate.

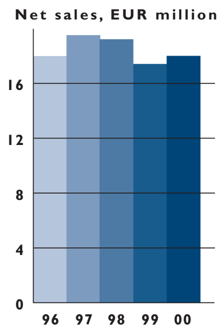
Product development concentrated on polypropylene products. A new product, the disposable ECOSTRAP lashing system that will mainly replace the steel band was introduced. New lashing straps and lifting slings made from polypropylene were introduced toward the end of the year.

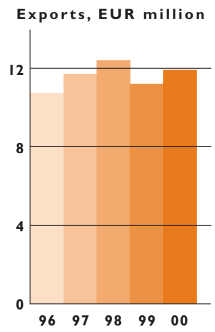
The Estonian company AS Norsafe became a subsidiary of Inka when Inka acquired the remaining 50% of its stock in June. Other investment was channelled to development of the coating materials used in dyeing heavy webbings for materials handling and of heat setting and to the ECOSTRAP lashing system.

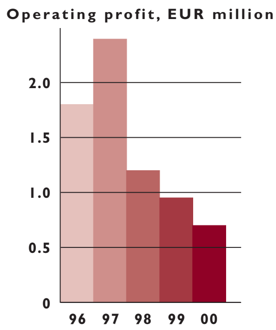
Inka's net sales totalled EUR 18.0 million, which is 3.6% more than a year ago. Exports, including operations abroad, amounted to EUR 11.9 million and increased by 6.3%. Operating profit was EUR 0.7 million or 22.2% less than in the previous year. Gross investments totalled EUR 0.5 million. Inka employed an average of 174 people in 2000.

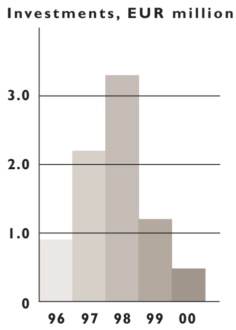
Inka's financial results were weak. They were adversely affected by higher raw material prices and by the time lag for price increases. Rearrangements at the Tallinn plant towards the end of the year generated non-recurrent costs.

In 2001, operations will be directed increasingly to products for lashing and lifting manufactured from polypropylene. Production at the Tallinn plant will double and focus on further processing into completed lashing and lifting products. Cost-effective manufacture of polypropylene yarn combined with lower unit costs for end products will help Inka to increase its sales volumes and market shares in Europe and to improve profitability.









Strong lashing equipment and lifting slings manufactured by Inka are used for materials handling in transport, building and industry. Most of these Inka products are also recyclable.

The Group's financial results were good, but weaker than those of the previous year. The financial results of Säkkiväline and JWS were good, although JWS' financial results were clearly below last year's level. The financial results of Amerplast and Inka remained weak.

Net sales increased by 21.2% and amounted to EUR 391.4 million. Säkkiväline contributed most of the growth. The net sales of Amerplast and Inka also increased.

Investments totalled EUR 147.5 million. The Group's equity ratio was 36.5% and the gearing ratio 111.0%.

FINANCIAL RESULTS

The Group's operating profit amounted to EUR 35.9 million or 5.8% less than that of 1999. Operating profit was 9.2% of net sales as compared with 11.8% of net sales the previous year. Invested capital totalled EUR 293.2 million at the end of the year. It increased by 61.0% due to acquisition of WM Ympäristöpalvelut Oy. Return on invested capital was 15.6% compared with 21.8% last year. Return on equity was 15.6%.

The financial results of Säkkiväline were good and clearly above those of the previous year. Operating margin also increased on last year's figure. Net sales rose by 44.7% after WM Ympäristöpalvelut Oy became part of the Säkkiväline Group at the beginning of May. Organic growth accounted for some 10%. The net sales of all service sectors increased and operating profits improved. The process of combining the operations of WM Ympäristöpalvelut Oy with those of Säkkiväline and the functioning of the new organization has reached the goals set. Measured in return on invested capital, Säkkiväline's profitability was good.

The financial results and profitability of JWS measured in return on invested capital declined clearly from the previous year but remained on a good level. Net sales also declined from the previous year. The targets set could not be achieved in sales of hydroentangled nonwovens. Sales also declined because some key customers reduced stocks accumulated for the millennium at the beginning of the year. Tougher competition was met by focusing product policy and strengthening the sales organization. Apart from the decline in net sales, persistent rises in raw material prices since autumn 1999 also cut at profits.

Amerplast's financial results declined on the previous year and profitability was weak. Amerplast failed to transfer sufficiently the strong increase in prices for plastic raw materials to sales prices. Pricing was subject to increasing scrutiny, and measures to improve the operational cost structure were initiated. Operations at the plant in Poland have started up as expected; its contribution will be essential for the improvement of the cost structure.

Inka's financial results were weak and declined from the previous year. Here too, higher prices for plastic raw materials cut profits. Sales of lifting and lashing equipment continued to increase while sales of narrow fabrics fell short of those for last year.

OPERATING PROFIT

	2000		1999	
	EUR 1,000	**%**	**EUR 1,000**	**%**
Säkkiväline	**18 915**	**9.0**	**11 001**	**7.6**
JWS	**11 947**	**13.2**	**19 800**	**20.7**
Amerplast	**3 359**	**4.6**	**4 889**	**7.6**
Inka	**702**	**3.9**	**890**	**5.1**
Lassila & Tikanoja	**1 101**		**1 644**	
Consolidation items	**-161**		**-161**	
Total	**35 863**	**9.2**	**38 063**	**11.8**

FINANCIAL RESULTS DURING THE PAST YEAR

EUR 1,000	1-3/2000	4-6/2000	7-9/2000	10-12/2000	1-12/2000
NET SALES					
Säkkiväline	36 998	54 089	60 216	59 153	210 456
JWS	22 007	21 135	22 618	24 596	90 356
Amerplast	17 500	18 102	17 782	19 234	72 618
Inka	4 516	4 625	4 110	4 730	17 981
Lassila & Tikanoja	746	784	698	675	2 903
Internal sales	-729	-646	-607	-938	-2 920
Group net sales	81 038	98 089	104 817	107 450	391 394
OPERATING PROFIT					
Säkkiväline	1 742	5 894	6 513	4 766	18 915
JWS	2 906	2 925	2 720	3 396	11 947
Amerplast	923	781	-221	1 876	3 359
Inka	190	289	207	16	702
Lassila & Tikanoja	294	199	362	246	1 102
Consolidation items	-40	-41	-40	-40	-161
Group operating profit	6 015	10 047	9 541	10 260	35 863
Net financial expenses	-420	-1 798	-2 168	-1 449	-5 835
Profit before extraordinary items	5 595	8 249	7 373	8 811	30 028

GROUP STRUCTURE

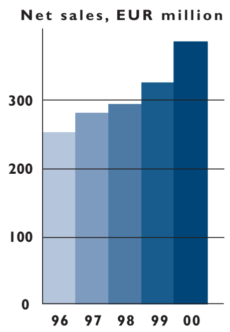
The following companies were acquired by the Säkkiväline Group: WM Ympäristöpalvelut Oy, Maraoil Oy, Saimaan Teollisuuspuhdistus Oy, Royal Clean Oy and Kiinteistö Oy Vantaan Valimotie 33. The company EM-business Oy was founded. AS Norsafe became a subsidiary of Inka when Inka Oy acquired the remaining 50% of its shares.

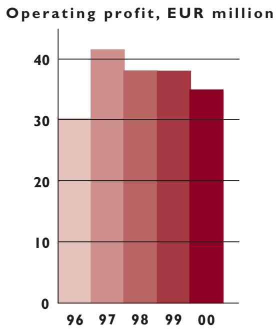
The name of WM Ympäristöpalvelut Oy was changed to Säkkiväline Ympäristöpalvelut Oy and that of WM Vedenkierrätys Oy to SV Vedenkierrätys Oy.

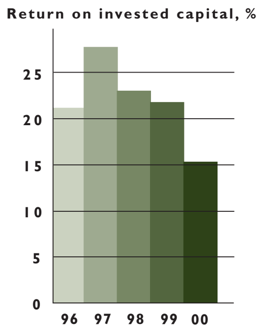
Säkkiväline Ympäristöpalvelut Oy was placed in voluntary liquidation and turned the company's business over to the shareholder Säkkiväline Puhtaanapito Oy as an advance portion.

Varvin Hallit Oy was merged with Säkkiväline Oy, Oulun HVA Oy with Eko-rasti Oy and Eko-rasti Oy with Säkkiväline Puhtaanapito Oy.

The following associated companies were transferred to the Säkkiväline Group via acquisition of WM Ympäristöpalvelut Oy: RL-Huolinta Oy, Suomen Keräystuote Oy and Rodnik Ltd.







ANNUAL GENERAL MEETING

The Annual General Meeting of Lassila & Tikanoja plc was held on March 16, 2000.

The Annual General Meeting decided to pay a dividend of EUR 1.00 per share, a total of EUR 15,826,308. March 28, 2000 was set as the date for payment of the dividend.

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

SVH Pricewaterhouse Coopers Oy, Authorized Public Accountants, were chosen to serve as auditor.

The Annual General Meeting decided to increase the share capital of the Company through a capitalization issue of EUR 286,784.34 to even the book counter value of a share to EUR 1.70.

The Annual General Meeting authorized the Board of Directors to decide within one year on the repurchase with distributable assets of a maximum of 790,000 of the Company's own shares and to decide within one year on the disposal of the Company's own shares repurchased for the Company.

The Annual General Meeting decided to issue a bond with warrants for a maximum of EUR 100,000 to be subscribed by key personnel of the Group, thereby deviating from the pre-emptive rights to subscription of shareholders. The loan period is four years and the bond does not bear interest. With the warrants attached to the bond 400,000 shares can be subscribed at a price of EUR 29.70, from which dividends paid before the warrant ex-day will be deducted. As a result of the subscriptions, the share capital may increase by a maximum of EUR 680,000.

The Board of Directors decided on January 26, 2001 that the authorization to repurchase company shares granted by the Annual General Meeting will not be used for acquisition of company shares while it is in force. In approving the Demerger Plan of Lassila & Tikanoja plc, the Board of Directors changed the subscription period for the bond with warrants and the maturity date according to the terms of the bond with warrants.

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

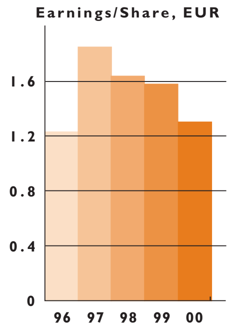
On January 17, 2000, the company announced that it was negotiating on a possible acquisition of WM Ympäristöpalvelut Oy. On January 31, 2000, the company announced that an agreement to acquire the entire share capital of WM Ympäristöpalvelut Oy had been signed.

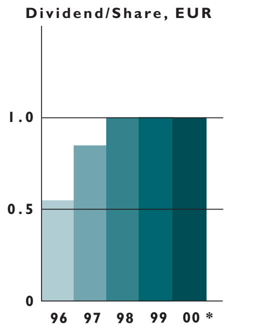
On March 17, 2000, the company announced that the operating profit for the first three months of the year 2000 is expected to decrease by 40 to 50% from the previous year.

On April 11, 2000, the company announced that the Finnish Competition Authority had approved the acquisition of WM Ympäristöpalvelut Oy. The approval was subject to disposal of a part of hazardous waste collection business. The businesses to be disposed of comprise 0.3% of the total net sales of the Säkkiväline Group and WM Ympäristöpalvelut Oy.

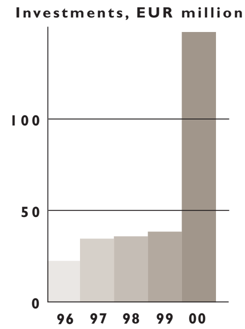
On October 25, 2000, the company announced that the Board of Directors had decided to begin preparations for demerger of the Lassila & Tikanoja Group into two separate groups. The shares of the parent companies of these two groups will be listed on the Helsinki Exchanges.

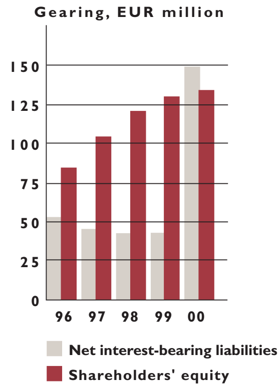
On January 26, 2001, the Board of Directors approved the Demerger Plan.





* Proposal by the Board of Directors





NET SALES

EUR 1,000	2000 Jan. 1 - Dec. 31	1999 Jan. 1 - Dec. 31	Change %
Säkkiväline	210 456	145 449	44.7
JWS	90 356	95 741	-5.6
Amerplast	72 618	64 360	12.8
Inka	17 981	17 355	3.6
Lassila & Tikanoja	2 903	2 831	
Total	394 314	325 736	
Internal net sales	-2 920	- 2 785	
Group net sales	391 394	322 951	21.2

GROSS INVESTMENT

Investments by Balance Sheet item

EUR million	2000	1999
Real estate	7.3	8.0
Machinery and equipment	46.9	20.3
Other tangible assets	13.0	2.1
Securities and goodwill	78.7	7.6
Intangible assets and other capitalized expenditure	1.6	0.5
Total	147.5	38.5

Investments by business unit

EUR million	2000	1999
Säkkiväline	136.4	27.1
JWS	6.2	3.9
Amerplast	4.3	6.3
Inka	0.5	1.2
Lassila & Tikanoja	0.1	
Total	147.5	38.5

Most of Säkkiväline's investments comprised company acquisitions, of which WM Ympäristöpalvelut Oy was the largest. In particular, the acquisition supplemented and strengthened the logistics chain of waste management, recycling services and hazardous waste management. Apart from company acquisitions, the major investments were made in information systems and production facilities.

JWS' investments concentrated on expansion of fibre capacity, upgrading of the hydroentanglement lines and on product development equipment. Half of Amerplast's capital expenditures were used for completion of the first stage in the plant investment in Poland. At the end of the financial year, one printing press and four converting units were operational.

INVESTED CAPITAL

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

EUR 1,000	Dec. 31, 2000	Dec. 31, 1999
Fixed assets	277 935	176 530
Current assets	90 805	65 779
Deferred tax liability	-18 834	-16 510
Trade payables	-15 204	-13 224
Accruals and deferred income	-6 750	-3 069
Other current, non-interest bearing liabilities	-34 765	-27 486
Invested capital	293 187	182 020

Invested capital increased during the year by EUR 111.2 million or by 61.1%. The rate of circulation for invested capital was 1.3.

FINANCE

Interest-bearing liabilities totalled EUR 104.8 million more than a year earlier because of the loans taken to finance acquisition of WM Ympäristöpalvelut Oy. Net financial costs were EUR 5.8 million. They were 1.5% of net sales and 16.3% of operating profit.

EUR 13.4 million were tied up in working capital during the reporting period. The equity ratio declined due to the company acquisition and was 36.5% compared with 53.6% at the end of the previous year. The ratio of net interest-bearing liabilities to shareholders' equity (the gearing rate) was 111.0 compared with 32.7 a year earlier.

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.

	2000	1999
Säkkiväline	3 428	3 082
JWS	331	324
Amerplast	639	620
Inka	174	175
Group Executives and Administration	6	6
Group Support	6	6
Total	4 584	4 213

DISTRIBUTION OF THE PROFIT

The Group's earnings/share were EUR 1.30. The Board of Directors will propose payment of a dividend of EUR 1.00 per share to the Annual General Meeting convening on March 15, 2001. The amount of the dividend to be paid is EUR 15,826,308. The proposed dividend is 76.8% of earnings per share. The dividend paid in 1999 was EUR 1.00 per share.

EVENTS AFTER THE END OF THE FINANCIAL YEAR THAT HAVE A MATERIAL EFFECT ON THE POSITION OF THE COMPANY

The Board of Directors will propose a Demerger Plan of the Group to the Annual General Meeting convening on March 15, 2001. If the proposed Demerger Plan is approved by the Annual General Meeting, the operations of the present Lassila & Tikanoja plc will cease on September 30, 2001 and the operations of the new Lassila & Tikanoja plc, which will concentrate on services, and the operations of the J.W. Suominen Group plc, which will concentrate on the processing of plastics and fibres, will begin on October 1, 2001.

PROSPECTS FOR THE YEAR 2001

Demand for the Group's services and products is growing steadily and its business is not vulnerable to cyclical fluctuations.

Säkkiväline is expected to continue on its growth track. The prospects for all service sectors are good. The synergy gained from combining the operations of Säkkiväline Oy and WM Ympäristöpalvelut Oy will be increasingly apparent during the current year. Net sales are expected to grow by more than 20%.

Demand for the products of JWS, Amerplast and Inka looks steady and sales are expected to increase on the previous year by approximately 10%. The financial results are expected to improve as a result of the price increases effected, the adjustment measures taken, and a levelling off of raw material prices.

CONSOLIDATED STATEMENT OF INCOME

Jan. 1 - Dec. 31 EUR 1,000	2000	%	1999	%	Note
Net sales	391 394	100.0	322 951	100.0	1
Costs of goods sold	-318 996		-257 752		
Gross profit	72 398	18.5	65 199	20.2	
Sales and marketing expenses	-10 723		-10 097		
Administration expenses	-22 766		-17 943		
Other operating income	1 876		1 967		4
Other operating expenses	-733		-423		
Depreciation on goodwill	-4 189		-640		
Operating profit	35 863	9.2	38 063	11.8	2,3
Financial income and expenses					
Share of result from associated company	-26		-105		
Income from other investments held as fixed assets	256		273		
Other interest and financial income	986		527		
Interest and other financial expenses	-7 051		-2 878		
	-5 835	-1.5	-2 183	-0.7	5
Profit before extraordinary items	30 028	7.7	35 880	11.1	
Extraordinary items	1 906				6
Profit before income taxes	31 934	8.2	35 880	11.1	
Income taxes for the financial year	-6 166		-11 229		
Income taxes from previous financial years	4		3		
Change in deferred tax liability for the financial year	-3 239		411		
Effect of rise in tax rate on tax liability			-560		
	-9 401	-2.4	-11 375	-3.5	7
Minority interests	-24				
Profit for the financial year	22 509	5.8	24 505	7.7	

CONSOLIDATED BALANCE SHEET

Dec. 31 EUR 1,000		2000	%		1999	%	Note
ASSETS							
Fixed assets							
Intangible assets							8
Intangible rights	179			138			
Goodwill	84 841			11 196			
Other capitalized expenditure	2 380			1 971			
Advance payments		87 400	23.7	7	13 312	5.5	
Tangible assets							9
Land	5 701			5 689			
Buildings	54 350			41 895			
Machinery and equipment	117 177			92 859			
Other tangible assets	3 964			3 753			
Advance payments and construction in progress	6 048	187 240	50.8	6 063	150 259	62.1	
Financial assets							10
Associated company shares	180			4 108			
Other shares and holdings	3 115			8 754			
Other receivables		3 295	0.9	97	12 959	5.3	
Total fixed assets		277 935	75.4		176 530	72.9	
Current assets							
Inventories							
Raw materials and consumables	8 961			7 952			
Work in progress	4 032			3 510			
Finished products/Goods	10 249			8 712			
Other inventories	2 108	25 350	6.9	1 954	22 128	9.1	
Non-current receivables							
Loan receivables		106			172	0.1	
Current receivables							11
Trade receivables	43 528			29 226			
Receivables from participating interests				522			
Loan receivables	4						
Other receivables	138			452			
Prepaid expenses and accrued income	14 253	57 923	15.7	3 574	33 774	13.9	
Cash at bank and in hand		7 427	2.0		9 705	4.0	
Total current assets		90 806	24.6		65 779	27.1	
Total assets		368 741	100.0		242 309	100.0	

CONSOLIDATED BALANCE SHEET

Dec. 31 EUR 1,000		2000	%		1999	%	Note
SHAREHOLDERS' EQUITY AND LIABILITIES							
Shareholders' equity							12,13
Share capital		26 905			26 618		
Share premium account		2 940			3 227		
Revaluation reserve		3 128			3 128		
Legal reserve		1 019			1 019		
Retained earnings		78 146			71 333		
Profit for the financial year		22 509			24 505		
Total shareholders' equity		134 647	36.5		129 830	53.6	
Minority interests		24					
Provisions		1 570	0.4				
Liabilities							14
Deferred tax liability		18 834	5.1		16 510	6.8	13
Non-current							
Loans from financial institutions	114 942			32 750			
Pension loans	11 869			8 677			
Advances received	79			3			
Liabilities to participating interests	720						
Other liabilities	178	127 788	34.7	118	41 548	17.1	
Current							
Commercial papers	5 965						
Loans from financial institutions	20 298			8 723			
Pension loans	2 975			1 877			
Advances received	9			92			
Trade payables	15 204			13 224			
Liabilities to participating interests	18			146			
Other liabilities	34 659			27 290			
Accruals and deferred income	6 750	85 878	23.3	3 069	54 421	22.5	
Total liabilities		232 500	63.1		112 479	46.4	
Total shareholders' equity and liabilities		368 741	100.0		242 309	100.0	

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	Group		Parent Company	
EUR 1,000	2000	1999	2000	1999
Operations				
Operating profit	35 863	38 063	1 102	1 645
Adjustments:				
Depreciation	32 887	24 600	318	354
Unrealized exchange rate gains or losses	-36	-39		
Other adjustments	-912	-483		
Cash flow before change in working capital	67 802	62 141	1 420	1 999
Change in working capital				
Increase/decrease in non-interest-bearing receivables	-8 528	-2 447	110	-161
Increase/decrease in inventories	-2 932	-2 336		
Increase/decrease in current non-interest-bearing liabilities	-1 909	6 014	-142	63
Cash flow from operations before financial income/expenses and taxes	54 433	63 372	1 388	1 901
Interest expenses and other financial expenses paid	-7 072	-2 988	-1 958	-1 157
Dividends received			176	
Interest received	408	359	1 884	891
Direct taxes paid	-10 561	-9 384	-1 808	-8 346
Cash flow from operations	37 208	51 359	-318	-6 711
Investments				
Investments in Group companies	-116 502	-9 708	-36 000	-1 749
Investments in tangible and intangible assets	-24 594	-24 080	-92	-56
Proceeds from sale of tangible and intangible assets	6 697	879	5 169	
Investments in financial assets	-1 068	-166		
Proceeds from sale of financial assets	3 163	191	3 798	
Dividends received	185	197	28	29
Cash flow from investing activities	-132 119	-32 687	-27 097	-1 776
Financing				
Group contributions received			34 465	27 748
Proceeds from current liabilities	5 965			
Payments of current liabilities			-19 077	-3 159
Proceeds from non-current liabilities	116 919	15 200	31 819	
Payments of non-current liabilities	-14 578	-18 829	-6 617	-1 536
Dividends paid	-15 810	-15 823	-15 810	-15 823
Cash flow from financing activities	92 496	-19 452	24 780	7 230
Changes in cash and cash equivalents	-2 415	-780	-2 635	-1 257
Unrealized exchange rate differences	137	-243	35	32
Cash and cash equivalents Jan. 1	9 705	10 728	7 909	9 134
Cash and cash equivalents Dec. 31	7 427	9 705	5 309	7 909

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:

	2000	1999
Cash at bank and in hand	880	242
Inventories	290	162
Receivables	11 442	1 277
Goodwill and goodwill on consolidation	82 866	7 440
Other fixed assets	39 295	6 727
Current liabilities	-14 131	-3 178
Non-current liabilities	-777	-2 612
Deferred tax liability	917	-108
Provisions	-3 400	
Acquisition price	117 382	9 950
./.Cash and cash equivalents	-880	-242
Investments in Group companies	116 502	9 708

STATEMENT OF INCOME

Jan. 1 - Dec. 31 EUR 1,000	2000	1999	Note
Net sales	2 904	2 831	
Costs of goods sold	-660	-618	
Gross profit	2 244	2 213	
Administration expenses	-1 220	-1 092	
Other operating income	78	542	4
Other operating expenses		-18	
Operating profit	1 102	1 645	2,3
Financial income and expenses			
Income from Group companies	240		
Income from other investments held as fixed assets	38	39	
Other interest and financial income			
From Group companies	1 679	636	
From others	248	247	
Interest and other financial expenses			
To Group companies	-124	-291	
To others	-2 218	-813	
	-137	-182	5
Profit before extraordinary items	965	1 463	
Extraordinary items	2 961	34 465	6
Profit before appropriations and income taxes	3 926	35 928	
Appropriations			
Decrease in accelerated depreciation	354	212	
Income taxes	-1 247	-10 118	7
Profit for the financial year	3 033	26 022	

BALANCE SHEET

Dec. 31 EUR 1,000		2000	%		1999	%	Note
ASSETS							
Fixed assets							
Intangible assets							
Other capitalized expenditure		2			109	0.1	8
Tangible assets							9
Land	2 421			3 182			
Buildings	3 743			5 140			
Machinery and equipment	42			35			
Other tangible assets	81	6 287	3.8	42	8 399	5.5	
Financial assets							10
Shares in Group companies	126 506			90 506			
Receivables from Group companies				11 457			
Participating interests				4 117			
Other shares and holdings	452	126 958	77.3	505	106 585	69.2	
Total fixed assets		133 247	81.1		115 093	74.7	
Current assets							
Non-current receivables							
Receivables from Group companies	77			160			
Loan receivables	17	94	0.1		160	0.1	
Current receivables							11
Receivables from Group companies	25 508			30 533			
Other receivables	26						
Prepaid expenses and accrued income	131	25 665	15.6	193	30 726	20.0	
Cash at bank and in hand		5 309	3.2		7 909	5.1	
Total current assets		31 068	18.9		38 795	25.2	
Total assets		164 315	100.0		153 888	100.0	

BALANCE SHEET

Dec. 31 EUR 1,000		2000	%		1999	%	Note
SHAREHOLDERS' EQUITY AND LIABILITIES							
Shareholders' equity							12
Share capital		26 905			26 618		
Share premium account		2 940			3 227		
Legal reserve		1 018			1 018		
Other reserves							
Contingency reserve					22 486		
Retained earnings		80 753			49 736		
Profit for the financial year		3 033			26 022		
Total shareholders' equity		114 649	69.8		129 107	83.9	
Appropriations							
Depreciation difference		685	0.4		1 040	0.7	
Liabilities							14
Non-current							
Loans from financial institutions	19 775			12 471			
Pension loans	8 337			4 640			
Other liabilities							
To Group companies	8						
To others	169	28 289	17.2	87	17 198	11.2	
Current							
Commercial papers	5 965						
Loans from financial institutions	6 224			3 182			
Pension loans	2 470			1 350			
Trade payables	95			42			
Liabilities to Group companies	4 397						
Other liabilities	1 064			1 858			
Accruals and deferred income	477	20 692	12.5	111	6 543	4.3	
Total liabilities		48 981	29.8		23 741	15.4	
Total shareholders' equity and liabilities		164 315	100.0		153 888	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. The euro has been used in bookkeeping by the companies of the Säkkiväline Group since January 1, 2000. However, the markka was used in 2000 as the accounting currency of domestic companies acquired during the financial year.
Information in the financial statements of the Group companies that used the Finnish markka as their accounting currency was translated into euro at the fixed conversion rate approved for the Finnish markka by the Council of the European Union.

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 % 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 a minor 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 32.

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. The depreciation period for the goodwill resulting from consolidation and unallocated to balance sheet items varies from 5 to 10 years. The goodwill on consolidation of companies acquired in Säkkiväline's sectors of operation comprises skill and market share expected to generate income for some time. Goodwill on consolidation of this kind is depreciated in ten years. The depreciation period for goodwill on consolidation from WM Ympäristöpalvelut Oy is 20 years because it is related to acquisition of a significant market position. Minority interests are separated from shareholders' equity and profit for the financial year and presented as a separate item.

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 and dissolutions of subsidiaries

The principles of previous consolidated financial statements were observed with respect to merger and dissolution entries. Hence, neither subsidiary mergers nor dissolutions had an effect on consolidated unrestricted shareholders' equity.

Provisions

The provisions for the costs of combining the business of the acquired company with that of Säkkiväline was calculated on acquisition of WM Ympäristöpalvelut Oy (the present Säkkiväline Ympäristöpalvelut Oy, in liquidation). This reserve for the costs of combination was entered in the balance sheet as a provision and it will be entered as income against said costs. The deferred tax receivable entered for the provision reduces the Group's deferred tax liability.

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. The deferred tax receivable was deducted from the deferred tax liability. The net tax liability is presented in the balance sheet.

Income taxes

Säkkiväline Ympäristöpalvelut Oy was placed in voluntary liquidation and the company's business was transferred to the shareholder Säkkiväline Puhtaanapito Oy as an advance portion. According to the advance ruling obtained by Säkkiväline Puhtaanapito Oy from the Tax Office for Major Corporations, the loss on dissolution is deductible in the income taxation of the company. The company being dissolved, Säkkiväline Ympäristöpalvelut Oy, has also received advance ruling from the Uusimaa District Tax Office for Corporations concerning taxation of the dissolution. Representative of the State in Tax Affairs has reserved the right to appeal the taxation determined on the basis of the advance information.
The consolidated statement of income includes the accrual-based taxes determined on the basis of the financial results of the Group companies and the change in the deferred tax liability calculated from the accumulated appropriations. The tax credit related to payment of intercorporate dividends was deducted from the income tax for the financial year. No tax liability arising from revaluations of real estate in conjunction when sold was entered in the financial statements.
A deferred tax receivable and a tax liability have been entered for the differences between bookkeeping and taxation and for the approved losses to the extent that they can be used during the next financial year.

Associated companies

Associated companies were consolidated with the equity method.

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 depreciation periods are as follows:

• Buildings and structures	12,5 – 40 years
• Transport equipment	4 – 8 years
• Machinery and equipment	4 – 10 years
• Goodwill	10 – 20 years
• Goodwill on consolidation	5 – 20 years
• Intangible rights and other capitalized expenditure	5 – 10 years

The depreciation periods for machinery and equipment purchased used are half of those mentioned above. 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. Other capitalized expenditure comprises first-run costs and expenses incurred in renovation of rented premises.

All goodwill arose in Säkkiväline's sectors. The depreciation period for the goodwill from WM Ympäristöpalvelut Oy is 20 years because it is related to acquisition of a significant market position. Other goodwill is estimated to have an effect for ten years. These comprise the skill and market share acquired.

The depreciation periods for Säkkiväline's machinery and equipment were combined in conjunction with the combination of the operations of WM Ympäristöpalvelut and Säkkiväline. New depreciation periods are applied to new purchases by Säkkiväline and retroactively to the property of Säkkiväline Ympäristöpalvelut Oy. The overall effect of the depreciation periods on the financial results is neutral.

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

The business transaction of Finnish Group companies denominated in foreign currencies were entered at the rates current on the date of the transaction. Receivables and liabilities denominated in foreign currencies were translated into euros at the reference rate of the European Central Bank on the day the books were closed. 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 entered as exchange rate differences for sales.

1. NET SALES

EUR 1,000	2000	%	1999	%
Net sales by business unit				
Service Companies	**210 456**	**53.8**	145 449	45.0
Nonwovens Industry	**90 356**	**23.1**	95 741	29.6
Flexible Packaging	**72 618**	**18.5**	64 360	19.9
Narrow Fabrics Manufacturing	**17 981**	**4.6**	17 355	5.4
Administration	**2 903**	**0.7**	2 831	0.9
Internal net sales	**-2 920**	**-0.7**	-2 785	-0.9
Total	**391 394**	**100.0**	322 951	100.0
Net sales by market				
Finland	**260 897**	**66.7**	192 918	59.7
Other Nordic countries	**22 372**	**5.7**	21 862	6.8
Other EU countries	**87 370**	**22.3**	87 988	27.2
Other Europe	**15 595**	**4.0**	13 599	4.2
Other countries	**5 160**	**1.3**	6 584	2.0
Total	**391 394**	**100.0**	322 951	100.0

2. PERSONNEL AND ADMINISTRATIVE BODIES

	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Average personnel by business unit				
Service Companies	**3 428**	3 082		
Nonwovens Industry	**331**	324		
Flexible Packaging	**639**	620		
Narrow Fabrics Manufacturing	**174**	175		
Group Support	**6**	6		
Group Executives and Administration	**6**	6	**6**	6
Total	**4 584**	4 213	**6**	6
Personnel expenses for the financial year EUR 1000				
Salaries	**99 686**	82 053	**568**	535
Other compensations	**72**	272	**60**	61
Pension expenditure	**14 909**	12 644	**-70**	-68
Other salary-related expenses	**10 048**	8 852	**25**	49
Total	**124 715**	103 821	**583**	577
Salaries and bonuses paid to management				
Members of the Boards of Directors and managing directors	**913**	849	**429**	407

The chairman of the Board of Directors and the managing directors of the parent company and subsidiaries have statutory pension insurance. The Chairman of the Board of Directors has a pension agreement covering the eventuality that the position of full-time chairman could be terminated before the chairman reaches statutory retirement age. Other members of the Board of Directors of the parent company do not have pension contracts with the company.

No loans were granted to members of administrative bodies of Group companies.

3. DEPRECIATION

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Depreciation by function				
Acquisition and production	**25 980**	21 382	**271**	327
Sales and marketing	**507**	419		
Administration	**2 174**	2 034	**47**	27
Goodwill	**4 189**	640		
Goodwill on consolidation of associated companies	**37**	125		
Total	**32 887**	24 600	**318**	354

Depreciation is itemized under intangible and tangible assets.

4. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Other operating income				
Profit from sales of fixed assets	**993**	404		1
Profit from sales of shares	**48**	144		
Contributions and indemnities	**514**	1 232	**72**	539
Rents	**150**	43		
Recovery of bad debts	**31**	55		
Other	**140**	89	**6**	2
Total	**1 876**	1 967	**78**	542
Other operating expenses				
Losses on sales of fixed assets	**144**	170		
Bad debts	**430**	181		
Damage expenses	**55**			
Other	**80**	53		18
	709	404		18
Share of result of associated company	**24**	19		
Total	**733**	423		18

5. FINANCIAL INCOME AND EXPENSES

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Financial income and expenses include				
Dividend income				
From Group companies			**240**	
From others	**256**	268	**38**	33
Interest income				
From Group companies			**1 635**	636
From others	**414**	349	**248**	253
Interest expenses				
To Group companies			**124**	291
To others	**6 220**	2 797	**2 114**	708
Exchange rate differences	**571**	184	**44**	-48

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

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Extraordinary income				
Group contribution				34 465
Profit from sale of real estate	**5 006**		**5 006**	
Extraordinary expenses				
Losses on sale of real estate	**1 822**		**2 045**	
Losses on sale of shares				
Income taxes on	**592**			
extraordinary items	**686**			
Total	**3 100**		**2 045**	
Total extraordinary income and expenses	**1 906**		**2 961**	34 465

7. INCOME TAXES

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Income taxes for the financial year				
Income taxes on extraordinary items			**859**	9 650
Income taxes on operations	**6 165**	11 229	**385**	472
Income taxes from previous financial years	**-3**	-3	**3**	-4
Changes in the deferred tax liability	**3 239**	-411		
The effect of the rise in the tax rate on the deferred tax liability		560		
Total	**9 401**	11 375	**1 247**	10 118

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.

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Intangible rights				
Acquisition cost Jan. 1	**220**	203		
Fully depreciated		-22		
Increase	**67**	43		
Decrease		-4		
Acquisition cost Dec. 31	**287**	220		
Accumulated depreciation Jan. 1	**-82**	-86		
Fully depreciated		22		
Depreciation on decrease		2		
Depreciation for the financial year	**-26**	-20		
Accumulated depreciation Dec. 31	**-108**	-82		
Book value Dec. 31	**179**	138		
Goodwill				
Acquisition cost Jan. 1	**8 892**	10 263		
Fully depreciated	**-1 026**	-2 214		
Increase	**842**	843		
Decrease	**-10**			
Acquisition cost Dec. 31	**8 698**	8 892		
Accumulated depreciation Jan. 1	**-5 171**	-6 587		
Fully depreciated	**1 026**	2 214		
Depreciation on decrease	**2**			
Depreciation for the financial year	**-820**	-798		
Accumulated depreciation Dec. 31	**-4 963**	-5 171		
Book value Dec. 31	**3 735**	3 721		
Goodwill on consolidation				
Acquisition cost Jan. 1	**43 657**	38 101		
Increase	**76 999**	6 430		
Decrease		-874		
Acquisition cost Dec. 31	**120 656**	43 657		
Accumulated depreciation Jan. 1	**-36 182**	-36 408		
Depreciation on decrease		866		
Depreciation for the financial year	**-3 368**	-640		
Accumulated depreciation Dec. 31	**-39 550**	-36 182		
Book value Dec. 31	**81 106**	7 475		
Negative goodwill on consolidation				
Acquisition cost Jan. 1	**-162**	-165		
Decrease		3		
Acquisition cost Dec. 31	**-162**	-162		
Accumulated entries in statement of income Dec. 31	**162**	162		
Book value Dec. 31	**0**	0		
Total goodwill Dec. 31	**84 841**	11 196		

EUR 1,000	Group 2000	1999	Parent Company 2000	1999
Other capitalized expenditure				
Acquisition cost Jan. 1	**3 585**	3 703	**418**	381
Translation difference	**-9**			
Fully depreciated	**-31**	-807		
Increase	**1 442**	307		37
Decrease	**-437**	-24	**-412**	
Transfers between items	**115**	406		
Acquisition cost Dec. 31	**4 665**	3 585	**6**	418
Accumulated depreciation Jan. 1	**-1 614**	-1 880	**-309**	-226
Translation difference	**7**			
Fully depreciated	**31**	807		
Depreciation on decrease	**380**	10	**361**	
Depreciation for the financial year	**-1 089**	-551	**-56**	-83
Accumulated depreciation Dec. 31	**-2 285**	-1 614	**-4**	-309
Book value Dec. 31	**2 380**	1 971	**2**	109
Advance payments on intangible assets				
Acquisition cost Jan. 1	**7**	113		
Increase	**108**	144		
Transfers to other capitalized expenditure	**-115**	-250		
Book value Dec. 31	**0**	7		

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.

EUR 1,000	Group 2000	1999	Parent Company 2000	1999
Land				
Acquisition cost Jan. 1	**3 133**	2 707	**861**	861
Translation difference	**49**	-10		
Increase	**656**	436		
Decrease	**-70**		**-63**	
Transfers between items	**75**			
Acquisition cost Dec. 31	**3 843**	3 133	**798**	861
Revaluations Jan. 1	**2 556**	2 556	**2 321**	2 321
Cancellations	**-698**		**-698**	
Revaluations Dec. 31	**1 858**	2 556	**1 623**	2 321
Book value Dec. 31	**5 701**	5 689	**2 421**	3 182
Buildings				
Acquisition cost Jan. 1	**54 822**	51 790	**5 829**	7 183
Fully depreciated	**-142**	-1 407	**-55**	-1 354
Increase	**6 908**	3 686		
Decrease	**-1 081**	-233	**-951**	
Transfers between items	**9 815**	986		
Acquisition cost Dec. 31	**70 322**	54 822	**4 823**	5 829
Accumulated depreciation Jan. 1	**-19 650**	-18 540	**-4 217**	-5 325
Translation difference	**-3**			
Fully depreciated	**142**	1 407	**55**	1 354
Depreciation on decrease	**818**		**737**	
Depreciation for financial year	**-3 035**	-2 517	**-215**	-246
Accumulated depreciation Dec. 31	**-21 728**	-19 650	**-3 640**	-4 217
Revaluations Jan. 1	**6 723**	6 723	**3 527**	3 528
Cancellations	**-967**		**-967**	
Revaluations Dec. 31	**5 756**	6 723	**2 560**	3 528
Book value Dec. 31	**54 350**	41 895	**3 743**	5 140

EUR 1,000	Group 2000	1999	Parent Company 2000	1999
Machinery and equipment				
Acquisition cost Jan. 1	**171 374**	163 685	**107**	102
Translation difference	**-73**	404		
Fully depreciated	**-8 237**	-11 487	**-15**	-3
Increase	**42 688**	15 530	**40**	8
Decrease	**-2 634**	-1 002		
Transfers between items	**6 141**	4 244		
Acquisition cost Dec. 31	**209 259**	171 374	**132**	107
Accumulated depreciation Jan. 1	**-78 515**	-71 128	**-72**	-52
Translation difference	**97**	-276		
Fully depreciated	**8 237**	11 487	**15**	3
Depreciation on decrease	**1 448**	719		
Depreciation for financial year	**-23 349**	-19 317	**-33**	-23
Accumulated depreciation Dec. 31	**-92 082**	-78 515	**-90**	-72
Book value Dec. 31	**117 177**	92 859	**42**	35
Balance sheet value of production machinery and equipment	**98 566**	78 558	**0**	0
Other tangible assets				
Acquisition cost Jan. 1	**5 341**	2 910	**45**	43
Translation difference	**-1**			
Fully depreciated	**-161**	-79		-9
Increase	**595**	985	**52**	11
Decrease	**-73**			
Transfers between items	**792**	1 525		
Acquisition cost Dec. 31	**6 493**	5 341	**97**	45
Accumulated depreciation Jan. 1	**-1 588**	-1 030	**-3**	-10
Translation difference	**1**			
Fully depreciated	**161**	79		9
Depreciation on decrease	**111**	2		
Depreciation for financial year	**-1 214**	-639	**-13**	-2
Accumulated depreciation Dec. 31	**-2 529**	-1 588	**-16**	-3
Book value Dec. 31	**3 964**	3 753	**81**	42
Advance payments and construction in progress				
Acquisition cost Jan. 1	**6 063**	3 220		
Translation difference	**243**			
Increase	**16 564**	9 749		
Transfers to land	**-75**			
Transfers to buildings	**-9 815**	-981		
Transfers to machinery and equipment	**-6 141**	-4 400		
Transfers to other tangible assets	**-791**	-1 525		
Book value Dec. 31	**6 048**	6 063		

10. FINANCIAL ASSETS

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Shares in Group companies				
Acquisition cost Jan. 1			**90 506**	88 756
Increase			**36 000**	1 750
Acquisition cost Dec. 31			**126 506**	90 506
Holdings in participating interests				
Acquisition cost Jan. 1	**4 324**	4 304	**4 117**	4 117
Translation difference	**3**	20		
Increase	**146**			
Decrease	**-4 327**		**-4 117**	
Acquisition cost Dec. 31	**146**	4 324	**0**	4 117
Adjustment of equity share Jan. 1	**-216**	-72		
Change in translation differences	**-3**	-20		
Decrease	**304**			
Share of associated company results	**-14**	2		
Depreciation on goodwill on consolidation	**-37**	-126		
Adjustment of equity share Dec. 31	**34**	-216		
Associated company investments in consolidated balance sheet	**180**	4 108		
Undepreciated goodwill on consolidation from associated company shares Dec. 31	**0**	1 918		
Other shares and holdings				
Acquisition cost Jan. 1	**8 754**	8 112	**505**	505
Increase	**886**	689		
Decrease	**-6 525**	-47	**-53**	
Acquisition cost Dec. 31	**3 115**	8 754	**452**	505

The shares in Nordic Baltic Holding Ab owned by J.W. Suominen Oy were sold during the financial year 2000. According to the terms of the financing agreement made with Merita Bank plc, sale of shares acquired within the framework of this agreement had no effect on financial results or financing.

GROUP COMPANIES

	Percentage of total number of shares and of voting power
Säkkiväline Oy, Helsinki	100.0
J.W. Suominen Oy, Nakkila	100.0
Amerplast Oy, Tampere	100.0
Inka Oy, Turku	100.0
Owned through subsidiaries:	
EM-business Oy, Helsinki	100.0
Kanta-Hämeen Ympäristöyhtiö Oy, Helsinki	100.0
Kiinteistö Oy Meritonttu, Espoo	100.0
Kiinteistö Oy Tampereen Sarankulma, Helsinki	100.0
Kiinteistö Oy Vantaan Valimotie 33, Vantaa	100.0
Maraoil Oy, Jyväskylä	100.0
Royal Clean Oy, Lohja	100.0
Saimaan Teollisuuspuhdistus Oy, Imatra	100.0
SV Vedenkierrätys Oy, Lahti	50.1
Säkkiväline Kalusto Oy, Helsinki	100.0
Säkkiväline Palvelu Oy, Helsinki	100.0
Säkkiväline Puhtaanapito Oy, Helsinki	100.0
Säkkiväline Ympäristöhuolto Oy, Helsinki	100.0
Säkkiväline Ympäristöpalvelut Oy, Helsinki	100.0
Amerplast AB, Norrköping, Sweden	100.0
Amerplast Sp. z o.o., Warsaw, Poland	100.0
ZAO Amerplast, St. Petersburg, Russia	100.0
Inka GmbH, Bochum, Germany	100.0
Inka-Svensk Lasthantering AB, Gothenburg, Sweden	100.0
AS Norsafe, Tallinn, Estonia	100.0

ASSOCIATED COMPANIES

Owned through subsidiaries:	
Suomen Keräystuote Oy, Tampere	25.6
RL-Huolinta Oy, Mikkeli	33.3
Rodnik Ltd, St. Petersburg, Russia	35.0

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 1000	Book value of shares EUR 1000	Amount of company shareholders'equity EUR 1000	Profit/loss according to most recent financial statements EUR 1000
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	1

11. RECEIVABLES

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Receivables from Group companies				
Current loan receivables			**25 508**	30 533
Non-current loan receivables *	**77**		**77**	
Total	**77**		**25 585**	30 533

* Receivable from a real-estate company with state-subsidized mortgage

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Receivables from participating interests				
Trade receivables		522		
Prepaid expenses and accrued income				
Interest receivables	**6**	7	**6**	7
Employees' health care compensation	**552**	268		
Insurance receivables	**1 488**	1 284	**97**	
VAT receivables	**5 987**	1 015		
Direct taxes	**4 367**	291		
Other	**1 853**	709	**28**	186
Total	**14 253**	3 574	**131**	193

12. SHAREHOLDERS' EQUITY

EUR 1,000	Group **2000**	Group 1999	Parent Company **2000**	Parent Company 1999
Share capital Jan. 1	**26 618**	26 374	**26 618**	26 374
Share issue/Warrant bond 93		244		244
Capitalization issue	**287**		**287**	
Share premium account Dec. 31	**26 905**	26 618	**26 905**	26 618
Share premium account	**3 227**	3 227	**3 227**	3 227
Capitalization issue	**-287**		**-287**	
Share premium account Dec. 31	**2 940**	3 227	**2 940**	3 227
Revaluation reserve 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			**22 486**	22 486
Transfer to retained earnings			**-22 486**	
Contigency reserve Dec. 31			**0**	22 486
Retained earnings Jan. 1	**95 838**	86 762	**75 758**	65 574
Contingency reserve transferred			**22 486**	
Dividend	**-15 826**	-15 838	**-15 826**	-15 838
Cancellation of revaluation	**-1 665**		**-1 665**	
Translation difference	**-201**	409		
Retained earnings Dec. 31	**78 146**	71 333	**80 753**	49 736
Profit for the financial year	**22 509**	24 505	**3 033**	26 022
Shareholders' equity Dec. 31	**134 647**	129 830	**114 649**	129 107
Distributable assets				
Profit for the financial year	**22 509**	24 505	**3 033**	26 022
Other unrestricted shareholders' equity	**78 146**	71 333	**80 753**	49 736
Equity share of accumulated appropriations	**-28 100**	-28 282		
Distributable assets	**72 555**	67 556	**83 786**	75 758

13. ACCUMULATED APPROPRIATIONS AND DEFERRED TAX LIABILITY

EUR 1,000	Dec. 31, 2000	Change	Jan. 1, 2000
Accumulated appropriations			
Accumulated depreciation difference	56 488	84	56 404
Other reserves	460	-87	547
Total	56 948	-3	56 951
Deferred tax liability	-16 514	-4	-16 510
Equity share of subsidiaries at time of acquisition	-12 334	-175	-12 159
Transferred to shareholders' equity	28 100	-182	28 282
Deferred tax liability			
Based on appropriations of Group companies	19 139	3 014	16 125
Based on consolidation	-305	-690	385
Total	18 834	2 324	16 510

Accumulated appropriations in the parent company comprise accumulated depreciation differences.

14. LIABILITIES

EUR 1,000	2001*	2002	2003	2004
Repayment of non-current liabilities in coming years				
Group				
Loans from financial institutions	20 209	14 535	17 125	15 513
Pension loans	2 974	2 973	2 426	1 879
Other liabilities	9		79	98
Total	23 192	17 508	19 630	17 490
Parent Company				
Loans from financial institutions	6 157	5 316	2 793	1 111
Pension loans	2 470	2 469	1 922	1 375
Other liabilities			79	98
Total	8 627	7 785	4 794	2 584

* In the balance sheet under current liabilities

EUR 1,000	Group **2000**	Group 1999	Parent Company **2000**	Parent Company 1999
Liabilities which fall due within five years or more				
Loans from financial institutions	**67 769**	18 379	**10 555**	9 948
Pension loans	**4 591**	3 120	**2 571**	596
Total	**72 360**	21 499	**13 126**	10 544
Non-interest bearing liabilities				
Non-current	**18 913**	16 513		
Current	**56 640**	43 776	**1 636**	2 011
Total	**75 553**	60 289	**1 636**	2 011
Liabilities to Group companies				
Other non-current liabilities			**8**	
Current interest-bearing liabilities			**4 397**	
Total			**4 405**	
Liabilities to participating interests				
Non-current interest-bearing liabilities	**720**			
Trade payables		146		
Accruals and deferred income	**18**			
Total	**738**	146		
Accruals and deferred income				
Deferred interest	**1 579**	447	**476**	83
Waste charges	**2 644**	673		
Matched expenses	**2 527**	1 949	**1**	28
Total	**6 750**	3 069	**477**	111

Bonds with warrants

Other non-current liabilities include the following bonds with warrants:

1998 bond with warrants

The remaining EUR 78, 964.23 (FIM 469,500) of the bond with warrants issued by the company in 1998. The bond bears no interest. Due to terminations 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 13,118.65 (FIM 78,000).

2000 bond with warrants

The remaining EUR 98,250.00 of the bond with warrants issued by the company in 2000. The bond bears no interest. Due to terminations 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 1,750.00.

On January 26, 2001, the Board of Directors decided that should the Annual General Meeting approve the Demerger Plan, the bonds with warrants would be paid back early, before the maturity stipulated in the terms of the bond. The repayment date is August 20, 2001.

15. CONTINGENT LIABILITIES

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Security for Company liabilities				
Loans from financial institutions for which mortgages have been given as security	**2 641**	4 361		
Real estate mortgages	**168**	168		
Company mortgages	**2 523**	5 912		
Other security given				
Real estate mortgages	**1 469**	95		
Company mortgages		25		
Other securities	**25**	38		
Security for Group companies				
Guarantees			**598**	198
Commitments for which comprehensive security was given				
Loans from financial institutions	**90 258**	26 753	**15 000**	11 448
Other company commitments	**6 041**	10 092	**279**	536
Group company commitments			**65 082**	6 110
Real estate mortgages	**24 308**	26 158	**4 373**	6 223
Company mortgages	**10 416**	10 416		
Book value of pledged shares	**22 698**	17 670	**22 698**	17 670
Other Company liabilities				
Leasing liabilities				
Falling due next year	**161**	207		
Falling due in subsequent years	**172**	310		

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

16. DERIVATIVE CONTRACTS

EUR 1,000	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Currency derivatives				
Difference between open contracts and market values	**26**	-10	**26**	-10
Counter values of forward contracts	**706**	956	**706**	956
Interest rate derivatives				
Difference between open contracts and market values	**-440**	727	**-202**	
Nominal values of interest rate swaps	**67 200**	12 200	**10 000**	

The derivative contracts were made for hedging purposes and were valuated at market value on the day the books were closed.

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 commercial paper programmes which do not generate any costs when unused. At the end of the year, EUR 6.0 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 position 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% 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. This interest risk is managed by keeping the balance between loans with floating interest rates and those with fixed rates at the target level and by adjusting their proportion by means of interest rate derivatives when necessary.

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.

SHARE CAPITAL

The share capital of Lassila & Tikanoja plc totals EUR 26,904,723.60. Shares do not have a nominal value. There are 15,826,308 shares. The book counter value is EUR 1.70. The shares are listed on the Helsinki Exchanges.

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

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

The Board of Directors proposes that the Annual General Meeting confirm the Demerger Plan of the company approved by the Board of Directors on January 26, 2001. As a demerger consideration, shareholders will receive shares in the companies formed in the demerger so that each share of Lassila & Tikanoja plc is equivalent to one share of the new Lassila & Tikanoja plc and one share of J.W. Suominen Group plc.

STOCK EXCHANGE BULLETINS CONCERNING HOLDINGS OF SHARES

On September 29, 2000 the company announced that the holding of Tapiola Mutual Pension Insurance Company in the shares and votes of Lassila & Tikanoja plc had risen to 5.4%.

SHARE TRADING

During 2000, 1,300,153 shares of the company were traded on the Helsinki Exchanges. This represents 8.2% of the average number of shares during the year.

The market capitalization of company shares on December 31, 2000 was EUR 294.4 million.

BONDS WITH WARRANTS

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 for a total of 730,000 shares in Lassila & Tikanoja plc. The warrant bond was offered for subscription to key Group employees, thereby deviating from the right of pre-emption, and to a subsidiary designated by the Board of Directors. The bond with warrants will mature in five years and does not bear interest. On March 18, 1999 the maximum amount of the increase in share capital was translated into euros (EUR 1,227,771.86).

Due to terminations of employment, part of the bond has been redeemed and the bond units with warrants cancelled. On December 31, 2000, EUR 78,964.23 of the bond remained (FIM 469,500). 'A' warrants entitle their holders to subscribe for 313,000 shares between May 15, 2001 and May 15, 2004 and 'B' warrants 313,000 shares 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 paid between April 1, 1998 and the warrant ex-day will be deducted from the subscription price. The shares subscribed entitle their holders to a dividend for the financial year during which they were subscribed. 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, 85 key employees held bond units with warrants.

A maximum of 626,000 shares can be subscribed with the remaining warrants. Taking the 1998 and 2000 bonds with warrants into account, these shares represent 3.7% of the total number of company shares.

2000 bond with warrants

On March 16, 2000, the Annual General Meeting decided to issue a bond with warrants for a maximum of EUR 100,000 for subscription by key Group employees, thereby deviating from the right of pre-emption. The bond will mature in four years and does not bear interest. Due to terminations of employment, part of the bond has been redeemed and the bond units with warrants cancelled. On December 31, 2000, EUR 98,250 of the bond remained. A total of 393,000 shares with a value of EUR 29.70 per share less the dividends paid before the warrant ex-day can be subscribed with the warrants in question between May 15, 2004 and May 15, 2006. The shares subscribed entitle their holders to a dividend for the financial year during which they were subscribed. The right of subsidiary employees to exercise their warrant rights depends on the financial performance of the employer company. As a result of the subscriptions, the share capital can be raised by a maximum of EUR 668,100. At the end of the financial year, 78 key employees held bond units with warrants.

A maximum of 393,000 shares can be subscribed with the remaining warrants. Taking the 1998 and 2000 bonds with warrants into account, these shares represent 2.3% of the total number of company shares.

Bonds with warrants in the Demerger Plan

Should the company decide to demerge before the end of the share subscription period, holders of warrants must be given the right to subscribe shares during the time set by the Board of Directors before the demerger according to the terms of the bond with warrants. The Board of Directors has decided that in the event the demerger takes place, holders of 'A' warrants for the 1998 bond with warrants will have the right to subscribe for shares between May 15 and August 17, 2001 and holders of 'B' warrants the right to subscribe between August 1 and August 17, 2001. Holders of warrant rights for the 2000 bond with warrants have the right to subscribe for shares between August 1 and August 17, 2001. After these subscription periods there will no longer be any subscription rights based on the warrant rights.

The Board of Directors has decided that if the demerger takes place the bonds with warrants will be repaid, with the consent of the bond holders, before the maturity stipulated in the terms of the bond. The date for repayment decided by the Board of Directors is August 20, 2001.

SHARES HELD BY MANAGEMENT

Members of the company's Board of Directors and the President and COO owned either directly or via a company in which they held the controlling power 2,154,100 shares on January 31, 2001. These shares entitle their holders to 13.6 % of the voting rights. Chairman of the Board of Directors and the President and COO can subscribe for 90,000 shares with the 1998 and 2000 bonds with warrants. Taking the 1998 and 2000 bonds with warrants into account, this amounts to 0.5% of the shares and share capital.

POLICY REGARDING DIVIDEND PAYMENT

The amount of Lassila & Tikanoja plc's dividend depends on the financial results for the accounting period. That part of the profit which is not considered necessary to ensure the healthy development of the Group is paid to shareholders. Here both the financing required for the growth of the Group and the financial position are taken into account.

AUTHORIZATION TO THE BOARD OF DIRECTORS

The Board of Directors of the company is not authorized to issue shares, a convertible debenture or a bond with warrants.

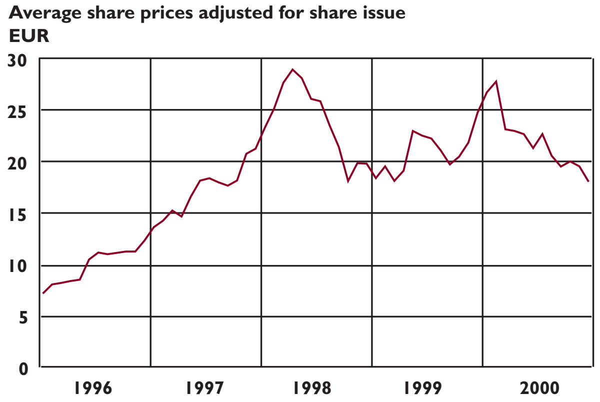
On March 16, 2000, the Annual General Meeting authorized the Board of Directors to decide to repurchase a maximum of 790,000 company shares with its own distributable assets within one year of the Annual General Meeting. This is less than 5% of the total number of company shares. The authorization entitles the Board of Directors to repurchase company shares for payment in any company acquisitions and/or financing arrangements. The Board of Directors can also decide not to reissue the shares thus acquired for the company or a portion thereof. The Board of Directors will therefore propose to a meeting of shareholders to be convened separately that this meeting would cancel the shares acquired or a portion thereof by reducing the company's share capital. Acquisition of company shares would take place according to the decision of the Board of Directors in public securities trading at the price quoted by the Helsinki Exchanges on the buying day. Moreover, the Annual General Meeting also decided to authorize the Board of Directors to decide within one year about transfer of the shares acquired for the company on the basis of the above authorization.

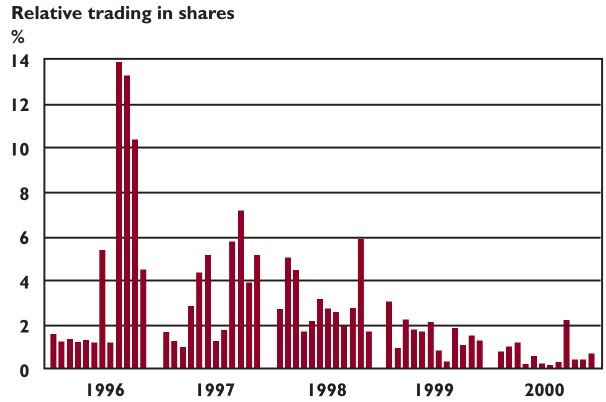
On January 26, 2001, the Board of Directors decided that the authorization granted by the Annual General Meeting will not be used for acquisition of company shares while it is in force.

CHANGES IN SHARES AND SHARE CAPITAL

Entered in trade register		Share capital	1,000 FIM/EUR	No. of shares according to share capital	Share premium account	Legal reserve	Shares in circulation no.	Shares held outside the Group no.	Nominal value	Book counter value
30.6.1993	Rights issue 5:2 à FIM 90 [1]	63 723	FIM	6 372 252		2 606	4 419 252	3 766 577	10	
9.1.1997	Cancelled shares held by company, 465,120	63 723	FIM	6 372 252		92 986	3 954 132	3 766 577	10	
3.10.1997	Cancelled shares held by subsidiary, 187,555	63 723	FIM	6 372 252		92 986	3 766 577		10	
31.10.1997	Share capital reduced with cancelled shares	37 666	FIM	3 766 577	26 057	92 986	3 766 577		10	
21.11.1997	Capitalization issue	150 663	FIM			6 046	15 066 308		10	
12.8.1998 –13.1.1999	Subscribed with 1993 warrants 760,000	158 263	FIM		19 190	6 046	15 826 308		10	
31.3.1999	Share capital converted to euros	26 618	EUR		3 227	1 018	15 826 308			1.68 [2]
3.4.2000	Capitalization issue to even book counter value	26 905	EUR		2 940	1 018	15 826 308			1.70

1) Redeemed with shareholders' equity and cancelled, 1,953,000 shares
In the possession of the company, not cancelled, included in the balance sheet without value, 465,120 shares
In the possession of a subsidiary, included in the consolidated balance sheet without value, 187,555 shares
2) Not an exact value





SHAREHOLDERS BY CATEGORY

	Number of shareholders	Per-centage	Total shares held in each category	Percentage of shares and of voting power
Companies	119	9.8	680 324	4.3
Financial institutions and insurance companies	31	2.6	4 298 465	27.2
Public institutions	37	3.1	4 065 298	25.8
Non-profit organizations	44	3.6	1 867 600	11.8
Individuals	971	80.3	4 388 615	27.6
Foreign shareholders	7	0.6	19 040	0.1
	1 209	100.0	15 319 342	96.8
Shares registered in a nominee's name			486 566	3.1
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	Per-centage	Total shares held in each category	Percentage of shares and of voting power
1 - 1,000	796	65.8	257 610	1.6
1,001 – 5,000	221	18.3	592 722	3.7
5,001 – 10,000	72	6.0	504 832	3.3
10,001 – 100,000	98	8.1	2 973 340	18.8
over 100,000	22	1.8	10 990 838	69.4
	1 209	100.0	15 319 342	96.8
Shares registered in a nominee's name			486 566	3.1
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. Sampo Life Insurance Company Ltd	**970 083**	**6.1**
4. Ilmarinen Mutual Pension Insurance Company	**948 000**	**6.0**
5. Tapiola Mutual Pension Insurance Company	**863 900**	**5.5**
6. Tapiola Insurance Group		
Tapiola General Mutual Insurance Company	432 440	2.7
Tapiola Mutual Life Assurance Company	228 400	1.4
Tapiola Corporate Life Insurance Company	110 700	0.7
Tapiola Group, total	**771 540**	**4.9**
7. The Local Government Pensions Institution	**747 000**	**4.7**
8. Ruth Kangas	**702 080**	**4.4**
9. Juhani Maijala	**694 240**	**4.4**
10. Varma-Sampo Mutual Pension Insurance Company	**613 775**	**3.9**
11. Heikki Bergholm	**415 000**	**2.6**
12. Mikko Maijala	**285 660**	**1.8**
13. Alfred Berg Finland Unit Trust	**257 696**	**1.6**
14. Finnish National Fund for Research and Development	**241 472**	**1.5**
15. Suomi Mutual Life Assurance Company	**235 200**	**1.5**
16. Alfred Berg Optimal Unit Trust	**204 060**	**1.3**
17. Alfred Berg Portfolio Unit Trust	**186 850**	**1.2**
18. Foundation for Economic Education	**150 000**	**0.9**
19. Instrumentarium Corporation	**142 396**	**0.9**
20. Mutual Insurance Company Pension-Fennia	**140 440**	**0.9**

All information concerning the company's shares is based on the book-entry securities register, as on January 31, 2001.

KEY FIGURES

KEY FIGURES ON SHARES

	2000	1999	1998	1997	1996
Earnings/share (EPS), EUR	1.30	1.58	1.63	1.85	1.23
Equity/share, EUR	8.51	8.20	7.63	6.93	5.64
Dividend/share, EUR	1.00 *)	1.00	1.00	0.84	0.55
Dividend/earnings, %	76.8 *)	63.1	61.3	45.5	44.3
Dividend yield, %	5.5 *)	4.1	4.7	4.0	4.5
P/E ratio	14.0	15.5	12.9	11.5	9.9
Cash flow from operations per share	2.35	3.25	2.60		
Adjusted **) share price					
lowest, EUR	17.20	16.00	14.63	12.32	6.90
highest, EUR	29.50	26.50	30.95	22.37	12.61
average, EUR	22.03	20.48	23.79	17.90	10.88
at year end, EUR	18.60	24.50	21.02	21.28	12.19
Market capitalization on Dec. 31, EUR million	294.4	387.7	332.7	320.5	183.7
Adjusted number of shares held outside the Group					
Average during the year	15 826 308	15 826 308	15 199 922	15 066 308	15 066 308
At year end	15 826 308	15 826 308	15 826 308	15 066 308	15 066 308
Adjusted number of shares traded	1 300 153	2 853 847	5 451 210	6 117 488	8 403 216
as a percentage of the average during the year	8.2	18.0	35.9	40.6	55.8

*) Proposal by the Board of Directors
**) 1997 capitalization issue, adjustment coefficient 4

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
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

P/E ratio =

Adjusted share price at year end
Earnings/share

Cash flow from operations per share =

Cash flow from operations as in the statement of changes in financial position
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

KEY FIGURES ON FINANCIAL PERFORMANCE

	2000	1999	1998	1997	1996
Net sales, EUR million	**391.4**	323.0	293.7	280.8	251.9
Exports and international operations, EUR million	**130.5**	130.0	128.2	130.2	116.0
Operating profit, EUR million	**35.9**	38.1	38.1	41.6	30.3
as % of net sales	**9.2**	11.8	13.0	14.8	12.0
Profit before extraordinary items, EUR million	**30.0**	35.9	35.1	38.8	25.9
as % of net sales	**7.7**	11.1	12.0	13.8	10.3
Profit before income taxes and minority interest, EUR million	**31.9**	35.9	35.1	38.6	25.8
as % of net sales	**8.2**	11.1	12.0	13.7	10.2
Profit for the financial year, EUR million	**22.5**	24.5	24.8	27.7	18.5
as % of net sales	**5.8**	7.6	8.4	9.9	7.3
Cash flow from operations, EUR million	**37.2**	51.4	39.5		
Balance sheet total, EUR million	**368.7**	242.3	224.5	214.8	197.6
Return on equity, % (ROE)	**15.6**	20.0	22.0	29.4	23.9
Return on invested capital, % (ROI)	**15.6**	21.8	23.1	27.8	21.2
Equity ratio, %	**36.5**	53.6	53.8	48.6	43.0
Gearing, %	**111.0**	32.7	35.0	44.0	61.6
Gross investments, EUR million	**147.5**	38.5	35.1	34.1	22.2
as % of net sales	**37.7**	11.9	11.9	12.1	8.8
Expenditure on R&D, EUR million	**3.5**	2.6	2.8	1.9	1.9
as % of net sales	**0.9**	0.8	1.0	0.7	0.8
Average personnel employed	**4 584**	4 213	3 956	3 610	3 241

Return on equity, % (ROE) =

Profit before extraordinary items
- income taxes including change in deferred tax liability x 100
Shareholders' equity + 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
+ minority interest x 100
Balance sheet total - advances received

Gearing, % =

Interest-bearing liabilities
- cash at bank and in hand x 100
Shareholders' equity + minority interest

PROPOSAL BY THE BOARD OF DIRECTORS

TO THE ANNUAL GENERAL MEETING

Distributable assets according to the consolidated balance sheet on December 31, 2000	EUR 72 555 101.00
Parent company profit	EUR 3 033 239.13
Distributable assets according to the parent company balance sheet	EUR 80 753 832.40
Total	EUR 83 787 071.53
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 67 960 763.53
Total	EUR 83 787 071.53

In accordance with the decision of the Board of Directors, the record date is March 20, 2001. The Board of Directors proposes to the Annual General Meeting that the dividend be paid after the record period on March 27, 2001.

Helsinki, February 6, 2001

Juhani Maijala	Heikki Hakala
Matti Kavetvuo	Juhani Lassila
Jukka Viinanen	Heikki Bergholm President and COO

AUDITOR'S 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. – 31.12.2000. 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 15, 2001

SVH PRICEWATERHOUSE COOPERS OY
Authorised Public Accountants

Heikki Lassila, Authorised Public 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 18 times during 2000.

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 2000 are presented in the Notes to the Financial Statements on page 30.

GUIDELINES FOR INSIDERS

According to a decision by the Board of Directors, the regulations for insiders issued by the Helsinki Exchanges on October 28, 1999, have been observed in the Lassila & Tikanoja Group since March 1, 2000.

The Group's statutory insiders comprise the members of the Board of Directors, the President and COO and the principal auditor. The Group management and Group administrative staff are also defined as insiders.

According to the Finnish Securities Market Act, the share ownership of persons regarded as insiders is public. The insider register of Lassila & Tikanoja plc can be inspected at the Finnish Central Securities Depository.

LASSILA & TIKANOJA PLC BOARD OF DIRECTORS

JUHANI MAIJALA, 61
B.Sc. (Econ.), LL.B.
Member of the Board since 1983,
Chairman and CEO since 1998
Elected for the period 1999-2000

HEIKKI HAKALA, 59
M.Sc. (Econ.)
Member of the Board since 1988,
Deputy Chairman since 1998
Elected for the period 1999-2000
Chairman of the Board of Directors of Ilmarinen Mutual Pension Insurance Company and Pohjola Group Insurance Corporation,
Member of the Board of Directors of Metso Corporation

MATTI KAVETVUO, 56
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 2000-2001
Member of the Board of Directors of Alma Media Corporation, Finnlines Plc, Marimekko Oyj and UPM-Kymmene Corporation

JUHANI LASSILA, 38
M.Sc. (Econ.)
Group Treasurer of Instrumentarium Corporation
Member of the Board since 1998
Elected for the period 2000-2001

JUKKA VIINANEN, 53
M.Sc. (Eng.)
President and CEO of Orion Corporation
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, 44
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

AUDITOR

SVH PRICEWATERHOUSE COOPERS OY
AUTHORIZED PUBLIC ACCOUNTANTS
Principal auditor **HEIKKI LASSILA**, APA

LASSILA & TIKANOJA GROUP MANAGEMENT

JUHANI MAIJALA, 61
B.Sc. (Econ.), LL.B.
Chairman and CEO since 1998,
joined a Group company in 1977

HEIKKI BERGHOLM, 44
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, 53
M.Sc. (Econ.)
Vice President, CFO of the
Lassila & Tikanoja Group since 1992,
joined a Group company in 1981

MARGARETA HULDÉN, 45
D.Sc. (Tech.)
Research and Development
Vice President since 1997,
joined a Group company in 1993

PENTTI KULMALA, 52
B.Sc. (Eng.)
President of the Inka Group
since 1992

HARRI MYLLYLÄ, 45
M.Sc. (Eng.)
President of the Amerplast Group
since 1999

ESA PALTTALA, 57
B.Sc. (Eng.)
Group Support
Vice President since 1997,
joined a Group company in 1972

KARI PARVIAINEN, 46
M.Sc. (Eng.)
President of J.W. Suominen Oy
since 1998

JARI SARJO, 44
LL.B
President of the Säkkiväline Group
since 1997,
joined a Group company in 1984

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