Annual Report 2001

LASSILA & TIKANOJA PLC

Contents

To our Shareholders

Lassila & Tikanoja announced company objectives for the first time in 1993 and has since repeated them often and in a variety of contexts. We have also reported our success in achieving these objectives.

As Lassila & Tikanoja is now a new company, you may well wonder whether our goals have changed or been refocused along with our business and clientele.

The answer to that is simple: Our goals remain the same.

In other words, we aim:

- to bring profit to our shareholders and prove a competitive investment;
- to ensure a challenging and secure workplace for our personnel;
- to cooperate with our customers and be a reliable partner to them.

These goals are the foundation of our operations and part of the Lassila & Tikanoja heritage that we take pride in.

As an environmental management business, we are more than willing to take pronounced responsibility for the environment. Another foundation stone in our operations should therefore be to act as a good corporate citizen – which has certainly been an important aspect of our actions for a long time now.

These goals were not mere words during the time of the old Lassila & Tikanoja – rather, they provided a clear direction for our work. This is what we want to preserve at the new company as well. We will also measure our success in achieving our goals.

At the time of writing, the new Lassila & Tikanoja has been operating for four months – not quite long enough to provide clear results that can be measured. Nevertheless, we would like to take this opportunity to try and describe our goals.

A profitable and competitive investment

While it is easy in retrospect to assess the profitability of an investment, foreseeing the extent of profitability is much harder. Profitability depends on a variety of factors, some of which in turn depend on the actions of the investment target itself, while others are beyond its control.

When we say that we want to be a profitable investment, we are naturally referring to matters we can control within the company. The most important of such matters are profitability and growth – two very clear concepts. Profitability can be measured with a number of indicators, each focusing on slightly different aspects. We will measure our profitability primarily on the basis of return on equity, EVA and earnings per share. Nevertheless, the choice of specific indicators must not override the will of the entire personnel to work towards achieving profitability goals.

While the question of whether growth is as vital for the business as profitability or whether growth is a means to sustain profitability can be argued about, good performance always requires growth. Growth of operations is a sine qua non for any absolute growth in profits. Unprofitable growth is unacceptable.

Continuous growth and profitability are rarely based on anything other than clearly defined goals or a clear vision of the future. This is something we intend to pay a great deal of attention to.

Profitability and growth alone cannot guarantee increase in a company's value as an investment. Investors must also be made aware of the company's progress and potential. Provision of accurate and adequate information for investors so that they can draw their own conclusions is the company's responsibility.

A challenging and secure workplace

A company must build its operating approach on trust. Trust is a demanding quality which cannot survive unless it reaches all corners of the company's business culture. It must be broad and interactive; it must encompass supervisors' trust in the employees, employees' trust in their co-workers, and the entire personnel's confidence in achievement of the goals set for the company.

Trust makes it easier to meet challenges and to allocate power and responsibility to all levels of the organisation. Trust also increases job security and assures each employee that their performance is assessed using the same criteria: their own competence, success and their willingness to assume responsibility and develop their abilities. We want every one of our employees to take pride in their work.

A reliable partner

Trust is a cornerstone of customer relations as well. We aim to establish true partnership with our customers and to become an integral part of their business operations, where our success can be measured as value added to the customer. This requires an ability to focus on the customer's true needs and to integrate our services into the customer's operations and objectives. In developing our operations, we seek competitiveness in terms of both prices and quality.

This is a demanding task which can only be performed successfully with a lot of hard work and an open-minded, even humble, approach. We promise to do our best in this.

A good corporate citizen

As the largest environmental management business in Finland, Lassila & Tikanoja carries an exceptionally great responsibility for environmental matters, which are an integral part of our everyday routines. The basic principle is to apply environmentally sound approaches and practices to our operations.

We place our environmental expertise at our customers' disposal and develop our services to ensure that they can achieve their own environmental targets. We also seek to anticipate or even contribute to forthcoming changes in norms and values by continually developing our systems and technology. It goes without saying that we comply with the environmental rules and regulations and good business practice. We are also committed to continuous improvement of our operations.

We believe that these targets can be attained and that we have chosen the right direction. How soon we achieve these targets will depend on our ability to sharpen our strategy, make the right choices and ensure the involvement of all our personnel.

Juhani Maijala　　　　Jari Sarjo

LASSILA & TIKANOJA PLC

Lassila & Tikanoja in Brief

Lassila & Tikanoja plc is listed on the Helsinki Exchanges, where its shares are quoted on the Main List under 'Other services'. The Company's operative functions have been carried out by the Säkkiväline Group companies. A merger of Säkkiväline Oy with Lassila & Tikanoja plc will take place around 1 April, 2002.

Lassila & Tikanoja specialises in environmental management and property and plant maintenance all over Finland. Its business has been divided into three divisions: Environmental Services, Property Services and Industrial Services.

Environmental Services is part of a chain of both logistics and production comprising the collection and transport of waste and its processing into secondary raw material for sale. The product lines of Environmental Services are waste management and recycling services.

Property Services offers a wide range of property maintenance services. The product lines are property maintenance and cleaning. Property maintenance services focus on residential buildings, business property, industrial plants and other buildings. Cleaning services are mainly targeted at offices and business property, industrial plants, shops and supermarkets, schools and public buildings.

Industrial Services specialises in heavy-duty cleaning, maintenance and damage repair requiring special expertise. Its main customers are industrial plants and other types of property. The product lines are hazardous waste management, industrial cleaning, damage repair services and sewer maintenance.

The Company was established through a demerger of (the former) Lassila & Tikanoja plc into Lassila & Tikanoja plc and J.W. Suominen Group plc on 30 September, 2001.

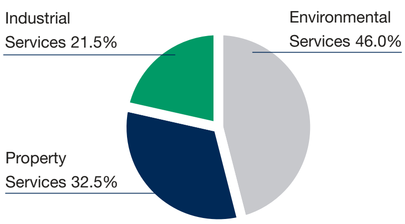
KEY FIGURES FOR 2001 AND 2000, PRO FORMA

	2001	2000	Change %
Net sales, EUR mill.	245.8	210.8	16.6
Operating profit, EUR mill.	26.3	18.4	42.7
Profit before extraordinary items, EUR mill.	21.5	14.8	45.0
Return on equity (ROE), %	19.5	13.8	
Return on invested capital (ROI), %	15.9	17.2	
Gearing, %	91.9	126.0	
Equity ratio, %	38.1	33.9	
Gross investments, EUR mill.	14.8	136.4	
Average personnel employed	3 676	3 428	7.2
Earnings/share (EPS), EUR	0.94	0.62	50.5
Cash flow from operations/share, EUR	2.57	1.34	91.8
Dividend per share, EUR	0.60 *	0.50	20.0

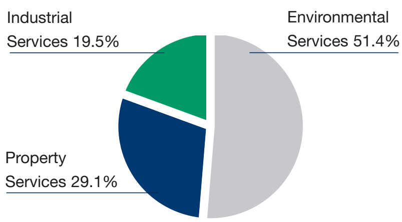
*Proposal by the Board of Directors

Net sales and operating profit 2001 by division

Net sales EUR 245.8 million



Operating profit EUR 26.3 million



Quality and Environment

As the largest environmental management business in Finland, Lassila & Tikanoja has a particularly broad responsibility for the environmental aspects of its operations. Environmental issues are an integral part of the Company's day-to-day operations.

By placing its environmental expertise at its customers' disposal, Lassila & Tikanoja helps them to attain their own environmental objectives. The Company seeks to anticipate changes in environmental norms and values, and to contribute to such changes by enhancing its systems and technology.

Lassila & Tikanoja is committed to continuous improvement of its operations. Environmental and occupational safety are reviewed regularly, as is employees' job satisfaction, and employee work ability is constantly promoted.

In 2001, the Company formulated an operating policy defining its objectives and principles with regard to customers, staff, society and the environment.

Development of environmental issues, employee health and occupational safety (EHS)

- EHS aspects and risks
- Operating policy
- EHS goals for 2001-2003
- EHS objectives for 2001
- EHS plan at company level - measures, responsibilities, schedules
- EHS plan at unit level - measures, responsibilities, schedules
- Monitoring EHS - EHS teams, audits, management reviews

Continuous improvement

Integrated Management System

Updating of the quality and environmental system into an Integrated Management System, which had started in 2000, proceeded during 2001. The updated sections of the Integrated Management System cover the management of quality, environmental issues and occupational safety as laid down in international standards ISO 9001:2000, ISO 14001 and BS 8800, and descriptions of the main service chains and support functions. During the year, the structure of the system and the core and support processes were defined and the updating of key processes began.

Environment, Health & Occupational Safety (EHS)

The Company drafted an EHS programme setting goals for improvements in environmental issues, employee health and work ability. The system for reporting accidents and injuries was improved and the process descriptions and operating procedures for EHS management were formulated. The model for occupational safety and health activities was improved by establishing teams focusing on the Integrated Management System, environmental issues, employee health and occupational safety.

EHS activities are monitored through internal audits. In 2001, internal audits were carried out at all sites requiring environmental permits. The audits focused on the monitoring and development of environmental issues, employee health and occupational safety. An EHS index is used quarterly to ensure that any defects discovered during the audits are remedied.

Personnel

The management of the Company is based on trust at all levels of the organisation. In practice, this means a true sharing of responsibility across the organisation, which increases motivation and makes the work more challenging. Also, responsibility is always accompanied by a degree of empowerment. As an employer, Lassila & Tikanoja wants to be a secure workplace and encourage its staff to develop themselves and take initiative in their work. The main target of supervisors' work is to ensure that the staff have the optimum opportunity to succeed in their work.

During 2001, the staff numbered 3,676 on average converted to full-time employees. At the end of the year, the number of the employees was 4,525.

In 1999, a survey called 'Healthy Organisation' had been carried out to examine workplace atmosphere and employee welfare. The survey was repeated in autumn 2001, showing a positive trend in all the factors monitored. It brought to light a number of new strengths and development targets which the Company will concentrate on in co-operation with the staff.

Employees contribute to the development of operations mainly through EHS (Environment, Health and Occupational Safety) teams and by making initiatives. A teamwork model introduced in 2001 addresses the transformation of ideas into practical measures. The Company defined the project practices to be used, producing a project manual and launching a training programme for project managers. As a new tool for development of operations, an intranet was set up to promote open, real-time communication.

Employee skills were developed for example through training programmes leading to vocational qualifications, such as qualifications in real estate maintenance or environmental management. Management practices are developed on management training courses, which place considerable emphasis on people-management skills. One training programme offered to supervisors leads to a specialist qualification in management and another is for service supervisors, to improve their technical expertise in cleaning.

Product Development

The objective of developing new products and improving current services is to ensure that the Company retains its competitiveness and remains a desired partner in all its business lines. Product development focuses on developing new services that are in line with corporate strategy, and contributes to achieving strategic objectives. Lassila & Tikanoja combines customer needs and practical implementation of services into service products by designing new service concepts. The Company aims to develop two to four such new service products a year.

The service product that has been in use longest is the Reilu® cleaning system, which was originally designed for office cleaning. As a result of further development work, use of this service has expanded to other areas of cleaning as well.

The Marketpalvelu® service is based on the needs of major supermarkets and department stores, allowing their managers to transfer the property and environmental management of both indoor and outdoor premises to a single service provider. The sale of Marketpalvelu® to customers all over Finland began at the end of 2001.

At a Finnish IT trade fair in October 2001, the Company introduced a service concept for recycling electrical and electronic scrap in anticipation of an EU directive requiring producers of electrical and electronic scrap to arrange for appropriate recycling systems by the end of 2005. The Lassila & Tikanoja service model provides a safe and easy way of handling end-of-life electrical and electronic scrap as will be required in the directive. The model will be available in 2002.

The steering and monitoring of product development previously carried out independently by the various product lines was centralised as of 1 October, 2001. The product development management works in close co-operation with the business managers in the planning and implementation of the projects.

Share of
net sales
46.0 %

Environmental Services

Environmental Services is part of a chain of both logistics and production that comprises the collection and transport of waste and its processing into secondary raw material for sale. It is thus a production industry in reverse, 'a mirror image industry', putting the principles of sustainable development into practice. The Environmental Services product lines are waste management and recycling services.

Services

Lassila & Tikanoja has the most extensive service network in Finland, serving customers that operate at local or national level anywhere in the country – business premises, office complexes, industrial plants, major property owners, local government, residential buildings and construction companies.

Recycling services cover the collection and industrial treatment of a wide range of recyclable materials and sales of the processed materials. They include the processing of recycled fuel, confidential materials and electrical and electronic scrap, as well as recycling of tyres, cardboard, paper, metal and plastics. A customer group, producer liability customers, consists of manufacturers, importers or combines whose producer liability is extended to cover the time after the their products' economic lifetime under the Waste Act.

The Bajamaja service provides full environmental management for outdoor event organisers, ranging from portable lavatories to lawn protection panels.

Environmental Products

The Environmental Products unit is engaged in wholesale trade in environmental management products and purchases such products for the Company's divisions. It also contributes to product development on collection equipment within environmental management.

L&T Environmental Services cover the whole chain of logistics and production that comprises the collection, transport and processing of waste. By means of modern waste treatment plants the utilisation rate of waste can be increased and the amount of waste transported to landfills diminished.

Market and market position

The growth of the waste management and recycling market will continue to exceed growth in GDP far into the future. Market trends are strongly influenced by the Finnish and EU environmental legislation. According to Finland's National Waste Plan, at least 70% of all waste must be recycled by the end of 2005; currently, 40-50% is recycled. Market growth is also supported by the increase in outsourcing. Environmental and quality management systems are being adopted increasingly throughout industry, which will require more recycling services for specific industries and companies, and more training and reporting services. As statutory obligations to recycle waste and requirements concerning landfills become stricter, municipalities are forced to purchase recycling and landfill services or build new recycling plants and landfills, while old landfills are closed down.

With an approximately 20% share of the waste management and recycling service market, Lassila & Tikanoja is a clear market leader. The Company's strengths are its coverage of the entire country and its wide range of services, which cover the entire chain of logistics and production.

Highlights of 2001

Net sales by Environmental Services amounted to EUR 113.1 million and operating profit to EUR 13.5 million. Net sales increased by 27.2% and operating profit by 60.8%. This was achieved through the synergy derived from company acquisitions and improvements in operating efficiency. Efficiency was raised by combining overlapping routes and increasing two-shift driving, allowing a reduction in the number of vehicles used.

Producer liability services progressed well. Lassila & Tikanoja entered into a new five-year contract with Finnish Tyre Recycling Ltd on nationwide recovery and recycling of discarded tyres. Recovery and recycling of metal containers continued and expanded. Work also began on creating a new system for recovering and reusing pressure-impregnated timber, to be adopted throughout the country. Collection and recycling of disused furniture began in the Helsinki area.

The Company built the first landfill of its own in Kerava. This meets all the requirements of EU norms and those coming into effect in 2005, and will only be used for the residuals of the recycling plant.

Share of
net sales
32.5 %

Property Services

Property Services provides a wide range of property maintenance services, with product lines for property maintenance and cleaning.

Property maintenance services are provided for residential buildings, offices, industrial plants and other buildings. Major contracts are made with property management firms, institutions and companies. The main targets of cleaning services are office premises, shops, industrial plants, schools and public buildings.

Services

Property maintenance covers technical maintenance, outdoor area maintenance, cleaning of common areas, technical management, property control room services and reporting, and a wide range of special services on a one-off basis.

Cleaning services offer customised service packages for specific customer groups and may include reception desk services and mail delivery, for instance.

The competitiveness of these services derives from the customer-oriented approach, cost-efficiency and variety of the services. They are often marketed as concepts to customer groups with common needs: Marketpalvelu®, for instance, is targeted at major supermarkets, while Reilu® cleaning has been designed for offices.

Markets and market position

The commercial market accounts for about 20% of the entire property maintenance market; about 40% of this share is held by the five largest property maintenance companies. The cleaning services market has concentrated rapidly in the last few years, and the net sales of the five largest companies account for more than half of the

By efficient property maintenance and functional cleaning the running costs can be decreased significantly. L&T Property Services uses real-time network solutions and develops environmentally sound methods.

commercial market. This, in turn, is about 30% of the whole cleaning market in Finland, against more than 50% in the rest of Europe. The commercial market for Property Services is expected to grow faster than GDP for several years, as industry and parts of the public sector are closing down their own property maintenance organisations.

Lassila & Tikanoja has an approximately 10% share of the property services market.

Highlights of 2001

Net sales by Property Services totalled EUR 79.8 million and operating profit EUR 7.7 million. Net sales increased by 6.7% and operating profit by 60.8%. Operating profit improved particularly well in Professional Cleaning, thanks to long-term development work on production and the management system.

The organisation of Property Services was improved: units in both property management and cleaning were combined to build larger units. Recruitment of personnel and development of operations were reorganised to benefit more from experiences gained from the field and to promote the involvement of field personnel in development projects.

A project designed to improve production efficiency in the property maintenance involved an investigation of the core processes of property maintenance and the introduction of a new system for the scaling, monitoring, reporting and steering of production.

New report forms and a maintenance log were a significant new addition to the operative production control system, Kiinteistönetti®, used by the Property Maintenance division. At the end of the year, mobile GPRS terminals were introduced which provide maintenance staff with direct access to Kiinteistönetti®. Furthermore, Kiinteistönetti® also provides customers with real-time information via the Internet. Lassila & Tikanoja is certainly a pioneer in the use of electronic tools.

Share of

net sales

21.5 %

Industrial Services

Industrial Services specialises in heavy-duty cleaning and damage repair that require in-depth expertise. Its main customers are industrial plants and other types of property. The product lines are hazardous waste management, industrial cleaning, damage repair services and sewer maintenance.

Services

Hazardous waste management consists of customised collection, sorting and treatment services and related consulting services, with a focus on waste collection. Lassila & Tikanoja is the only waste collection company operating nationwide. Waste collected from customers is turned into recycled fuel and raw material for industry at the Company's own plants.

Industrial cleaning comprises efficient, environmentally sound heavy-duty cleaning services. In addition to industrial plants, these services are targeted at building and renovation sites, ships, shipyards and bridge and tunnel construction sites.

Damage repair services reduce and repair damage caused to property by fire, water or damp, and by graffiti, etc. Analyses of indoor air quality and the cleaning and maintenance of ventilation channels are also provided.

Sewer maintenance includes maintenance of a variety of wells and use of video cameras and water jets at residential and industrial sites.

The markets for Industrial Services will grow as outsourcing becomes more common. The expertise and the broad range of services provided by L&T meet the requirements of the most demanding customers.

Markets and market position

In the future, more and more types of waste will be considered hazardous waste. Thanks to advances in industrial processes, however, the absolute volume of hazardous waste generated will not increase at the same rate. Nevertheless, there is clear growth potential in handling new types of hazardous waste. Furthermore, hazardous waste management is an important area for outsourcing among customers.

As outsourcing becomes more common and industrial production grows, the market for industrial cleaning is growing. Companies are trying to cut the number of their service suppliers, preferring to transfer the responsibility for more advanced methods to them and to work with them on a partnership basis.

In damage repair services, the new awareness of health risks caused by moisture, mould and indoor air impurities has clearly increased the demand for drying services and indoor air quality services. In sewer maintenance, the market has been steady for a long time, but the stricter requirements now relating to sewage systems in sparsely populated areas will increase demand in the next few years.

In terms of the Industrial Services product lines, Lassila & Tikanoja is the largest or the second largest player in Finland.

Highlights of 2001

Net sales by Industrial Services amounted to EUR 52.9 million and operating profit to EUR 5.1 million. Net sales increased by 12.4%, mainly because of growth in net sales by Hazardous Waste Management and Sewer Maintenance. Operating profit declined 2.8%, because of problems at certain Industrial Cleaning and Damage Repair units. The restructuring measures taken will start having an effect in the first quarter of 2002.

Industrial services went through a complete reorganisation. A large part of production management and control was centralised to improve cost-efficiency and to increase the efficiency and operating area of both the fleet and the personnel. Staff expertise in specific services and customer groups was clearly defined at different levels of the organisation, and sales resources were strengthened.

Lassila & Tikanoja succeeded in increasing the net sales of the hazardous waste collection services. Its market share grew in spite of a downturn in the economy. Setbacks in basic industry brought a slight decline in demand, particularly in cases of work done during stoppages.

A good customer relationship grows into a partnership, which is based on long term cooperation, transparency of operations and willingness of both parties to engage in continuous improvement and development.

Comprehensive Services and Customer Partnership

The current trend in the service sector is that customers are reducing the number of their service suppliers and purchasing larger service packages than before. Customer relationships are therefore growing into partnerships where continuity of cooperation, joint development targets, extensive exchange of information and transparency of operations are key elements. All this makes Lassila & Tikanoja's position in the market even stronger.

Whenever environmental and property maintenance is centralised in the hands of a single expert service provider, the work becomes easier and is carried out faster and more efficiently. Lassila & Tikanoja offers its customers a comprehensive service in the form of chains of functional services provided by its different product lines.

Lassila & Tikanoja's comprehensive service packages are tailor-made for each customer and based on the customer's wishes and changing needs. Comprehensive services can include, for instance, planning and implementing of cleaning, property maintenance and environmental services, containers and waste transport, instructions, guidance, training and waste reports. At the customer's request, the service may include several other supplementary services such as mail delivery or reception or other ancillary services; Nokia Way and Fortum Way are examples of such customised service packages. Each customer has an assigned contact person who is responsible for the performance of the whole service and can be easily reached for consultation.

By designing functional service concepts for customer groups with common needs – offices, retail and business premises, heavy basic industry, food industry, cost-efficiency has been improved. A functional service concept must be based on understanding customers' true needs and the ability to integrate the services into their operating processes. The success of any such concept can be measured as the value added gained by the customer.

Its environmental reputation is an essential part of a company's image and environmental expertise will be a key element of tomorrow's business. Lassila & Tikanoja keeps abreast of changes and amendments in environmental laws and regulations on the customers' behalf, and develops its services accordingly. Lassila & Tikanoja also compiles reports for customers on how well their environmental objectives are attained, so that they can fulfil their obligations as provided by law.

Report by the Board of Directors, Pro Forma

Lassila & Tikanoja plc was entered in the Trade Register on 30 September, 2001 after the demerger of Lassila & Tikanoja plc (former) into two separated listed companies, Lassila & Tikanoja plc and J.W. Suominen Group plc. The quoting of the shares of the new companies on the Helsinki Exchanges started on 1 October, 2001. The Lassila & Tikanoja Group consists of the Parent Company Lassila & Tikanoja plc and Säkkiväline Oy and its subsidiaries.

The financial information presented in the Annual Report consists of pro forma figures for 2001 and previous years alike, as if the demerger of Lassila & Tikanoja plc (former) had already taken effect on 1 January, 1997. The financial statements and the consolidated financial statements of Lassila & Tikanoja plc for the period 30 September to 31 December, 2001 can be obtained from the Company's main office one week before the Annual General Meeting.

Financial results

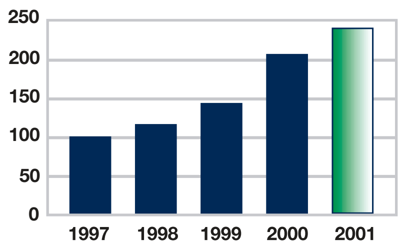
At EUR 0.94, consolidated earnings per share improved by 50.5%. Net sales rose by 16.6%. The company acquisitions in 2000 accounted for 10 percentage points of the increase, while organic growth accounted for the remainder (approximately 7 percentage points). The rise in net sales slowed down somewhat in the third quarter, but the last quarter showed signs of improvement. Operations focused on exploiting the benefits of synergy obtained through the acquisitions in 2000 and on improving profitability. These goals were attained. There was a significant improvement in net sales, although this varied in different divisions.

Net sales by Environmental Services increased by 27.2% and operating profit by 60.8%. This was achieved through the synergy derived from company acquisitions and improvements in operating efficiency. Efficiency was raised by combining overlapping routes and increasing two-shift driving, allowing a reduction in the number of vehicles used. The synergy gained from the company acquisitions in 2000 has now been exploited in full. During the last quarter, the Company entered into a new operator contract with producers on the collection of pressure-impregnated timber. The figures for environmental product trade are included in those for the entire Environmental Services division.

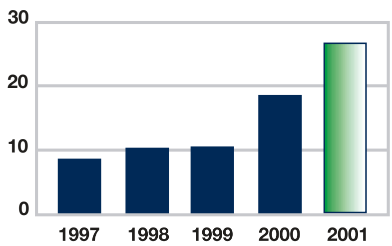
Net sales by Property Services increased by 6.7% and operating profit by 60.8%. Operating profit improved particularly well in Professional Cleaning, thanks to long-term development work on production and the management system. Property Maintenance carried out a project to improve efficiency, and related measures are still taking place.

Net sales by Industrial Services increased by 12.4%, mainly because of growth in net sales by Hazardous Waste Management and Sewer Maintenance. Operating profit declined 2.8%, because of problems at certain Industrial Cleaning and Damage Repair units. The restructuring measures taken will start having an effect in the first quarter of 2002. Industrial Services were reorganised completely in September, when a large part of production management and control was centralised in the interests of more effective use of resources. Sales resources were strengthened significantly at the end of the year. An agreement on comprehensive services was entered into with a new client in the heavy-metal industry.

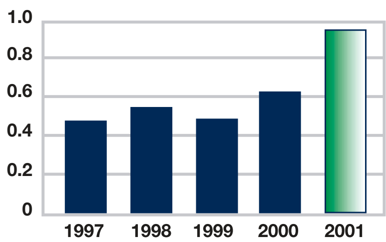
Net sales, EUR million



Operating profit, EUR million



Earnings/share, EUR



Net sales

	2001	2000	Change
EUR 1000	1.1. - 31.12.	1.1. - 31.12.	%
Environmental Services	113 087	88 887	27.2
Property Services	79 836	74 849	6.7
Industrial Services	52 895	47 048	12.4
Total	245 818	210 784	16.6

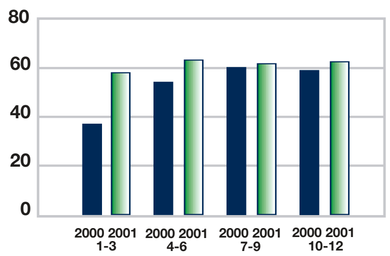
Operating profit

	2001		2000	
	EUR 1000	%	EUR 1000	%
Environmental Services	13 515	12.0	8 404	9.5
Property Services	7 659	9.6	4 762	6.4
Industrial Services	5 114	9.7	5 259	11.2
Total	26 288	10.7	18 425	8.7

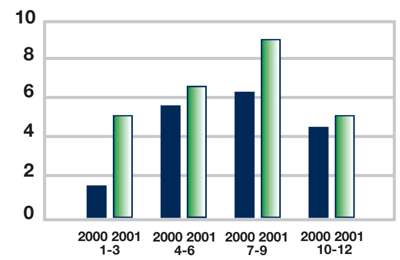
Quarterly results

EUR 1000	IV/2001	III/2001	II/2001	I/2001	IV/2000	III/2000	II/2000	I/2000
Net sales								
Environmental Services	28 959	28 681	29 157	26 290	27 106	27 683	22 936	11 162
Property Services	20 246	19 680	19 609	20 301	18 729	18 405	18 896	18 819
Industrial Services	13 344	13 476	14 553	11 522	13 416	14 227	12 365	7 040
	62 549	61 837	63 319	58 113	59 251	60 315	54 197	37 021
Operating profit								
Environmental Services	2 574	4 218	3 371	3 352	1 762	2 607	3 060	975
Property Services	1 700	2 994	1 338	1 627	1 841	1 512	609	800
Industrial Services	964	1 934	1 988	228	1 037	2 317	2 125	-220
	5 238	9 146	6 697	5 207	4 640	6 436	5 794	1 555
Net financial expenses	-931	-1 334	-1 178	-1 351	-1 169	-1 323	-1 013	-99
Profit before extraordinary items	4 307	7 812	5 519	3 856	3 471	5 113	4 781	1 456
Operating margins								
Environmental Services	8.9	14.7	11.6	12.8	6.5	9.4	13.3	8.7
Property Services	8.4	15.2	6.8	8.0	9.8	8.2	3.2	4.3
Industrial Services	7.2	14.4	13.7	2.0	7.7	16.3	17.2	-3.1
Lassila & Tikanoja Group	8.4	14.8	10.6	9.0	7.8	10.7	10.7	4.2

Quarterly net sales, EUR million



Quarterly operating profit, EUR million



Gross investments

The Group's gross investments totalled EUR 14.8 million, compared with EUR 136.4 million a year earlier. Investments focused mainly on renewal of machinery and equipment and construction of production facilities. Two minor company acquisitions took place in the last quarter. Depreciations (EUR 22.0 million) were significantly higher than investments.

Investments by Balance Sheet item

EUR million	2001	2000
Real estate	3.5	6.8
Machinery and equipment	9.1	36.4
Other tangible assets	0.6	12.8
Securities and goodwill	1.2	78.8
Intangible assets and other capitalised expenditure	0.4	1.6
Total	14.8	136.4

Invested capital

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

EUR million	31 Dec. 2001	31 Dec. 2000
Fixed assets	166 538	174 845
Current assets	42 578	39 692
Deferred tax liability	-4 957	-6 253
Trade payables	-9 619	-7 856
Accruals and deferred income	-4 440	-5 111
Other current, non-interest bearing liabilities	-24 537	-26 347
Invested capital	165 563	168 969

Invested capital decreased during the year by EUR 3.4 million or by 2.0%. The rate of circulation for invested capital was 1.5 compared with 1.2 a year earlier.

Financing

Interest-bearing liabilities amounted to EUR 9.3 million less than for the previous financial year. Net financial expenses were 2.0% of net sales and 18.2% of operating profit. EUR 0.7 million was released from working capital. The equity ratio was 38.1% (33.9%), and the gearing rate 91.9 (126.0). Investments were financed out of cash flow from operations. Liquidity was good.

Product development

The Company's product development is responsible for developing new products and improving current services. Because product development projects were organised independently by each product line, development costs are presented non-itemised, under normal operating costs. Steering and supervision of product development was centralised in autumn 2001, which will enable individual items of product development costs to be monitored in the future.

Personnel

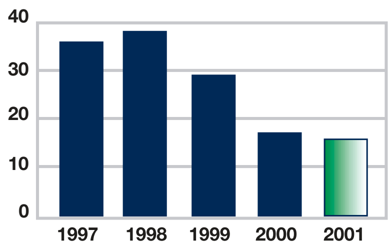
The average number of personnel converted to full-time employees was 3,676. At the year end the company employed 4,525 persons.

Changes in the Group structure

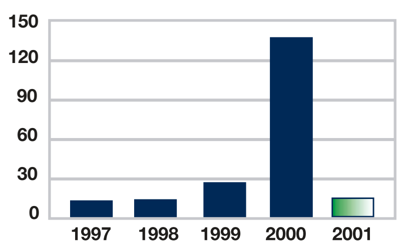
The shares of Servisec Oy and the business operations of JT-Lännen Huolto Oy and PC-Air Oy were acquired by the Group.

Royal Clean Oy was merged with Säkkiväline Oy, Saimaan Teollisuuspuhdistus Oy and Maraoil with Säkkiväline Puhtaanapito Oy and Säkkiväline Puhtaanapito Oy with Säkkiväline Oy.

ROI, %



Investments, EUR million



Company shares

The volume of trading in Lassila & Tikanoja plc shares on the Helsinki Exchanges during 1 October to 31 December, 2001 was 859,582 or 5.4% of the number of shares. The trading price varied between 12.00 and 18.50 euros. The closing price was 18.00 euros. The market capitalisation of the Company's shares on 31 December, 2001 was EUR 284.9 million.

Summary of other stock exchange bulletins in conformance with article 7, chapter 2 of the Securities Markets Act

On 4 October, 2001, the Board of Directors decided to start preparations to merge Säkkiväline Oy into its Parent Company Lassila & Tikanoja plc. The merger is expected to take place on 1 April, 2002. The Board approved the merger plan on 31 October, 2001.

Distribution of the profit

The Group's earnings/share were EUR 0.94. The Board of Directors will propose payment of a dividend of EUR 0.60 per share to the Annual General Meeting convening on 9 April, 2002. The amount of the dividend to be paid is EUR 9,495,784.80. The proposed dividend is 64.1% of earnings per share.

Prospects for the year 2002

As public interest in environmental matters grows, the legislation gets stricter and outsourcing becomes more common, demand for the Group's services will grow faster than GDP in the long run. Although this sector is far less affected by business cycles than other sectors on average, there are considerable fluctuations within a year.

The market is still showing signs of some uncertainty, though this is fading. Net sales are expected to show a steady increase. Whether the long-term target of exceeding 10% growth is reached in 2002 will depend on the timing of any company acquisitions. The financial results are expected to improve. The Company will place more emphasis on marketing its services.

Consolidated Statement of Income Pro Forma

1 January – 31 December EUR 1000	2001	%	2000	%	Note
Net sales	245 818	100.0	210 784	100.0	1
Costs of goods sold	-201 853		-174 547		
Gross profit	43 965	17.9	36 237	17.2	
Sales and marketing expenses	-5 447		-5 732		
Administration expenses	-7 294		-8 233		
Other operating income	1 076		853		4
Other operating expenses	-513		-525		
Operating profit before depreciation on goodwill	31 787	12.9	22 600	10.7	
Depreciation on goodwill	-5 499		-4 175		
Operating profit	26 288	10.7	18 425	8.7	2,3
Financial income and expenses	-4 794	-2.0	-3 604	-1.7	5
Profit before income taxes	21 494	8.7	14 821	7.0	
Income taxes	-6 674	-2.7	-4 937	-2.3	6
Minority interests	24		-24		
Profit for the financial year	14 844	6.0	9 860	4.7	

Consolidated Balance Sheet Pro Forma

31 December EUR 1000	2001	%	2000	%	Note
ASSETS					
Fixed assets					
Intangible assets					7
Intangible rights	39		62		
Goodwill	79 514		84 780		
Other capitalised expenditure	2 019		2 011		
Advance payments	35				
	81 607	39.0	86 853	40.5	
Tangible assets					8
Land	3 339		3 341		
Buildings	21 040		22 030		
Machinery and equipment	49 310		54 996		
Other tangible assets	3 249		3 260		
Advance payments and construction in progress	4 598		1 868		
	81 536	39.0	85 495	39.9	
Financial assets					9
Associated company shares	215		179		
Other shares and holdings	3 180		2 318		
	3 395	1.6	2 497	1.2	
Total fixed assets	166 538	79.6	174 845	81.6	
Current assets					
Inventories					
Finished products/Goods	1 618		2 345		
Other inventories	108		50		
	1 726	0.8	2 395	1.1	
Non-current receivables					
Loan receivables	1		20		
Current receivables					10
Trade receivables	24 631		22 652		
Loan receivables			4		
Other receivables	169		75		
Prepaid expenses and accrued income	3 746		11 400		
	28 546	13.7	34 131	15.8	
Cash at bank and in hand	12 305	5.9	3 145	1.5	
Total current assets	42 578	20.4	39 691	18.4	
Total assets	209 116	100.0	214 536	100.0	

31 December EUR 1000	2001	%	2000	%	Note
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					11,12
Share capital	7 913		7 913		
Share premium account	7 518		7 518		
Retained earnings	49 318		47 370		
Profit for the financial year	14 844		9 860		
Total shareholders' equity	79 593	38.1	72 661	34.0	
Minority interests			24		
Provisions	526	0.2	1 570	0.7	13
Liabilities					
Deferred tax liability	4 957	2.4	6 253	2.9	12
Non-current					14
Loans from financial institutions	75 512		84 854		
Advances received	2		78		
Other liabilities	720		720		
	76 234	36.4	85 652	39.9	
Current					
Loans from financial institutions	9 211		9 140		
Advances received	1				
Trade payables	9 619		7 856		
Other liabilities	24 534		26 269		
Accruals and deferred income	4 441		5 111		
	47 806	22.9	48 376	22.5	
Total liabilities	128 997	61.7	140 281	65.3	
Total shareholders' equity and liabilities	209 116	100.0	214 536	100.0	

Statements of Changes in Financial Position Pro Forma

EUR 1000	2001	2000
Operations		
Operating profit	26 288	18 425
Adjustments:		
Depreciation	21 962	17 651
Other adjustments	-478	-542
Cash flow before change in working capital	47 772	35 534
Change in working capital		
Increase/decrease in current non-interest-bearing receivables	1 768	-3 865
Increase/decrease in inventories	670	-197
Increase/decrease in current non-interest-bearing liabilities	-1 719	-1 675
Cash flow from operations before financial income/expenses and taxes	48 491	29 797
Interest expenses and other financial expenses paid	-5 207	-3 697
Interest received	232	80
Direct taxes paid	-2 794	-4 912
Cash flow from operations	40 722	21 268
Investments		
Investments in Group companies	-316	-116 502
Investments in tangible and intangible assets	-14 704	-12 371
Proceeds from sale of tangible and intangible assets	1 570	1 279
Investments in other assets	-951	-1 036
Proceeds from sale of other assets	58	85
Dividends received from investments	9	8
Cash flow from investing activities	-14 334	-128 537
Financing		
Proceeds from non-current liabilities		85 000
Payments of non-current liabilities	-9 315	-2 045
Dividends paid	-7 913	-7 913
Cash flow from financing activities	-17 228	75 042
Changes in cash and cash equivalents	9 160	-32 227
Cash and cash equivalents 1 Jan.	3 145	35 372
Cash and cash equivalents 31 Dec.	12 305	3 145

The items in the Statements of Changes in Financial Position cannot be derived directly from the Balance Sheets owing, among other things, to the acquisition of new subsidiaries.

Additional information on acquisition of Group companies and business operations:	2001	2000
Cash at bank and in hand	205	880
Inventories		290
Receivables	166	11 442
Goodwill	237	82 866
Other fixed assets	77	39 295
Current liabilities	-164	-14 131
Non-current liabilities		-777
Deferred tax liability/receivable		917
Provisions		-3 400
Acquisition price	521	117 382
./.Cash and cash equivalents	-205	-880
Investments in Group companies	316	116 502

Notes to the Financial Statements

Principles for preparing the pro forma financial statements

The Lassila & Tikanoja Group was formed in the demerger of Lassila & Tikanoja plc (former) on 30 September 2001. Official financial statements have been prepared for 30 September to 31 December 2001, the first financial period of Lassila & Tikanoja plc, and pro forma consolidated financial statements with comparison figures for 1 January to 31 December, 2001. The pro forma figures have been calculated as if the demerger had taken place on 1 January 1997. The figures of the official financial statements and the consolidated financial statements for 30 September to 21 December 2001 will be available on the Company's Internet pages www.lassila-tikanoja.com one week before the Annual General Meeting.

CONSOLIDATED FINANCIAL STATEMENTS

Extent

The consolidated financial statements include those companies in which Lassila & Tikanoja plc held, either directly or indirectly, over 50% of the shares during the financial year. Separate consolidated financial statements were not prepared for the Säkkiväline subgroup. Companies are included in the consolidated financial statements from the date of acquisition 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 28.

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 10 to 20 years. The goodwill comprises skill and market share expected to generate income for some time and is depreciated in ten years. The depreciation period for goodwill from WM Ympäristöpalvelut Oy is 20 years because it is related to acquisition of a significant market position. These principles apply to goodwill acquired through the purchase of business operations, where applicable.

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 unrealised margins on intra-group deliveries, intra-group receivables and liabilities, and the intra-group profit were eliminated.

Mergers and dissolution of subsidiaries

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 has been entered as income against said costs. The remaining share is reserved for certain outstanding expenses. 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.

Associated companies

Associated companies were consolidated with the equity method.

VALUATION AND MATCHING PRINCIPLES

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	5 to 25 years
Transport equipment	6 to 8 years
Machinery and equipment	4 to 10 years
Goodwill	10 to 20 years
Intangible rights and other capitalised expenditure	5 to 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 capitalised expenditure comprises expenses incurred in renovation and excavation work of rented premises.

Leases were entered as expenses in the Statement of Income.

In the balance sheet, the sum total of goodwill and goodwill on consolidation are presented under Goodwill; in the statement of income, depreciation on goodwill or on goodwill on consolidation are presented under depreciation on goodwill.

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 capitalised.

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 was entered as an expense.

Matching of expenditure on pensions

Statutory pension coverage for employees in the Group companies was provided by private pension insurance companies. Pension insurance premiums were matched with salaries for the financial year.

ITEMS DENOMINATED IN FOREIGN CURRENCIES

The business transaction 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.

PRO FORMA CALCULATION PRINCIPLES

The pro forma calculations concerning the new Lassila & Tikanoja Group for the years from 1997 to 2001 are based on the financial statements of the former Lassila & Tikanoja Group for the periods 1 January, 1997 to 30 September, 2001 and the financial statements of the new Lassila & Tikanoja Group for the period 30 September to 31 December, 2001.

Companies have been consolidated to the new Lassila & Tikanoja Group according to the Demerger Plan.

The consolidated financial statements were prepared in such a way that the combined shareholders' equities of the new groups formed in the demerger correspond to the equity of the demerged group per 30 September, 2001. The balance sheet according to the Demerger Plan was used as that for the Parent Company. Intra-group eliminations have been adjusted to fit the post-demerger group structure. Half of the dividends of Lassila & Tikanoja plc (former) for 2000 have been calculated as dividends.

The pro forma calculation principles are explained in more detail in the Demerger Prospectus/Tender Offer Document of 1 March, 2001, updated 26 September, 2001.

1. Net sales

EUR 1000	2001	%	2000	%
Net sales by division				
Environmental Services	113 087	46.0	88 887	42.2
Property Services	79 836	32.5	74 849	35.5
Industrial Services	52 895	21.5	47 048	22.3
Total	245 818	100.0	210 784	100.0
Net sales by market				
Finland	244 865	99.6	210 207	99.8
Other Nordic countries	383	0.2	94	
Other EU countries	148	0.1	235	0.1
Other Europe	351	0.1	248	0.1
Other countries	71			
Total	245 818	100.0	210 784	100.0

2. Personnel and administrative bodies

	2001	2000
Average personnel		
Clerical personnel	646	571
Workers	3 030	2 857
Total	3 676	3 428
Personnel expenses for the financial year EUR 1000		
Salaries	79 780	71 634
Pension expenditure	12 401	10 981
Other salary-related expenses	6 346	6 602
Total	98 527	89 217
Salaries and bonuses paid to management: Members of the Boards of Directors and managing director	172	

The Chairman of the Board of Directors and the President and CEO 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. Under the current contract, the President and CEO may choose to retire at the age of 60.

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

3. Depreciation

EUR 1000	2001	2000
Depreciation by function		
Acquisition and production	14 482	11 752
Sales and marketing	458	484
Administration	1 523	1 240
Goodwill	5 499	4 175
Total	21 962	17 651

Depreciation is itemised under intangible and tangible assets.

4. Other operating income and expences

EUR 1000	2001	2000
Other operating income		
Profit from sales of fixed assets	634	621
Profit from sales of shares	19	32
Rents	56	115
Recovery of bad debts	80	18
Other	244	33
	1 033	819
Share of result of associated company	43	34
Total	1 076	853
Other operating expenses		
Losses from sales of fixed assets	167	127
Losses from sales of shares	15	
Bad debts	298	347
Other	33	51
Total	513	525

5. Financial income and expences

EUR 1000	2001	2000
Dividend income	12	12
Other interest and financial income	250	80
Other interest and financial expenses	-5 056	-3 696
Total financial income and expenses	-4 794	-3 604
Financial income and expenses include		
Interest income	250	80
Interest expenses	5 036	3 589
Exchange rate differences (net)	-2	

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

6. Income taxes

EUR 1000	2001	2000
Income taxes on operations for the financial year	6 029	669
Income taxes from previous financial years	1 941	-7
Changes in the deferred tax liability*	-1 296	4 275
Total	6 674	4 937
* Changes in the deferred tax liability		
From appropriations	-87	970
From matching differences	620	2 773
From consolidation	-1 829	532
Total	-1 296	4 275

7. Intangible assets

EUR 1000	Intangible rights	Goodwill	Other capitalised expenditure	Advance payments	Total
Acquisition cost 1 Jan.	79	115 465	3 438		118 982
Increase	17	317	335	35	704
Decrease	-38	-78	-105		-221
Transfers between items	1		17		18
Acquisition cost 31 Dec.	59	115 704	3 685	35	119 483
Accumulated depreciation 1 Jan.	-16	-30 686	-1 427		-32 129
Accumulated depreciation on decrease and transfers			105		105
Depreciation for the financial year	-4	-5 504	-344		-5 852
Accumulated depreciation 31 Dec.	-20	-36 190	-1 666		-37 876
Book value 31 Dec.	39	79 514	2 019	35	81 607

8. Tangible assets

EUR 1000	Land	Buildings	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan.	2 139	23 151	107 350	6 257	1 867	140 764
Increase	55	1 018	7 766	522	3 859	13 220
Decrease	-57	-697	-4 059	-41		-4 854
Transfers between items		12	454	642	-1 128	-20
Acquisition cost 31 Dec.	2 137	23 484	111 511	7 380	4 598	149 110
Accumulated depreciation 1 Jan.		-3 177	-52 354	-2 996		-58 527
Accumulated depreciation on decrease and transfers		126	3 697	41		3 864
Depreciation for the financial year		-1 449	-13 544	-1 176		-16 169
Accumulated depreciation 31 Dec.		-4 500	-62 201	-4 131		-70 832
Revaluations 1 Jan. and 31 Dec.	1 202	2 056				3 258
Book value 31 Dec.	3 339	21 040	49 310	3 249	4 598	81 536
Balance sheet value of production machinery and equipment			44 801			

9. Financial assets

EUR 1000	Holdings in participating interests	Other shares and holdings	Total
Acquisition cost 1 Jan.	146	2 352	2 498
Increase		882	882
Decrease		-54	-54
Acquisition cost 31 Dec.	146	3 180	3 326
Adjustment of equity share 1 Jan.	33		33
Share of associated company result	36		36
Adjustment of equity share 31 Dec.	69		69
Book value 31 Dec.	215	3 180	3 395

Group companies

	Percentage of total number of shares %	of voting power %
Säkkiväline Oy, Helsinki	100.0	100.0
Owned through subsidiary		
EM-Business Oy, Helsinki	100.0	100.0
Kanta-Hämeen Ympäristöyhtiö Oy, Helsinki	100.0	100.0
Kiinteistö Oy Meritonttu, Espoo	100.0	100.0
Kiinteistö Oy Tampereen Sarankulma, Helsinki	100.0	100.0
Kiinteistö Oy Vantaan Valimotie 33, Vantaa	100.0	100.0
Servisec Oy, Helsinki	100.0	100.0
SV Vedenkierrätys Oy, Lahti	50.1	50.0
Säkkiväline Kalusto Oy, Helsinki	100.0	100.0
Säkkiväline Palvelu Oy, Helsinki	100.0	100.0
Säkkiväline Ympäristöhuolto Oy, Helsinki	100.0	100.0
Säkkiväline Ympäristöpalvelut Oy, Helsinki	100.0	100.0

Associated companies

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

The associated companies were consolidated with the equity method.

10. Receivables

EUR 1000	2001	2000
Prepaid expenses and accrued income		
Interest receivables	18	
Employees' health care compensation	459	417
Statutory personnel insurance	1 809	948
Insurance receivables	132	152
VAT receivables	1 211	4 881
Direct taxes	71	4 092
Other	46	910
Total	3 746	11 400

11. Shareholders' equity

EUR 1000	2001	2000
Share capital 1 Jan. and 31 Dec.	7 913	7 913
Share premium account 1 Jan. and 31 Dec.	7 518	7 518
Retained earnings 1 Jan.	57 231	55 283
Dividend	-7 913	-7 913
Retained earnings 31 Dec.	49 318	47 370
Profit for the financial year	14 844	9 860
Shareholders' equity 31 Dec.	79 593	72 661
Distributable assets		
Retained earnings	49 318	47 370
Profit for the financial year	14 844	9 860
Equity share of accumulated depreciation difference and accumulated appropriations	-2 179	-2 392
Distributable assets	61 983	54 838

12. Accumulated appropriations and deferred tax liability

EUR 1000	31 Dec. 2001	Change	1 Jan. 2001
Accumulated appropriations			
Accumulated depreciation difference	13 270	-300	13 570
Deferred tax liability	-3 848	87	-3 935
Equity share of subsidiaries at time of acquisition	-7 243		-7 243
Transferred to shareholders' equity	2 179	-213	2 392
Deferred tax receivable and liability			
Based on appropriations	3 848	-87	3 935
Based on matching differences	1 442	620	822
Based on consolidation	-333	-1 829	1 496
Total	4 957	-1 296	6 253

13. Provisions

EUR 1000	2001	2000
Other provisions	526	1 570

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 remaining share is reserved for certain outstanding expenses.

14. Liabilities

EUR 1000	2002*)	2003	2004	2005
Repayment of non-current liabilities in coming years				
Loans from financial institutions	9 211	9 211	9 195	56 844

*) In the balance sheet under current liabilities

EUR 1000	2001	2000
Liabilities which fall due within five years or more		
Loans from financial institutions	261	57 214
Non-interest bearing liabilities		
Non-current	4 959	6 331
Current	38 594	39 235
Total	43 553	45 566
Accruals and deferred income		
Deferred interest	732	884
Waste charges	1 817	2 644
Other matched expenses	1 892	1 583
Total	4 441	5 111

15. Contingent liabilities

EUR 1000	2001	2000
Security for Company liabilities		
Loans from financial institutions for which mortgages have been given as security	84	118
Real estate mortgages	168	168
Other security given		
Real estate mortgages	81	1 469
Other securities	25	25
Commitments for which comprehensive security was given		
Loans from financial institutions	53 333	60 000
Other company commitments	390	65
Real estate mortgages	3 364	3 364
Book value of pledged shares		22 698
Other Company liabilities		
Leasing liabilities		
Falling due next year	149	158
Falling due in subsequent year	211	172

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

16. Derivative contracts

EUR 1000	2001	2000
Interest rate swaps		
Nominal value	52 000	52 000
Market value	-1 410	-420

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

17. Legal effects of the demerger

Under chapter 14a, section 6, paragraph 2 of the Finnish Companies Act, Lassila & Tikanoja plc and J.W. Suominen Group plc, the recipient companies in the demerger, are jointly liable for those debts of the demerging company (former Lassila & Tikanoja plc) that originated before registration of implementation of the demerger. However, the total liability of Lassila & Tikanoja plc for those debts of the demerging company that the other company is liable for under the Demerger Plan cannot exceed the value of the net assets transferred to Lassila & Tikanoja plc.

Financing and financial risk management

Financing and financial risk management have been centralised. The liquidity of euro accounts is netted by means of a cash pool, and any surplus liquidity is invested in the money market. The purpose of financial risk management is to hedge against any significant financial risks.

Interest risk
The most significant interest risk incurred by the Company relates to loans. The proportion of fixed-rate loans in the loan portfolio is monitored monthly and may, if necessary, be modified with interest rate derivatives.

Credit risk
The Company manages credit risk related to financial and derivative instruments by making financial and derivative contracts with major Nordic banks only and by investing surplus liquidity in certificates of deposit and commercial papers issued by carefully selected banks and companies.

Liquidity risk
The Company seeks to maintain good liquidity in all circumstances through efficient cash management and by ensuring that any investments can be realised quickly. To meet any temporary need for cash due to cash flow fluctuations, the Company has a credit limit for short-term loans (EUR 8 million) and commercial paper programmes (total EUR 25 million).

Currency risk
All loans taken out by the Group are Euro denominated and thus involve no translation risk. There is virtually no transaction risk, either, and any currency risk would be attributed to a negative position caused by SEK-denominated imports.

Financial Statements 30 Sept. to 31 Dec. 2001

Statement of income 30 Sept. – 31 Dec.

EUR 1000	Group	Parent Company
Net sales	62 549	141
Costs of goods sold	-52 221	-25
Gross profit	10 328	116
Sales and marketing expenses	-1 628	
Administration expenses	-2 312	-325
Other operating income	377	431
Other operating expenses	-148	-87
Operating profit before depreciation on goodwill	6 617	135
Depreciation on goodwill	-1 379	
Operating profit	5 238	135
Financial income and expenses	-931	-138
Profit before extraordinary items	4 307	-3
Extraordinary items		82
Profit before appropriations and income taxes	4 307	79
Appropriations		
Decrease in accumulated depreciation		2
Income taxes	-1 036	-67
Minority interests	50	
Profit for the financial year	3 321	14

Balance sheet 31 December

EUR 1000	Group	Parent Company
ASSETS		
Fixed assets		
Intangible assets		
Intangible rights	39	
Goodwill	79 514	
Other capitalised expenditure	2 019	
Advance payments	35	1
	81 607	1
Tangible assets		
Land	3 339	1 685
Buildings	21 040	2 325
Machinery and equipment	49 310	24
Other tangible assets	3 249	16
Advance payments and construction in progress	4 598	
	81 536	4 050
Financial assets		
Shares in Group companies		77 822
Associated company shares	215	
Other shares and holdings	3 180	34
	3 395	77 856
Total fixed assets	166 538	81 907
Current assets		
Inventories		
Finished products/Goods	1 618	
Other inventories	108	
	1 726	
Non-current receivables		
Loan receivables	1	
Current receivables		
Trade receivables	24 631	
Other receivables	169	
Prepaid expenses and accrued income	3 746	71
	28 546	71
Cash at bank and in hand	12 305	12 024
Total current assets	42 578	12 096
Total assets	209 116	94 003
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	7 913	7 913
Share premium account	7 518	7 518
Retained earnings	60 841	57 067
Profit for the financial year	3 321	14
Total shareholders' equity	79 593	72 512
Appropriations		
Depreciation		57
Provisions	526	
Liabilities		
Deferred tax liability	4 957	
Non-current		
Loans from financial institutions	75 512	
Accrued income	2	
Other liabilities	720	
	76 234	
Current		
Loans from financial institutions	9 211	
Accrued income	1	
Trade payables	9 619	30
Liabilities to Group companies		21 136
Other liabilities	24 534	268
Accruals and deferred income	4 441	
	47 806	21 434
Total liabilities	128 997	21 434
Total shareholders' equity and liabilities	209 116	94 003

Statements of changes in financial position 30 Sept. – 31 Dec.

EUR 1000	Group	Parent Company
Operations		
Operating profit	5 238	135
Adjustments:		
Depreciation	5 452	10
Other adjustments	-171	-22
Cash flow before change in working capital	10 519	123
Change in working capital		
Increase/decrease in current non-interest-bearing receivables	2 798	-9
Increase/decrease in inventories	-230	
Increase/decrease in current non-interest-bearing liabilities	2 202	122
Cash flow from operations before financial income/expenses and taxes	15 289	236
Interest expenses and other financial expenses paid	-2 398	-224
Interest received	201	68
Direct taxes paid/received	2 434	
Cash flow from operations	15 526	80
Investments		
Investments in Group companies	-316	
Investments in tangible and intangible assets	-4 863	
Proceeds from sale of tangible and intangible assets	268	22
Investments in other assets	-2	
Proceeds from sale of other assets	24	
Dividends received from investments	9	
Cash flow from investing activities	-4 880	22
Financing		
Increase in liabilities to Group companies		7 224
Payments of non-current liabilities	-4 333	
Cash flow from financing activities	-4 333	7 224
Changes in cash and cash equivalents	6 313	7 326
Cash and cash equivalents 30 Sept.	5 992	4 698
Cash and cash equivalents 31 Dec.	12 305	12 024

The items in the Statements of Changes in Financial Position cannot be derived directly from the Balance Sheets owing, among other things, to the acquisition of new subsidiaries.

Additional information on acquisition of Group companies and business operations:

Cash at bank and in hand	205
Receivables	166
Consolidated goodwill and goodwill	237
Other fixed assets	77
Current liabilities	-164
Acquisition price	521
./.Cash and cash equivalents	-205
Investments in Group companies	316

Equity on 31 December

EUR 1000	Group	Parent Company
Shareholders' equity	7 913	7 913
Share premium account	7 518	7 518
Retained earnings on 30 Sept.	60 841	57 067
Profit for the financial year	3 321	14
Equity on 31 Dec.	79 593	72 512
Distributable assets		
Retained earnings	60 841	57 067
Profit for the financial year	3 321	14
Equity share of accumulated depreciation difference and accumulated appropriations	-2 179	
Distributable assets	61 983	57 081

The notes to the financial statements of Lassila & Tikanoja Group and Lassila & Tikanoja plc for the three month period and included in the official financial statements and are available on the Lassila & Tikanoja Internet pages www.lassila-tikanoja.com a week before the Annual General Meeting.

Shares and Shareholders

Share capital

On 30 September, 2001 Lassila & Tikanoja plc (former) was demerged into two new companies, Lassila & Tikanoja plc and J.W. Suominen Group plc. In the demerger, one Lassila & Tikanoja plc share entitled the holder to one new Lassila & Tikanoja plc share and one J.W. Suominen Group plc share. Trading in the new company's shares began on 1 October 2001.

The share capital of Lassila & Tikanoja plc is EUR 7,913,154. The shares have no nominal value. There are 15,826,308 shares, with a book counter value of EUR 0.50 each. The shares are quoted on the Helsinki Exchanges Main List under the heading 'Other services' and the trading code LAT1V. The ISIN code is FI0009010854. There are 100 shares in each trading lot.

The Company's minimum capital is EUR 5,000,000 and the maximum EUR 20,000,000. The share capital may be increased or reduced within these limits without amending the Articles of Association.

The company may hold a minimum of 10,000,000 and a maximum of 40,000,000 shares. The holding may be increased or reduced within these limits without amending the Articles of Association.

Share trading

Between 1 October and 31 December, 2001, 859,582 shares of the Company were traded on the Helsinki Exchanges. This represents 5.4% of the average number of shares. The value of total trading was EUR 14.7 million, at a price that ranged between EUR 12.00 and EUR 18.50; the last quotation stood at EUR 18.00. The market capitalisation of the Company's shares on 31 December, 2001 was EUR 284.9 million.

Shares held by the management

Members of the Board of Directors and the President and CEO held either directly or via a company or foundation in which they held the controlling power 1,706,300 shares on 31 January, 2002, entitling them to 10.8% of the voting rights.

Dividend policy

The amount of dividend is tied to the results for the financial year. Profits considered necessary for ensuring the healthy development of the Company is distributed to shareholders.

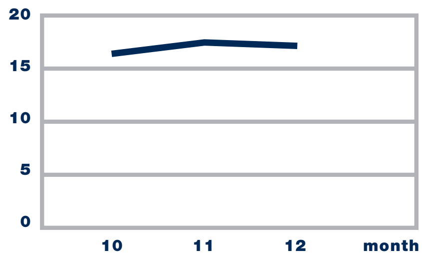
Authorisation to the Board of Directors

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

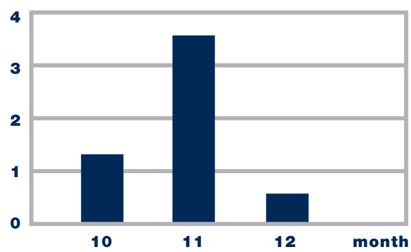
Shares held by the Board of Directors and President and CEO

	Number of shares	% of shares and of voting power
Heikki Hakala	0	0
Lasse Kurkilahti	0	0
Juhani Lassila	3 600	0.02
Evald and Hilda Nissi Foundation	1 005 660	6.35
Juhani Maijala	694 240	4.39
Soili Suonoja	0	0
Jari Sarjo	2 800	0.02
Total	1 706 300	10.78

Average share price, EUR



Relative trading in shares, %



Breakdown of shareholding by category

	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and of voting power
Companies	97	7.7	329 076	2.1
Financial institutions and insurance companies	33	2.6	3 583 190	22.7
Public institutions	38	3.0	4 178 098	26.4
Non-profit organisations	45	3.6	1 461 445	9.2
Individuals	1 043	82.4	4 247 336	26.8
Foreign shareholders	9	0.7	59 710	0.4
	1 265	100.0	13 858 855	87.6
Shares registered in a nominee's name			1 947 061	12.3
Shares not transferred to the book-entry securities system			20 392	0.1
Total			15 826 308	100.0

Breakdown of shareholding by size of holding

Number of shares	Number of shareholders	Percentage	Total shares held in each category	Percentage of shares and of voting power
1-1 000	870	68.8	265 544	1.7
1 001-5 000	236	18.6	648 775	4.1
5 001-10 000	67	5.3	477 539	3.0
10 001-100 000	77	6.1	2 378 399	15.0
over 100 000	15	1.2	10 088 598	63.8
	1 265	100.0	13 858 855	87.6
Shares registered in a nominee's name			1 947 061	12.3
Shares not transferred to the book-entry securities system			20 392	0.1
Total			15 826 308	100.0

The largest shareholders

Shareholder	Number of shares	Percentage of shares and of voting power
1. Ilmarinen Mutual Pension Insurance Company	1 460 000	9.2
2. Evald and Hilda Nissi Foundation	1 005 660	6.4
3. Sampo Life Insurance Company Ltd	974 083	6.2
4. Tapiola Mutual Pension Insurance Company	863 900	5.5
5. The Local Government Pensions Institution	747 000	4.7
6. Suomi Group	719 700	4.5
Suomi Insurance Company Ltd	484 500	3.1
Suomi Mutual Life Assurance Company	235 200	1.5
7. Ruth Kangas	702 080	4.4
8. Juhani Maijala	694 240	4.4
9. Pohjola Non-Life Insurance Company Limited	684 600	4.3
10. Varma-Sampo Mutual Pension Insurance Company	674 775	4.3
11. Tapiola Insurance Group	665 540	4.2
Tapiola General Mutual Insurance Company	374 440	2.4
Tapiola Mutual Life Assurance Company	204 400	1.3
Tapiola Corporate Life Insurance Company	86 700	0.5
12. Heikki Bergholm	370 000	2.4
13. Mikko Maijala	276 420	1.7
14. Foundation for Economic Education	150 000	0.9
15. Eeva Maijala	100 600	0.6
16. Nordea Nordic Small Cap Unit Trust	96 300	0.6
17. The LEL Employment Pension Fund	84 300	0.5
18. Instrumentarium Corporation	82 396	0.5
19. Foundation for Commercial and Technical Sciences	80 700	0.5
20. Lassi Antila	78 540	0.5
Total	10 510 834	66.4

All information concerning the company's shares is based on the book-entry securities register, as on 31 January, 2002.

Key Figures

Key figures on shares pro forma	2001	2000	1999	1998	1997
Earnings/share (EPS), EUR	0.94	0.62	0.48	0.54	0.47
Equity/share, EUR	5.03	4.59	4.47	4.50	4.43
Dividend/share, EUR	0.60*)	0.50			
Dividend/earnings, %	64.1*)	80.1			
Dividend yield, %	3.3*)				
P/E ratio	19.2				
Cash flow from operations per share	2.57	1.34			
Share price, 3 months					
lowest, EUR	12.00				
highest, EUR	18.50				
average, EUR	17.08				
at year end, EUR	18.00				
Market capitalisation on 31 Dec., EUR million	284.9				
Adjusted **) number of shares					
Average during the year	15 826 308	15 826 308	15 826 308	15 199 922	15 066 308
At year end	15 826 308	15 826 308	15 826 308	15 826 308	15 066 308
Number of shares traded during 3 months	859 582				
as a percentage of the average	5.4				
Volume of shares traded during 3 months, EUR 1000	14 681				

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

Calculation of the key figures

Earnings/share = $\dfrac{\text{Profit before extraordinary items - income taxes including change in deferred tax liability - minority interest}}{\text{Adjusted average number of shares (average)}}$

Equity/share = $\dfrac{\text{Shareholders' equity}}{\text{Adjusted number of shares at year end}}$

Dividend/share = $\dfrac{\text{Dividend/share for the financial year}}{\text{Adjustment coefficient for share issues after the financial year}}$

Dividend/earnings,% = $\dfrac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$

Dividend yield, % = $\dfrac{\text{Dividend/share}}{\text{Adjusted share price at year end}} \times 100$

P/E ratio = $\dfrac{\text{Share price at year end}}{\text{Earnings/share}}$

Cash flow from operations per share = $\dfrac{\text{Cash flow from operations as in the statement of changes in financial position}}{\text{Adjusted number of shares (average)}}$

Market capitalisation = Number of shares at year end x share price at year end

Key figures on financial performance pro forma	2001	2000	1999	1998	1997
Net sales, EUR million	245.8	210.8	145.6	117.5	101.1
Operating profit before depreciation on goodwill, EUR million	31.8	22.6	11.8	11.3	9.6
As % of net sales	12.9	10.7	8.1	9.6	9.5
Operating profit, EUR million	26.3	18.4	10.4	10.2	8.5
As % of net sales	10.7	8.7	7.2	8.7	8.4
Operating profit before extraordinary items, EUR million	21.5	14.8	11.2	11.8	10.1
As % of net sales	8.7	7.0	7.7	10.0	10.0
Operating profit before income taxes and minority interests, EUR million	21.5	14.8	11.2	12.0	10.1
As % of net sales	8.7	7.0	7.7	10.3	10.0
Profit for the financial year, EUR million	14.8	9.9	7.5	8.5	7.1
As % of net sales	6.0	4.7	5.1	7.2	7.0
Cash flow from operations, EUR million	40.7	21.3			
Balance sheet total, EUR million	209.1	214.5	108.7	92.7	87.0
Return on equity, % (ROE)	19.5	13.8	10.7	11.9	10.6
Return on invested capital, % (ROI)	15.9	17.2	29.2	38.3	36.1
Equity ratio, %	38.1	33.9	65.1	76.8	76.7
Gearing, %	91.9	126.0	-35.3	-53.3	-58.0
Net interest-bearing liabilities, EUR million	73.1	91.6	-25.0	-37.9	-38.7
Gross investments, EUR million	14.8	136.4	27.1	13.4	12.5
as % of net sales	6.0	64.7	18.6	11.4	12.4
Average personnel employed	3 676	3 428	3 082	2 728	2 386

Calculation of the key figures

Return on equity, % (ROE)= $\dfrac{\text{Profit before extraordinary items - income taxes including change in deferred tax liability}}{\text{Shareholders' equity + minority interest (average)}} \times 100$

Return on invested capital, % (ROI) = $\dfrac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities (average)}} \times 100$

Equity ratio, % = $\dfrac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total – advances received}} \times 100$

Net interest-bearing liabilities = Interest-bearing liabilities - cash at bank and in hand

Gearing, % = $\dfrac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity + minority interest}} \times 100$

Proposal by the Board of Directors to the Annual General Meeting

Distributable assets according to the consolidated balance sheet on 31 December, 2001	EUR	61 982 966.00
Parent Company profit 30 Sept. to 31 Dec. 2001	EUR	14 382.24
Parent Company retained earnings	EUR	57 066 894.31
Distributable assets according to the Parent Company balance sheet on 31 Dec. 2001	EUR	57 081 276.55
The Board of Directors proposes that a dividend of EUR 0.60 be paid		
on each of the15,826,308 shares	EUR	9 495 784.80
leaving the remainder on the retained earnings account	EUR	47 585 491.75
Total	EUR	57 081 276.55

In accordance with the decision of the Board of Directors, the record date is 12 April, 2002. The Board of Directors proposes to the Annual General Meeting that the dividend be paid after the record period on 19 April, 2002.

Helsinki, 5 February, 2002

Juhani Maijala	Heikki Hakala
Juhani Lassila	Lasse Kurkilahti
Soili Suonoja	Jari Sarjo President and CEO

Auditors' Report

To the shareholders of Lassila & Tikanoja plc

We have audited the accounting, the financial statements and the corporate governance of Lassila & Tikanoja plc for the period 30.9. – 31.12.2001. 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 CEO. 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. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President and CEO 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 CEO 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, 7 February, 2002

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Auditors' Report on the Pro Forma Financial Information

To the Board of Directors of Lassila & Tikanoja plc

As auditors of Lassila & Tikanoja plc we have reviewed the pro forma financial information set out in the 2001 pro forma annual accounts. The pro forma financial information is intended for illustrative purposes only to provide information about how the division of Lassila & Tikanoja plc, registered on 30.9.2001, might have affected the financial information of the new Lassila & Tikanoja plc if it had occurred at the date presented in the pro forma information. The pro forma information in the pro forma annual accounts of the Lassila & Tikanoja Group has been calculated in accordance with principles presented on the notes to the pro forma annual accounts.

During our review, we became aware of nothing that would give us reason to believe that the pro forma information would not give, for its essential parts, a true and fair view of the results of operations and of the financial position of the Lassila & Tikanoja Group formed as a result of the division.

Helsinki, 7 February, 2002

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Corporate Governance

Business organisation

The business is divided into three divisions: Environmental Services, Property Services and Industrial Services. Vice Presidents in charge of each division report to the President and CEO. The Company is also engaged in wholesale trade in environmental management products.

Finland has been divided into five operative areas, with the area directors reporting to the heads of the divisions. Administration, marketing, product development and management of group-level processes have been centralised.

Annual General Meeting

The Annual General Meeting is held by the end of April, and it is convened by the Board of Directors.

Board of Directors

In accordance with the Articles of Association, the Board of Directors of Lassila & Tikanoja plc comprises a minimum of three members and a maximum of seven. The members of the Board of Directors are elected by the Annual General Meeting. The term of the members of the Board ends on conclusion of the second Annual General Meeting after the election. A person who has attained the age of 70 cannot be elected to the Board of Directors.

The Board of Directors appoints a chairman and a vice chairman from among its members. The duties of the Chairman of the Board of Directors are full-time.

The President and CEO is not a member of the Board of Directors but is present at Board meetings.

The Board of Directors met 6 times during 30 September to 31 December, 2001.

Duties of the Chairman of the Board of Directors

The full-time position of the Chairman of the Board of Directors involves being in charge of preparation of strategic decisions of great importance to the Group, supervising the execution of such decisions, managing investor relations together with the President and CEO and deciding on specific types of investment on the President and CEO's proposal. Because the position is a full-time one, special emphasis is laid on the Chairman's duty to maintain contacts with the Group's various stakeholders.

President and CEO

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

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 President and CEO.

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 Group Executives serving under the President and CEO.

Auditors

The statutory audit of the financial statements is carried out by SVH Pricewaterhouse Coopers Oy, Authorized Public Accountants, Heikki Lassila, Authorized Public Accountant as Principal Auditor.

The extent and content of the audit are determined with due regard to the fact that the Company has no internal audit organisation of its own.

The auditors and the Chairman of the Board and the President and CEO agree on the audit plan annually and discuss the findings made in the audit. The principal auditor and the auditor manager are present at one meeting of the Board of Directors annually.

Insiders

Lassila & Tikanoja plc's Board of Directors has decided that the Group will observe the guidelines for insiders issued by the Helsinki Exchanges in 1999. The Lassila & Tikanoja guidelines for insiders are in some respects more stringent than those issued by the Helsinki Exchanges.

Information on insiders is entered in the SIRE insider system of the Finnish Central Securities Depository Ltd. Statutory insiders are the members of the Board of Directors, the President and CEO and the principal auditor. The Company also maintains data on 22 other persons defined as insiders. The insiders by definition are the Group Executives, management of the service sectors, persons in charge of finance and financial communication and the executive assistants. When engaged in extensive or otherwise significant undertakings, project insider registers will be made. The Chief Financial Officer is the person responsible for insider issues.

Insiders are not permitted to engage in trading with company shares during the period between the end of the financial period and the disclosure of the result. Insiders by definition must consult the person responsible for insider issues concerning the conformity of any planned trading with the relevant legislation and guidelines.

Lassila & Tikanoja plc Board of Directors

Juhani Maijala, born 1939
B.Sc. (Econ.), Master of Laws
Chairman
Elected for the period 2001–2002.

Heikki Hakala, born 1941
M.Sc. (Econ.)
Vice Chairman
Elected for the period 2001–2002
Chairman of the Board of Directors of Ilmarinen
Mutual Pension Insurance Company,
Member of the Board of Directors of
Metso Corporation and Pohjola Group Plc

Lasse Kurkilahti, born 1948
B.Sc. (Econ.)
President and CEO of Elcoteq Network Corporation
Elected for the period 2001
Member of the Board of Directors of Fortum Corporation
and Jippii Group Oyj

Juhani Lassila, born 1962
M.Sc. (Econ.)
Group Treasurer of Instrumentarium Corporation
Elected for the period 2001–2002

Soili Suonoja, born 1944
Teacher of Home Economics, MBA
Elected for the period 2001
Member of the Board of Directors
of Finland Post Corporation

President and CEO

Jari Sarjo, born 1957
Master of Laws

Auditors

SVH Pricewaterhouse Coopers Oy,
Authorised Public Accountants
Principal auditor Heikki Lassila, APA

Lassila & Tikanoja Group Management

Juhani Maijala, born 1939
B.Sc. (Econ.), Master of Laws
Chairman since 1998
Joined a Group company in 1977
Owns 694,240 Lassila & Tikanoja shares

Jari Sarjo, born 1957
Master of Laws
President and CEO of Lassila & Tikanoja Group since 2001
President of Säkkiväline Group since 1997
Joined a Group company in 1984
Owns 2,800 Lassila & Tikanoja shares

Arto Nivalainen, born 1950
M.Sc.
Vice President,
Environmental Services
Joined a Group company in 1993
Owns 2,000 Lassila & Tikanoja shares

Anna-Maija Apajalahti, born 1948
M.Sc. (Pol.Sc.)
Vice President, Property Services
Joined a Group company in 1971
Owns 800 Lassila & Tikanoja shares

Jorma Mikkonen, born 1963
Master of Laws
Vice President, Industrial Services
Joined a Group company in 1992
Owns 300 Lassila & Tikanoja shares

Sirkka Tuomola, born 1947
M.Sc. (Econ.)
Vice President, CFO
Joined a Group company in 1981
Owns 16,000 Lassila & Tikanoja shares

Martin Forss, born 1962
M.Sc. (Econ.)
Vice President, Corporate Planning
and Business Development
Joined a Group company in 1993
Owns 300 Lassila & Tikanoja shares

Investor Relations

Objectives

The purpose of investor communications is to promote acquisition of capital for the company on the open market by supplying investors with current, accurate and relevant information on the Company's financial standing and outlook.

Principles

Lassila & Tikanoja investor communications are based on a listed company's obligation to publish information regularly. All relevant issues are reported as soon as possible. Periodical reports are produced in a continuous, consistent format in terms of both figures and written assessments. All parties are provided with the same information at the same time in an unbiased, symmetrical manner, both positive and negative events being reported.

Responsibilities

The persons in charge of investor relations are Juhani Maijala, Chairman, and Jari Sarjo, President and CEO. Investor communications are the responsibility of Sirkka Tuomola, Vice President and CFO. Martin Forss, Vice President, Corporate Planning and Business Development, is also involved in investor relations and investor meetings.

Public statements on the company's finances are issued only by the Chairman and the President and CEO.

Silent period

No investor meetings are arranged and no comments on the Group's result are issued by representatives of the Group during the time between the end of one financial period and release of the next report.

Analyses of the Company

The financial performance of Lassila & Tikanoja plc is monitored and assessed by at least the analysts listed below. Lassila & Tikanoja plc is not responsible for any comments made in these analyses.

Alfred Berg Finland
Tia Lehto
tel. +358 9 2283 2711

D. Carnegie AB Finland
Lauri Sillantaka
tel. +359 9 6187 1233

Enskilda Securities
Tommy Ilmoni
tel. +358 9 6162 8700

FIM Securities
Mikko Linnanvuori
tel. +358 50 531 1870

Nordea Securities
Osmo Junkkarinen
tel. +358 9 3694 9426

Opstock Securities
Jari Räisänen
tel. +358 9 404 4408

Cazenove, London
Gorm Thomassen
tel. +44 207 214 7663
Mike Yates
tel. +44 207 512 8051

Merrill Lynch, Edinburgh
Robert Miller-Bakewell
tel. +44 131 473 1056

Financial Information

The interim report for the period between 1 January and 31 March will be published on 24 April, 2002.
The interim report for the period between 1 January and 30 June will be published on 24 July, 2002.
The interim report for the period between 1 January and 30 September will be published on 23 October, 2002.

Lassila & Tikanoja's Annual Report, interim reports and stock exchange releases are published in Finnish and in English and are available immediately on the company's Internet pages as well. The Internet pages also contain information on how readers can subscribe for an e-mail list for stock exchange releases and mailing list for annual reports and interim reports.

Annual General Meeting

The Annual General Meeting of Lassila & Tikanoja plc will be held on Tuesday, 9 April, 2002 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 4 April, 2002 in writing to the address: Lassila & Tikanoja plc, P.O. Box 26, 00101 Helsinki, by fax at +358-10 636 2899, by e-mail at tuula.henriksson@lassila-tikanoja.fi or by telephone at +358-10 636 2885.

Dividing the Acquisition Cost of the Shares

The acquisition cost of the demerged Lassila & Tikanoja plc share is divided between the shares in the two new companies in such a way that 71.6% of the original acquisition cost is transferred to the new Lassila & Tikanoja plc share and 28.4% to the J.W. Suominen Group plc share.

Lassila & Tikanoja plc
Aleksanterinkatu 15 B
P.O. Box 26
FIN-00101 Helsinki
Tel. +358 10 636 111
Fax + 358 10 636 2899
E-mail: ir@lassila-tikanoja.fi
firstname.lastname@lassila-tikanoja.fi
www.lassila-tikanoja.com

2001

Lassila & Tikanoja plc, P.O. BOX 26, FIN-00101 Helsinki
Tel. +358 10 636 111, Fax +358 10 636 2899
www.lassila-tikanoja.com