Cultor has a dominant position as a producer of natural special sweeteners. For example, Cultor is the world's leading producer of xylitol.

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Interim Report
January 1, 1995-April 30, 1995 ....May 31, 1995

Interim Report
January 1, 1995-August 31, 1995.....Oct. 5, 1995

Reviews are published in Finnish, English and Swedish and are available from:

Cultor Ltd.
Investor Relations
P.O. Box 105, FIN-00241 Helsinki
or by telephone +358 0 134 411
fax +358 0 1344 1344

ATTENDING THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of Cultor Ltd. will be held on Thursday, April 6, 1995 at 2 p.m. in Hall C-1 of the Helsinki Exhibition Centre. The address is Rautatieläisenkatu 3, Itä-Pasila, 00520 Helsinki.

Shareholders who wish to attend the Annual General Meeting must, as a rule, be registered with Suomen Osakekeskusrekisteri Osuuskunta by Monday, March 27, 1995. Attendance also requires registration directly with the Company by Tuesday, April 4, 1995 at 2 p.m. Written registrations must arrive by the end of the registration period. Please submit proxies to the address below:

Cultor Ltd.
Kyllikinportti 2
FIN-00240 Helsinki
Registration may also be made by
telephone ....+358 0 1344 1423

Shares held in trust have no voting power at the Meeting of Shareholders.

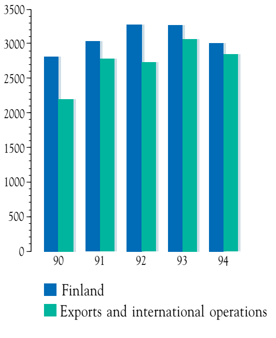
KEY FIGURES

	1994 Dec.1-Nov.30	1994 13 months	1993 Dec.1-Nov.30	1992 Dec.1-Nov.30
Net Sales, FIM million	6 000	6 395	6 359	6 015
international sales, FIM million	2 921	3 113	3 075	2 734
Operating profit, FIM million	521	551	531	415
Profit after financial items, FIM million	478	508	421	302
Result before taxes, FIM million	449	486	382	262
Earnings/share, FIM	15.36	16.01	14.75	10.81
Cash flow/share, FIM		28.83	27.72	23.53
Dividend/share, FIM		4.50 *	2.50	1.80
Return on investment, ROI, %	16.1		14.8	12.0
Return on equity, ROE, %	16.4		15.3	10.3
Balance sheet total, FIM million		5 374	5 962	6 315
Solidity, %		47.4	37.3	41.4
Average personnel		5 276	5 159	5 640
Personnel at the year end		4 857	4 962	5 539

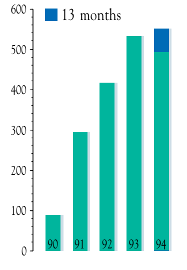
* Board proposal

Key ratios and statistics of 1992 are not fully comparable with the figures of 1993 and 1994.

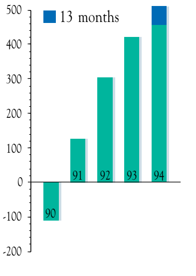
NET SALES, FIM MILLION



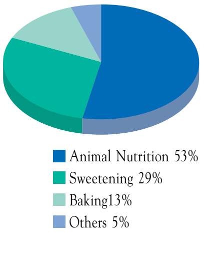
OPERATING PROFIT, FIM MILLION



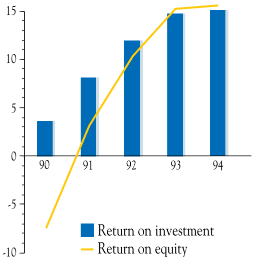
PROFIT AFTER FINANCIAL ITEMS, FIM MILLION



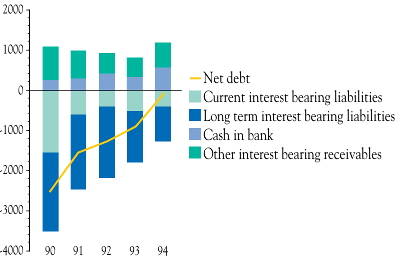
SALES BY BUSINESS AREA, %



RETURN ON INVESTMENT AND EQUITY, ROI AND ROE, %



FINANCIAL STATUS, FIM MILLION



The charts in this Annual Report express the figures of the Calendar year 1994.

CULTOR IS

A NUTRITION EXPERT

Cultor is an international company in the nutrition sector. Its principal products are sweeteners, flavouring compounds, bread, feeds and feed additives as well as enzymes. The main raw materials are sugar beets, grain and fish meals. Cultor stands for high quality products that are manufactured in a cost-efficient manner from natural raw materials, making use of advanced food processing technology. Cultor is one of the world's leading companies in its chosen areas.

A PIONEER IN ITS BUSINESS AREAS

The Cultor Group comprises three business areas: Animal Nutrition, Sweetening and Baking. Each business area consists of three or four independent divisions. In addition, the Group has a number of special units that develop key technologies. Cultor invests in research and development, keeps abreast of the scientific and technical development in fields that are important for its operations and spearheads new technological solutions.

INTERNATIONAL

Exports and international operations account for about half of Cultor's invoicing. The Group has companies in 19 different countries and its personnel at the end of 1994 totaled 4,857 people, of whom 3,107 were employed in Finland, 608 in other EU countries and 1,142 outside the EU.

A LISTED COMPANY

The shares of Cultor Ltd., the parent company of the Cultor Group, are quoted on the Helsinki Stock Exchange, where the company's predecessor, Finnish Sugar Company Ltd., was listed since 1919. The company's name was changed to Cultor in 1989. There are two series of shares, and shareholders numbered 12,819 at the end of 1994. Foreign owners held 41.0% of the shares and 32.8% of the voting rights.

CULTOR GROUP

BUSINESS AREA ANIMAL NUTRITION

Tom Weymarn

- Suomen Rehu
- Svenska Foder
- Ewos
- Feed Ingredients

BUSINESS AREA SWEETENING

Håkan Laurén

- Finnsugar
- Xyrofin
- Flavouring

BUSINESS AREA BAKING

Juha Järvinen

- Vaasa Bakeries
- Vaasamills

OTHER BUSINESS OPERATIONS

- Technology Center
- Genencor International

PRESIDENT & CEO
Björn Mattsson

CORPORATE STAFF

FINANCE
Filip Frankenhaeuser

PUBLIC AFFAIRS
Esko Lindstedt

LEGAL AFFAIRS
Juha Kurkinen

HUMAN RESOURCES
Riitta Vasara

EASTERN TRADE
Theo van Assendelft

REAL ESTATE
Olavi Hernelahti

CULTOR'S NEW CHALLENGES

Within the Cultor Group's development program 1994 marked a stage of bringing the long-term structural overhaul to completion, and earnings reached a level that lays a good foundation for the next stage in the Group's development. The current year can be characterized as a year of consolidation during which we shall ensure that the actions carried out enable Cultor to keep the set course on both the domestic market and internationally.

International competitiveness is the central objective of all our business areas. To achieve it, our products must continue to meet customers' needs in terms of both price and quality. That is why our customers' values and needs form the cornerstone of our product development, and our straightforward operating principle is to ensure that users of our end products get the full benefit of EU-related reductions in raw material prices.

ADJUSTMENT PROGRAM STARTED IN TIME

1995 has started according to our expectations. As we had judged, the changes in the operating environment ushered in by the European Union mean that adjustments will have to be made mainly on the Finnish and Swedish markets, and we are well positioned to gear our operations to the situation.

In all its business areas, the Cultor Group undertook preparations to cope with changing marketing conditions well before Finland began talks on joining the European Community. The surveys we made before the 1990's indicated the importance of preparing for the competitive conditions of changing markets by globalizing and streamlining our operations. We have rationalized the feed and sugar businesses as well as the mill and bakery industries to improve competitiveness and to wind down production overcapacity in Finland. Furthermore, we have withdrawn systematically from fields that do not belong to our core businesses.

It has been difficult to size up the impact which the European Union will have on the sugar regime and the price structure for agricultural products. We predicted that the earnings trend will suffer in some fields, but believed in the ability of our units to offset any losses through the improved performance of

new product areas that spring from Cultor's technological prowess. The correctness of our view was borne out toward the end of 1994.

The result Finland obtained in negotiations with the EU on the sugar regime was not favorable for Finland and raises a number of questions that will have to be worked out. We hope that the government actions in 1995 will resolve the still open issues and disagreements in the negotiations on sugar quotas and lead to an accord in line with the set targets.

In its evolution as a company, the Cultor Group has reached a stage in which the central theme is profitability through growth and development, yet not forgetting cost-effectiveness and the things we have learned over the past five years. Our good cash flow has strengthened the Group's financial position and will enable us to contemplate acquisitions and to invest in additional capacity.

THE BEST EARNINGS EVER

The 1994 earnings figure was the all-time best. It can be characterized as good, bearing in mind that the 15 per cent return on equity will not suffice in future years: profitability must exceed the present level. Earnings for 1995 are estimated to be at the same level as they were in the previous year.

Cultor is committed to making substantial investments in research and development work. In the fields we have selected, we want to be a forerunner in bringing new products and applications to market. Noteworthy examples are our fish feeds, special flavourings and enzymes.

During the years 1990 - 1994, divestitures reduced our net sales by a total of FIM 1.5 billion. Over the same years, acquired companies have brought the Group FIM 1 billion of new net sales, in addition to which the organic growth of our businesses has boosted net sales by FIM 1.5 billion. We have had a good earnings trend throughout this period.

The Group's designated growth areas increased net sales last year by nearly 20 per cent and account for about a third of the entire Group's net sales. Their profitability is also better than average.

From the standpoint of a number of subareas of our operations, the Euromarkets have become domestic markets, and we view the Baltic Rim as an area of strong growth and good opportunities. We have baking operations in Estonia and Latvia; Poland is a growing market area for the animal nutrition sector; and many key customers for our flavouring products operate in Scandinavia and the Baltic countries.

Cultor's promising new areas of expertise lie in worldwide markets. We are the largest producer of xylitol in the world, and we have strong know-how as a manufacturer of other natural special sweeteners. We intend to be the world's number one manufacturer of high-energy fish feed for fish farming usages and to maintain our good position in the feed nutrients field worldwide. As a leading exponent of high technology in the food-processing industry, we intend to capitalize on our long years of production experience and on the head start our sophisticated research effort gives us over competitors.

ENVIRONMENTAL KNOW-HOW

We direct our know-how in biotechnology above all toward the development of natural products and applications. We at Cultor do our part in bearing responsibility for sustainable development, and in the product pipeline as well as in our entire production chain, we invest in environmentally acceptable solutions and help our customers to operate in the same way.

We implement environmental values by emphasizing conservation in the use of energy and raw materials as well as by reducing the environmental impacts of products during their life cycle, from cultivation of the raw material all the way to product packaging. The continuous enhancement of environmental protection is ensured by carrying out environmental audits and by developing environmental systems in conjunction with ISO quality systems.

A skilled personnel is one of Cultor's strengths which we shall continue to reinforce through a large-scale commitment to personnel training and development programs. The structural overhaul phase which the Group has carried out during the last years was a demanding effort. Utilizing the hands-on knowledge we have gained from this process, we are now developing a different range of capabilities to further improve our products and productivity. I have every cause to rely on the competence of our personnel.

DIVIDEND INCREASE

Cultor wants to be a continuously attractive investment for its owners. Our owners are important to us. That is why we intend to stick to our shareholder-friendly policy on dividends. The Board's proposal for the 1994 dividend to be paid out is FIM 4.50, which continues the upward trend in dividend payouts made possible by Cultor's net profit and financial situation. I would like to see the securities markets develop in a way that gives the small investor a greater latitude and rationale for owning shares.

I wish to express my thanks to our customers and suppliers for their good cooperation, which particularly in product development projects has proved to be most valuable. My thanks to our owners for their commitment to Cultor and its future. I am grateful to our personnel for the professionalism they have shown in their jobs. By dint of the good contribution these groups have made on behalf of Cultor, we have reached a level where we are well poised to forge ahead.

In February 1995

Björn Mattsson

Björn Mattsson
President & CEO

CAPITAL STOCK AND SHARES

CAPITAL STOCK

According to the Articles of Association of Cultor Ltd., the company's minimum capital stock is FIM 252,000,000 and the maximum is FIM 1,008,000,000. The company's paid up and registered capital stock at December 31, 1994 was FIM 276,570,000.

SHARE SERIES

The par value of Cultor Ltd.'s shares is FIM 12. As at December 31, 1994, the capital stock was divided into two series of shares as follows:

Series I	15,180,000
Series II	7,867,500
Total	23,047,500

Series I shares entitle their holders to 10 votes at meetings of shareholders and Series II shares to 1 vote. All shares entitle their holders to an equal dividend.

The total number of shareholders registered under the book entry system at the end of the fiscal year was 12,819. Foreign shareholders held 41.0% of the shares of Cultor Ltd. and 32.8% of the voting rights.

BOARD AUTHORIZATIONS AND BOND ISSUES WITH WARRANTS

On March 10, 1994, the Annual General Meeting authorized the Board of Directors for one year from the date of the meeting, and as a departure from shareholders' preferential subscription rights, to increase the capital stock of Cultor Ltd. through a rights issue and/or an issue of convertible bonds and/or an issue of bonds with warrants such that the number of series I shares is a maximum of 2,000,000 and the number of Series II shares a maximum of 2,000,000. The Board of Directors can exercise this authorization to finance acquisitions, to make arrangements for joint ventures or to deal with some other financial matter of major consequence for the company. The authorization was not exercised.

The Annual General Meeting furthermore resolved to issue bonds with warrants to the officers of the Cultor Group's various units, designated by the company's board, on the condition that the subscribers are entitled to subscribe new Series II shares in a rights issue. The amount of the loan is a maximum of FIM 501,000 and annual interest is payable on it according to the 12-month Helibor rate. The maximum amount of the bonds with warrants was subscribed by 60 officers in a total amount of FIM 465,000, which is fully paid up such that the warrants thereto entitle their holders to subscribe a total of 465,000 Cultor Series II shares. In accordance with the decision of the Annual General Meeting, the unsubscribed amount will not be offered to others. The loan falls due in its entirety in the year 2001. Upon exercise of the right to subscribe the shares, the company's capital stock can be increased by a maximum of FIM 5,580,000.

OWNERSHIPS

Shares owned by members of the Board of Directors, the President and Executive Vice President number 1,143 and represent 9,675 votes. Shares owned by the President, Executive Vice President and other members of the Corporate Management number 1,300 and represent 11,380 votes. In addition the members of Corporate Management own a convertible bond loan taken in 1992 in value of FIM 177,000 of the share capital. Authorization granted by the Board of Directors was not exercised.

The number of shares owned by the personnel fund has increased. At the end of 1994 it was 30,600 and represents 306,000 votes.

Information of the Group Management's convertible bond loan (1992) and convertible bond loan (1994) is to be found on page 47 with the Financial Statements.

STOCK EXCHANGE QUOTATIONS

Cultor Ltd. shares are listed on the Helsinki Stock Exchange. The ISIN codes according to the international system of numbering listed shares are: Series I FI0009002844, Series II FI0009002869

The shares of Cultor Ltd. joined the book-entry system on October 22, 1993. At the end of the fiscal period, 99.76% of the shares had been registered under the book-entry system.

Shares held in trust accounted for 15.8% of Cultor Ltd.'s capital stock as at December 31, 1994, and 12.1% of the voting rights.

Share Capital, FIM million	1994	1993	1992	1991	1990
Share capital and shares	276.57	276.57	276.57	276.57	276.57
Series I restricted	-	-	153.63	153.63	153.53
unrestricted	182.16	182.16	28.53	28.53	28.63
Series II restricted	-	-	38.03	38.03	38.03
unrestricted	94.41	94.41	56.38	56.38	56.38
Market capitalization, FIM million	2 950.08	3 218.78	1 823.73	1 075.15	1 553.04

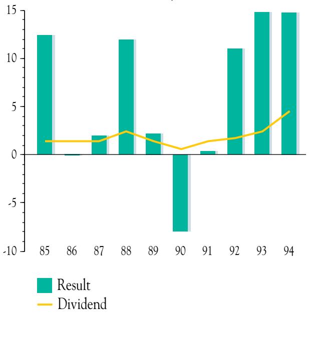
Share issues, FIM million					
Rights issue, restricted					
Rights issue, unrestricted					
Value above par					

Number of shares, million	23.05	23.05	23.05	23.05	23.05
Series I restricted	-	-	12.80	12.80	12.79
unrestricted	15.18	15.18	2.38	2.38	2.39
Series II restricted	-	-	3.17	3.17	3.17
unrestricted	7.87	7.87	4.70	4.70	4.70
Corrected average number of shares	23.00	23.00	23.00	23.00	23.00

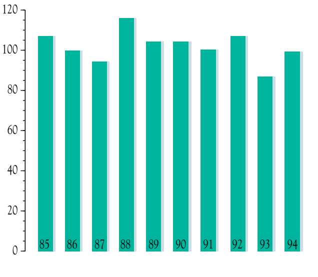
Earnings and Dividend					
Dividend, FIM million	103.71*	57.62	41.49	33.19	13.83
Earnings/share, FIM	14.71	14.75	10.81	0.35	-8.00
Earnings/share, incl. warrant bonds	14.50				
Dividend/share, FIM	4.50*	2.50	1.80	1.44	0.60
Dividend/result, %	30.59	16.95	16.86	203.92	-
Dividends, %					
Series I	3.52	1.79	2.20	2.58	0.71
Series II restricted	-	-	2.52	5.24	1.85
Series II unrestricted	3.52	1.80	2.40	4.80	1.76
P/E-ratio					
Series I	8.70	9.49	7.59	157.66	-
Series II restricted	-		6.61	77.70	-
Series II unrestricted	8.70	9.42	6.94	84.76	-
Shareholders' equity/share, FIM	99.45	86.91	107.08	100.45	105.31

Earnings/share includes results in associated companies. Result/share (13 months) is FIM 16.01 and Dividend/result, % (13 months) is 28.1%. The 1994 figures are of the calender year January 1, 1994-December 31, 1994.
Calculation formulas on page 59.
*Board proposal
A share-issue adjusted figure is not given separately because no share issues took place during the period.

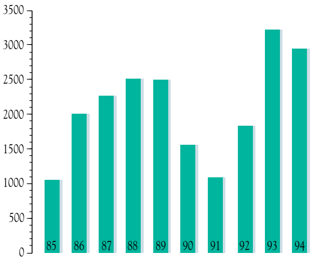
EARNINGS AND DIVIDEND/ SHARE, FIM



EQUITY/SHARE, FIM



MARKET CAPITALIZATION, FIM MILLION



Value of shares, FIM			1994	1993	1992	1991	1990
Nominal value			12.00	12.00	12.00	12.00	12.00
Adjusted quotation	Series I		128.00	140.00	82.00	55.80	85.00
	Series II	restricted	-	-	71.50	27.50	32.50
		unrestricted	128.00	139.00	75.00	30.00	34.00
Exchange quotation	Series I	at end of fiscal year	128.00	140.00	82.00	55.80	85.00
		average	143.95	120.95	58.27	71.30	89.48
		taxation value	90.00	99.00	56.00	32.00	60.00
	Series II	restricted					
		at end of fiscal year	-	-	71.50	27.50	32.50
		average		73.20	48.36	27.38	41.26
		taxation value	-	-	52.00	20.00	20.00
	Series II	unrestricted					
		at end of fiscal year	128.00	139.00	75.00	30.00	34.00
		average	142.51	111.82	51.43	38.93	70.15
		taxation value	90.00	98.00	53.00	21.00	29.00

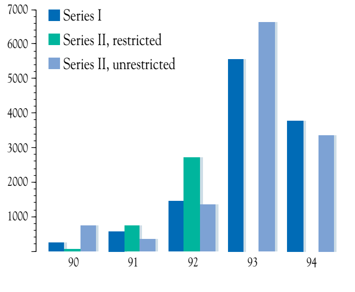
Trading volume			1994	1993	1992	1991	1990
Average trading volume/trading day							
Series I		number	15 017	22 144	5 818	2 262	968
		FIM	2 161 693	2 678 352	338 998	161 288	86 652
Series II	restricted	number	-	10 948	10 853	2 973	232
		FIM	-	63 854	524 809	81 385	9 554
Series II	unrestricted	number	13 369	26 471	5 452	1 394	2 958
		FIM	1 905 180	2 959 860	280 377	54 278	207 531
Trading volume 1994, FIM million			1 021	1 431	285	74	77
Turnover of shares, 1 000							
Series I			3 769	5 558	1 449	561	244
Series II	restricted		-	-	2 702	737	58
	unrestricted		3 356	6 644	1 357	346	745

Shareholders, number	1994	1993	1992	1991	1990
	12 819	12 736	16 797	16 629	16 104

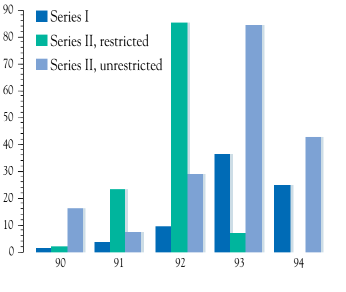
Shareholders

Shares		Number	% of shareholders	% of shares	% of votes
1	- 30	2 768	21.6	0.2	0.2
31	- 100	4 354	34.0	1.3	1.3
101	- 500	3 977	31.0	4.1	4.6
501	- 1 000	915	7.1	2.9	3.1
1 001	- 5 000	634	4.9	5.6	6.0
5 001	- 10 000	73	0.6	2.3	2.4
Over	10 000	98	0.8	83.4	82.1
Total		12 819	100.0	99.8	99.8

TRADING VOLUME, 1 000



TRADING, %

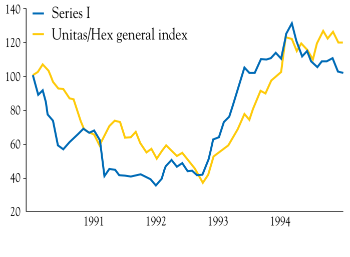


Major Shareholders on December 31, 1994

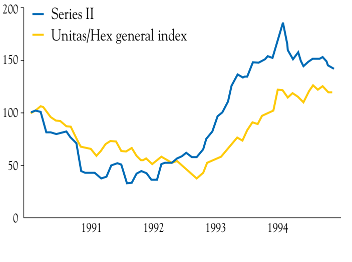
Shareholders	Number of shares	total	% of total shares	total	Votes	total	% of total votes	total
1. Finasucre S.A.								
Groupe Sucrier S.A.	2 160 000		9.37		19 881 360		12.45	
Société Financière des Sucres S.A.	1 020 000		4.43		10 200 000		6.39	
SOPAGRI Luxembourg	220 000	3 400 000	0.95	14.75	220 000	30 301 360	0.14	18.98
2. Shares held in trust/Kansallis-Osake-Pankki		2 578 912		11.19		15 489 700		9.70
3. AB Fortos (BCP's Parent company)		2 387 240		10.36		2 387 240		1.50
4. Producer's Organizations								
Turengin Juurikkaantuottajat Oy	785 695		3.41		7 856 950		4.92	
Naantalin Juurikkaantuottajat Oy	518 287		2.25		5 182 870		3.25	
Salon Juurikkaantuottajat Oy	490 463		2.13		4 904 630		3.07	
Central Union of Agricultural Producers and Forest Owners	406 879		1.77		4 067 917		2.55	
Svenska Lantbruksproducenternas Centralförbund	8 146		0.03		81 460		0.05	
Foundation of Central Union Agricultural Producers	7 588	2 217 058	0.03	9.62	75 880	22 169 707	0.05	13.88
5. Pension-Varma								
Pension-Varma Mutual Insurance Company	1 518 602		6.59		14 959 220		9.37	
Nova Life Insurance Co. Ltd.	389 868	1 908 470	1.69	8.28	3 273 180	18 232 400	2.05	11.42
6. Sampo Group								
Industrial Insurance Company Ltd.	831 603		3.61		6 894 174		4.32	
Kaleva Mutual Insurance Company	176 200		0.76		552 400		0.35	
Vahinkovakuutus Oy Kansa	141 000		0.61		1 410 000		0.88	
Sampo Insurance Company	122 200		0.53		860 200		0.54	
Patria Reinsurance Company Ltd.	100 000	1 371 003	0.43	5.94	1 000 000	10 716 774	0.63	6.71
7. Shares held in trust/ Union Bank of Finland Ltd.		940 499		4.08		3 513 374		2.20
8. Valio Ltd.		481 672		2.09		4 560 886		2.86
9. Polaris Pension Fund		450 000		1.95		3 825 000		2.40
10. Ilmarinen Pension Insurance Company		255 000		1.11		255 000		0.16
11. Kasvu-SYP Mutual Fund		250 119		1.09		2 496 690		1.56
12. Alfred Berg Finland Mutual Fund		245 200		1.06		720 400		0.45
13. SYP-Invest Oy		210 000		0.91		210 000		0.13
14. Municipality Pension Fund		189 000		0.82		709 200		0.44
15. Asset Managemet Company Arsenal Ltd.		173 200		0.75		173 200		0.11
16. Instrumentarium Pension Fund		169 400		0.73		1 694 000		1.06
17. Kesko								
Kesko Pension Fund	146 517		0.64		1 465 170		0.92	
Kesko Oy	2 106	148 623	0.01	0.65	21 060	1 486 230	0.01	0.93
18. Tapiola Group								
Tapiola Mutual Insurance Company	133 800		0.58		1 316 400		0.82	
Tapiola Mutual Life Insurance Company	10 000	143 800	0.04	0.62	100 000	1 416 400	0.06	0.88
19. Partita Oy		120 000		0.52		570 000		0.36
20. Shares held in trust / Postipankki Ltd.		81 170		0.35		197 270		0.12

Shares owned by members of Board of Directors, the President and Executive Vice President number 1,143 and represent 9,675 votes. The number of shares held in trust is 3,613,581.

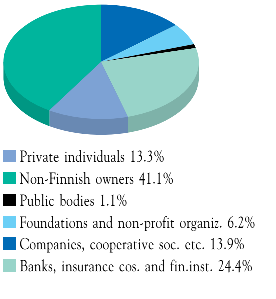
PRICE DEVELOPMENT, SERIES I



PRICE DEVELOPMENT, SERIES II



DISTRIBUTION OF SHARES



STOCK EXCHANGE & NEWS BULLETINS IN 1994

February 8
The financial statement bulletin for the fiscal year December 1, 1992 to November 30, 1993 is released. The positive trend continued, and the Cultor Group posted its best earnings ever. Group net sales for the 1993 fiscal year totaled FIM 6,359 million, up 6% on the 1992 fiscal year (1992: FIM 6,015 million).

February 8
The Board of Directors of Cultor Ltd. convenes the Annual General Meeting on March 10, 1994. The board puts before the shareholders a proposal for amending the Articles of Association. The amendments relate to the changes in share registration under the book-entry system, changing the company's fiscal year to the calendar year, and a proposal to authorize the board to increase the capital stock and/or to issue convertible bonds and/or bonds with warrants.

March 2
The effects on Cultor of the outcome of the negotiations between Finland and the European Union relate mainly to the contents of sugar quotas, the prices of grain and the markets for animal feeds. Norway's possible membership would have an impact on the fish feed business. When sufficient information has been received, Cultor will make a total assessment of the situation and then disclose its foreseeable effects.

March 10
A shareholder bulletin is published on the effects which the outcome of the EU negotiations will have on Cultor and on Finland. According to President and CEO Björn Mattsson, the negotiated result should be greeted with satisfaction. In its plans and operations, Cultor has for some time now prepared itself for the possibility of membership and this has formed the basis of our operational strategy.

March 10
The Annual General Meeting press release comes out. The shareholders confirm the financial statements and resolve to pay a dividend of FIM 2.50 per share, or a total of FIM 57.6 million. The meeting adopts the income statement and balance sheet for the fiscal year December 1, 1992 to November 30, 1993, and grants the company's Board of Directors and President release from liability for the fiscal year ended. The meeting amends the Articles of Association to accommodate the change in share registration under the book-entry system, the change in the company's fiscal year to the calendar year as well as the board's authorization to increase the capital stock and/or issue convertible bonds and/or bonds with warrants.

March 11
Cultor sells its English company Hartham Holdings, which was part of Business Area Animal Nutrition, to the United Molasses Group, which belongs to the Tate & Lyle Group. Cultor's decision to divest Hartham reflects endeavor to concentrate on our core areas.

March 21
The Cultor Group sells its 10% holding in Chamtor S.A. to the company's largest shareholder, Champagne Cereals of France.

April 26
Finasucre S.A. becomes Cultor's largest owner. Its stake amounts to 18.98% of the voting rights of Cultor Ltd. and 14.75% of the capital stock. Finasucre S.A. of Belgium and its sugar-manufacturing subsidiary Groupe Sucrier S.A. are considered to be a financially sound and long-term investor. Following the share purchase, Cultor Ltd.'s largest owners are: Finasucre, Producers' Organizations, Pension Varma Mutual Insurance Company and the Sampo Group.

May 5
The Cultor Group's interim report for the period December 1, 1993 to March 31, 1994, is published. Net income after financial items increased to FIM 113 million (1993: FIM 50 million) and the net income for the fiscal year to FIM 69 million (1993: FIM 36 million). Net sales were at the same level as in the previous year, or FIM 1,949 million (1993: FIM 1,956 million).

May 18
The inauguration ceremony for the bakery extension of Karin Nyberg, which belongs to the local bakery chain of Vaasa Bakeries Ltd., was held in Espoo near Helsinki. In his address, President and CEO Björn Mattsson observed that if Finland became an EU member, free trade within the European Union would also extend to Finland's agriculture and to the closed sector of our food-processing industry. European markets will also open up to us, and there will be tougher competition on our domestic market.

June 1
Cultor sells the Ewos Pherrovet unit, (belonged to Business Area Animal Nutrition) the leading marketer of veterinary pharmaceuticals in Scandinavia, to the unit's management and to the investment company Linc AB. The unit has net sales of 170 million Swedish kronor.

June 8
The Board of Directors of Cultor Ltd. convenes an extraordinary meeting of shareholders on June 29, to confirm the number of members of the board and to decide a change among the members.

June 29
A bulletin on the extraordinary meeting of shareholders is released. The number of seats on the board is confirmed to be nine. Mr Rafael Wolontis having tendered his resignation, Mr Olivier

Lippens (40) was elected to replace him on the Board for the remaining period of office up to the end of the 1995 Annual General Meeting. Olivier Lippens is the President of Finasucre S.A. of Belgium.

July 1
Cultor Ltd. purchased from Tallinna Pank its 20% stake in Estonia's largest bakery company, Leibur A.S. In this way Cultor Ltd. increased its holding to 75% in Leibur, which was acquired in December 1993 together with the Swedish company AB Cerealia and the Estonian Tallinna Pank.

July 11
The Annual General Meeting of Cultor Ltd. on March 10 decided to issue bonds with warrants to the officers of Group units. The maximum amount of the loan, FIM 501,000, was subscribed by 60 officers in a total amount of FIM 465,000, which has been fully paid up.

July 22
The Cultor Group sells the Kasten-Høvik Group to RGI Industries Inc., which is part of the Norwegian-American Resource Group International, whose main businesses are fishing, consumer goods, real estate and shipbuilding. The sale concludes Cultor's structural changes, and the Group will now concentrate on its core functions in the business areas Animal Nutrition, Sweetening and Baking.

August 10
Cultor Ltd.'s President and CEO Björn Mattsson opens the SPRI (Sugar Processing Research Institute Inc.) conference at the Kalastajatorppa Hotel. This year's conference focuses on analytical research methods.

September 6
The Cultor Group releases its interim report for the period December 1, 1993 to July 31, 1994. Result after financial items was FIM 292 million. Net sales were at the same level as in the previous year, or FIM 4,089 million (1993: FIM 4,080 million). Earnings per share rose to FIM 8.67, as against FIM 6.55 for the corresponding period a year earlier.

September 9
The inauguration ceremony for he world's largest fish feed factory, Florö production facility, in Norway, takes place. Florö factory specializes in high-energy fish feed.

October 7
The Kasten-Høvik deal becomes effective since the arrangements on both sides, which were a condition for consummating the deal, have now been completed.

October 17
According to Cultor Ltd.'s President and CEO Björn Mattsson, the result of Finland's referendum on EU membership will put the Finnish economy in a position to achieve growth, and give Cultor good opportunities to implement its objectives.

November 1
In accordance with the original terms and conditions of the 1992 issue of bonds with warrants, the Board of Directors of Cultor Ltd. gives Cultor Group officers written permission to transfer, without restriction, the bond certificates of said issue with their attached warrants.

November 22
The Cultor Group's Vaasamills buys the crisp bread production of the Finnish Raisio Group as well as Siljans Knäcke AB, crisp bread company in Sweden. The purpose of the deal is to increase the market share of Vaasamills in the EU countries. The ownership of Siljans Knäcke AB will be transferred on January 2, 1995.

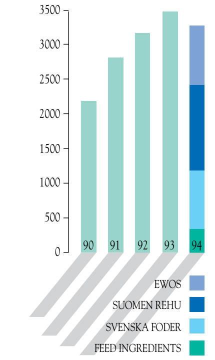
December 19
Cultor expands its baking operations to Latvia and establishes the bakery chain A/S Hanzas Maiznica (Hansa Bakery), as a joint venture with a Latvian partner. Cultor has 48% of the voting rights in the new company. The Hanzas Maiznica bakeries have a combined market share in Latvia of about 23%. Establishment of the chain of bakeries is part of the plans of Cultor's Business Area Baking to gain an international presence and to strengthen its market position in Northern Europe.

December 20
Cultor invests in special sweetener production and begins cooperation with the Austrian company Lenzing AG. The cooperation agreement is part of Cultor's capital spending program according to which Cultor intends to invest FIM 500 million by the turn of the millennium in new production facilities for the manufacture of special sweeteners. To obtain raw materials for its xylitol production, Xyrofin will build a production unit near Salzburg, Austria, in conjunction with the Lenzing plant, thereby providing a new source of raw materials for its xylitol plant located in Kotka, Finland.

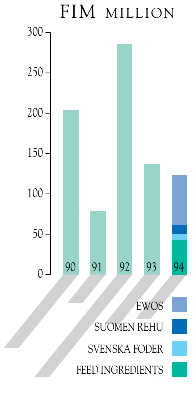
December 23
The Cultor Group subsidiary Svenska Foder AB sells the business operations of its Skåne Möllan mill company in order to concentrate on feeds and plant growth products. The buyer, a company in the process of incorporation, is owned by Midway Holding AB (80%), the present managing director of Skåne Möllan (10%) and Svenska Foder AB (10%). Cultor's holding in Svenska Foder is 54%.

ANIMAL NUTRITION

NET SALES, FIM MILLION



INVESTMENTS, FIM MILLION



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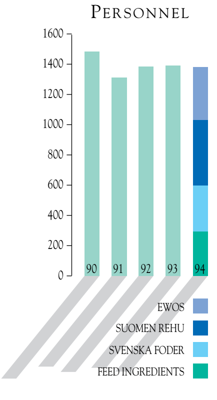


Business Area Animal Nutrition comprises four divisions: Suomen Rehu, Svenska Foder, Ewos and Feed Ingredients. The principal products are animal and fish feeds, feed ingredients and fish meals. Business Area Animal Nutrition (BAAN) accounts for 55% of Group net sales.

BRANDED PRODUCTS

Suomen Rehu's well-known branded products include Kiri-Maikki, Puna-Heltta, Pekoni, Nasu, Hertta and Ensimax. Svenska Foder and Teknosan are known both as companies and brand names in Sweden. Ewos' brands are Vextra and Vextra Omega. The array of Feed Ingredients brand names includes Betafin, Finnstim, Avizyme, Porzyme, Clampzyme, Cornzyme and Alfazyme.

CUSTOMERS

The customers of Suomen Rehu and Svenska Foder are livestock farmers in Finland and Sweden. Ewos products are intended primarily for salmon and trout farmers worldwide. Feed enzymes, betaine and fish meals are marketed to international manufacturers of industrial feeds.

RAW MATERIALS

Grains and byproducts of the food industry are the main raw materials used by Suomen Rehu and Svenska Foder. A total of 757,000 tons of these raw materials was used in 1994. Fish meals and oils are the main raw materials used by Ewos and their total usage was 109,500 tons in 1994.

PRODUCTION UNITS

Animal Nutrition has five production units in Finland: Kotka, Sampola, Seinäjoki, Turku, Vaasa. Foreign manufacturing facilities are located in other Nordic countries, Great Britain, Spain, Poland, Canada and Chile.

KEY INDICATORS

	1.12.93-30.11.94	1.12.92-30.11.93	1.1.94-31.12.94
Net sales, FIM million	3 353	3 423	3 213
- Exports and international operations	2 135	2 097	2 027
Operating profit, FIM million	199	202	178
RONA, % *	14.5	13.6	13.5
Investments, FIM million	90	137	104
Personnel on average	1 392	1 390	1 367

*Calculation formulas on page 59

DIVISIONS

Net sales	1.12.93-30.11.94	1.12.92-30.11.93	1.1.94-31.12.94
Suomen Rehu	1 274	1 316	1 244
Svenska Foder	921	960	833
Ewos	876	915	856
Feed Ingredients	334	285	333
- Internal invoicing	-52	-53	-53
Total	3 353	3 423	3 213

Investments and personnel	1994 13 months	1993 12 months	1994 Personnel
Suomen Rehu	12	13	426
Svenska Foder	7	59	304
Ewos	61	27	346
Feed Ingredients	43	38	291
Total	123	137	1 367

NET SALES BY MARKET AREA

	1.12.93-30.11.94	1.12.92-30.11.93	1.1.94-31.12.94
Finland	1 239	1 325	1 187
EEA	1 659	1 492	1 590
Other countries	455	606	436
Total	3 353	3 423	3 213

SUOMEN REHU

SVENSKA FODER

EWOS

ffi FINNSUGAR BIOPRODUCTS

PACIFIC PROTEIN

RESTRUCTURING OF BUSINESS AREA

1994 was a year of restructuring of the Business Area Animal Nutrition -portfolio. FSL Bell's (liquid feeds), Soil Fertility Dunns (fertilizer blendings) and Ewos Pherrovet (hygiene and veterinary medicines) - all operations of rather local character and limited growth prospects - were divested. Svenska Foder, that intends to focus on its industrial feed business and the trade with plant cultivation products, divested Hällekis Mineral (non food/mineral blendings) and reduced its shareholdings to minority positions in the daughter Spannex (cereal export) and sells the milling operations of Skåne Möllan (flour mill) to a new company, in which Svenska Foder owns 10%. The objective, with all these changes is to focus management time on core operations with a marked competitive edge. The Business Area structure starting January 1995, comprises Suomen Rehu (industrial feed), Svenska Foder (industrial feed and plant cultivation), Ewos (fish feed), and Feed Ingredients including Finnfeeds International (feed enzymes), Finnsugar Bioproducts (betaine) and Pacific Protein (fish meal).

FEED OPERATIONS ADAPT

The industrial feed business of Suomen Rehu and Svenska Foder is local in character. Regardless of their local orientation the impact of Finland and Sweden becoming full members of the European Union is substantial. Animal feeds are an integrated part of the whole meat producing value chain that, starting January 1995, will compete against similar well trained value chains within the EU. Over the last couple of years, both Suomen Rehu and Svenska Foder have put a lot of effort in streamlining and improving efficiencies throughout their entire operational structure, and today both of them are well equipped to participate in their respective future business environments.

The EU-membership of Finland and Sweden brought substantial changes in the pricing of agri products, especially in Finland. Facing price reductions at the turn of the year, our customers considerably reduced their purchases with an adverse impact on the profit of both Suomen Rehu and Svenska Foder. On top of that Sweden was hit by an extreme draught eliminating most of the grain drying income during the fall, and Suomen Rehu was hurt by the strike in Finland that closed most of the production units, while competitors were free to deliver and take market shares. Consequently neither Suomen Rehu nor Svenska Foder reached the earning level of 1993 but, considering the environment, the performance of Suomen Rehu was still satisfactory.

PROFITABILITY THROUGH GROWTH

The growth sectors of Animal Nutrition are Ewos, Finnfeeds International (FFI) and Finnsugar Bioproducts (FSB). All of them are also internationally oriented, with significant global market shares within their market segments. The growth that materialized within all these sectors in 1994 was significant. Simultaneously, FFI improved its earnings substantially and Ewos as well as FSB stayed at a relatively attractive level, same as that of the previous year.

SUOMEN REHU

OPTIMISM IN THE SHORT PERSPECTIVE

The Suomen Rehu operations are divided in two parts. One is the compound feed business with a local character (Finland). The other part is Feed Supplements (Sareko* and Ewos Polfarm), that intend to develop a scope covering the Baltic Rim countries. Suomen Rehu expects the markets in Finland to stay rather stable, while Poland and the Baltic countries represent substantial growth potentials.

EU-priced raw-materials from 1995 and onward add up to the most dramatic change in the Suomen Rehu business environment. Adopting the Common Agriculture Policy increases the amount of available raw-material sources, and favours the use of industrial feeds in animal farming.

Our feed supplement operation in Poland got a very good start and we succeeded to increase our market share on industrial premixes close to 40%. The prospects for 1995 and onward look attractive, and, over the next couple of years, we expect our feed supplement business to grow a lot.

*January 18, 1995 Finnewos Agri Oy 's name was changed to Sareko Agro Oy.

As a result of a long research work, Ewos' fish feeds are efficient and environmentally sound.

SVENSKA FODER

EU SEEN AS OPPORTUNITY

Swedish agriculture is expected to gain from a full membership in the EU. Some arable land will be taken back in use and the demand for seeds will increase. Fertilizer use, however, will be held back by environmental levies. The markets for animal feeds are stable, but as the Swedish meat producers intend to fight for a market position in Europe, the demand for industrial feeds long term will increase.

Svenska Foder is addressing the future needs of the Swedish farmer by simultaneously streamlining its operations and improving the professionalism of its sales people. The product assortment is going to be compressed, at the same time as technically advanced and environmentally friendly feeds will be introduced. The hygienic quality of feeds is secured through investments in heat treatment in production.

EWOS

GROWTH OF FISHFARMING

Ewos has fish feed operations in 8 countries, and a minority position in fish farming (PASFP) in Canada. The total market for industrialized fish feeds in 1994 added up to more than 1 million tons and Ewos' share worldwide amounts to 15%. Salmon farming is expected to continue growing with some 15% yearly over the next couple of years. The economy of fish farming has improved as prices of farmed salmon are stable while cost of production has dropped substantially. To meet the demand of fish feed Ewos is investing in more production capacity simultaneously in Norway, Scotland, Spain and Chile.

The Norwegian decision to stay outside EU is not expected to have any immediate impact on the Norwegian fish farming. The existing EEA-legislation will continue to define the trading rules between Norway and the EU. Thus a substantial part of fish processing of Norwegian Salmon will continue to take place within the EU.

Salmon and trout farmers are our major focus, but on top of that Ewos' Spanish operation is becoming the leading supplier of marine feeds in the Mediterranean area. Ewos' main goal is to offer fish farmers the most effective and environmentally sound range of feeds. Today fish farmers using Ewos feed are able to produce at its best 1 kilogram fish out of 1 kilogram feed, while the fish growing cycle is considerably shortened. The trend within salmon and trout is still towards high-energy products but increased emphasis has to be put on the quality of end product.

The Ewos Technology Center is in process of concentrating its operations to the immediate vicinity of the Ewos plant in Scotland. The objective of the move is to get access to the infrastructure of universities and technology centers located in that area, representing a know-how base covering most farmed fish species in the world.

FEED INGREDIENTS
QUALITY AND GROWTH

FINNFEEDS INTERNATIONAL (FFI)

The main business of FFI are the feed enzymes for poultry (Avizyme), pig (Porzyme) and ruminants (Bovizyme). The use of feed enzymes is increasing rapidly and FFI is, and intends to remain, the market leader with a global market share of more than 50%.

1994 was a year when most things, seen from FFI perspective, went right. Target raw materials such as wheat were more widely used in feed formulations all over the world.

FFI won a large proportion of first time feed enzyme users and most of the new products and applications introduced, were well perceived by our customers. Sales growth added up to 70% and profitability developed well.

The recent policy changes related to CAP (Common Agriculture Policy) and GATT are generally expected to enhance feed enzyme prospects. Entry barriers for new entrants are increasing due to registrations, patents and accumulated R&D. FFI is investing heavily to build its technological competitive edge and intensified customer level contacts with the objective to take full advantage of whatever opportunities arise.

FINNSUGAR BIOPRODUCTS (FSB)

FSB is the world's biggest producer of betaine. Betaine and other extractive fine chemicals are marketed to feed compounders, fish feed manufacturers and the fermentation and cosmetics industry. Production is based on a global raw material sourcing capability and an in-house proprietary separation technology. The focus of marketing has been shifted towards animal nutrition applications (poultry & pig) based on a thorough understanding of the betaine metabolic mode of action. Customer values addressed are animal health aspects, improved feed conversion and carcass quality. To facilitate growth FSB is investing both in human resources and increased processing capacity of betaine raw-materials.

PACIFIC PROTEIN

Fish meal is a protein source, and market prices of especially standard fish meals reflect the nutrition value and prices of all alternative protein sources. Over the last couple of years protein supply has exceeded demand and prices of South-American fish meal reached an extremely low level in 1994, and in spite of extensive cost cutting activities our Chilean operation ended up in a loss situation.

High quality fish meals are today the basic raw-material of fish feed. With increasing fish farming volumes the high quality fish meals are going to end up in scarcity. That is why Pacific Protein will shift towards production of less price sensitive high quality meals. This new direction necessitates some investments in upgrading the plant and a partial renewal of our fishing fleet as well.

QUALITY AND ENVIRONMENT

Quality of products and services as well as concern about their impact on the environment, are topics of highest priority within the Business Area. The most challenging and comprehensive quality certifications ISO 9001 were obtained by FFI and Suomen Rehu and a number of the Ewos companies qualified for ISO 9002 and ISO 9003. Suomen Rehu has as an initiator entered a number of quality agreements with major customers, and the intention of Suomen Rehu is to actively participate in enhancing the image of Finnish food stuffs. Both Suomen Rehu and Svenska Foder are investing in new heat treatment techniques to secure the hygienic standard of their deliveries of raw-materials and end products.

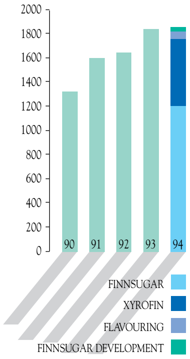
By using Cultor proprietary technologies, FSB is extracting valuable chemicals (betaine) from industrial side fractions and developing applications for their use in fish- and animal farming. FFI is supplying a product range (feed enzymes) that, on top of the economic value it offers to the animal farmers, also reduces the amount of manure burdening the environment. Concern for the well-being of the animal and ecological reverence are why Suomen Rehu, Svenska Foder and Ewos are constantly investing in the use of betaine and feedenzymes.

OUTLOOK

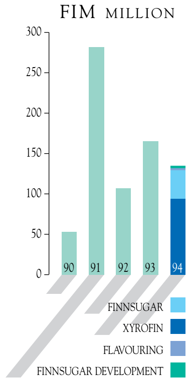
One central target for Ewos is to become the environmentally most friendly supplier of feed for farmed fish. Thirty five years of continuous research and development in fish nutrition have resulted in a range of cost effective and environmentally friendly Ewos products. Together with universities and fish farmers in many countries, we are developing the next generation of fish feeds representing to the farmer healthier fish, faster growth and improved profitability. Successful aquaculture is dependent on a healthy and clean environment. Ewos products and environment technology help to maintain aquaculture in harmony with the environment.

SWEETENING

NET SALES, FIM MILLION



INVESTMENTS, FIM MILLION



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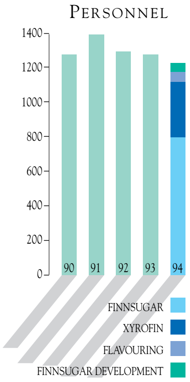


Business Area Sweetening has three divisions, Finnsugar, Xyrofin and Flavouring. Finnsugar Development creates process know-how connected with the production of sweeteners. Sweetening focuses on sugar products, special sweeteners and flavourings. The business area accounted for 30% of Group net sales.

BRANDED PRODUCTS

Sugar product brands include the consumer products Sirkku, Pulmu, Talous, Kisa, Black & White and Melli. Fruisana is the best known special sweetener for the consumer market. Jelling sugar was brought out on the market as a new product.

CUSTOMERS

Consumer products are sold to domestic consumers through the wholesale and retail trade. Industrial customers are international and domestic manufacturers of food products and medicaments.

RAW MATERIALS

Sugar beets, raw cane sugar and grain are the main raw materials used in making sweeteners. Birch and other deciduous biomass goes into the manufacture of xylitol. In 1994 the production units of Sweetening refined 1,133,558 tons of sugar beet and 105,383 tons of crude sugar as well as 12,000 tons of barley into high quality refined products.

PRODUCTION UNITS

The production units in Finland are located in Kirkkonummi, Kotka, Salo, Säkylä, Turenki and Jokioinen. The foreign plants are located in Norrköping, Sweden and in Illinois, U.S.A.

KEY INDICATORS

	1.12.93-30.11.94	1.12.92-30.11.93	1.1.94-31.12.94
Net sales, FIM million	1 801	1 737	1 753
- Exports and international operations	581	568	583
Operating profit, FIM million	300	311	287
RONA, % *	21.1	21.6	20.1
Investments, FIM million	112	164	127
Personnel on average	1 220	1 248	1 216

*Calculation formulas on page 59

DIVISIONS

Net sales	1.12.93-30.11.94	1.12.92-30.11.93	1.1.94-31.12.94
Finnsugar	1 248	1 251	1 198
Xyrofin	554	546	556
Flavouring*)	59	18	58
Finnsugar Development	28	20	30
- Internal invoicing	-88	-98	-89
Total	1 801	1 737	1 753

Investments and personnel	1994 13 months	1993 12 months	1994 Personnel
Finnsugar	34	52	792
Xyrofin	94	66	320
Flavouring*)	2	46	54
Finnsugar Development	2	0	50
Total	132	164	1 216

*) Only five-month figures of Flavoring AB in 1993

NET SALES BY MARKET AREA

	1.12.93-30.11.94	1.12.92-30.11.93	1.1.94-31.12.94
Finland	1 220	1 169	1 170
EEA	401	386	408
Other countries	180	182	175
Total	1 801	1 737	1 753

FINNSUGAR XYROFIN flavoring FINNSUGAR DEVELOPMENT

ADJUSTING TO THE EU SUGAR REGIME

Finland's accession to membership in the European Union on January 1, 1995, provides a new framework for our operations because the European Union's sugar regime imposes fairly stringent restrictions on the operations of both sugar beet farmers and the sweetener industry. When completed, the EU's sugar regime, which is still undergoing revision, will set a final operational framework on the basis of which adjustment decisions can be made. One of the most prominent trends in the sweetener industry was the growth in demand for natural special sweeteners on the international market. Our special sweetener business was able to capitalize on this trend. We have also boosted our market shares in flavourings. The business area posted a satisfactory result.

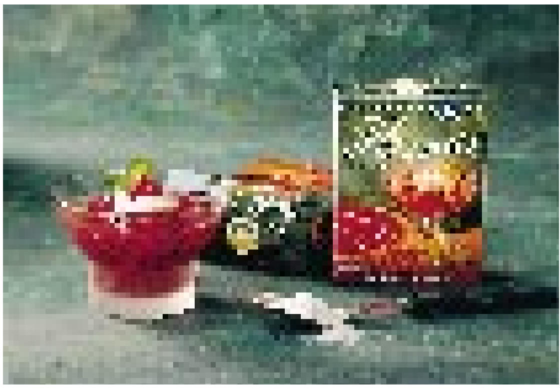
FINNSUGAR

MAINTAINING COMPETITIVE POSITION

The total sales of sweeteners declined in Finland in 1994 owing to such factors as the new export refund practice for raw material costs, which affected the export volumes of our customer companies. Sales of saccharose for industrial use were 111,576 tons, or 1,759 tons (1.6%) less than in 1993. The demand for retail products also declined and was 73,462 tons, or 3,724 tons (4.8%) lower than in 1993. Sales of starch-based sweeteners were down by 2,753 tons, (28.8%) and totalled 6,806 tons. On the other hand, considerable growth took place in the production and sales of beta-amylase enzyme, a barley concentrate, which is part of the starch sweetener business.

New products for consumers, institutional kitchens and bakeries have been brought out on the market. Last year's success, Jelling sugar, was a strong finalist in the 1995 Finnish Food Product of the Year Competition. The development of new product applications has been continued together with industrial customers. This ensures that the characteristics of products meet consumers preferences and needs as well as possible.

Domestic sugar beet harvest of 1,124,772 tons, together with the 150,561 tons of sugar obtained from it, was the second largest on record. The campaign lasted 72 days and the average processing of sugar beets was 15,644 tons a day. From Estonia 8,697 tons of sugar beet were imported for refining in Finland in 1994. Our production efficiency corresponds to the average level in the European Union.



Jelling sugar was one of the finalists in the 1995 Finnish Food Product of the year Competition.

Production investments in 1994 have been confined to replacement investments. The three-year automation program at the Salo plant was completed, and the plant's productivity improved markedly. The most significant commercial investment was the doubling of ORS production to meet increasing demand. The ORS product (a sugar-salt blend), which is used to prevent dehydration, is sold to all the major assistance organizations for use round the world.

An extension of beta-amylase production has been started at Neson's plant in Jokioinen, Finland. The enzyme, which is manufactured from barley by the extraction method, is marketed worldwide by Genencor International. The success of the product on the world market has led to a decision to double Neson's production volume in the years ahead.

XYROFIN

PROSPECTS FOR CONTINUING GROWTH

Special sweeteners have continued to enjoy strong growth. Our products grew 11% in volume on the previous year and production capacity has been the main obstacle in the way to greater growth. New product applications were brought to market successfully and operational policy of developing new applications in cooperation with customers gives Xyrofin an excellent competitive position.

The strongest growth was registered in the sales of oral hygiene products. All in all, the usage areas for xylitol have expanded both in terms of product applications and geographically. Usage of other polyols is growing constantly. Sales of crystalline fructose developed favorably in both the European and Far East markets.

Modernization of the production technology at the Kotka plant proceeded ahead in 1994 and the packaging lines will be modernized during the spring of 1995. At the same time, the plant's dust removal systems will be renewed. The manufacture of xylitol directly from birch chips, a previously used method that was discontinued in 1990, will be started again in the spring of 1995, thereby significantly increasing capacity of the Kotka plant. The extension of the polyol production at the Thomson plant located in the United States will be completed in the spring of 1995.

In December 1994, Xyrofin made public its plan to build a xylose plant in connection with Lenzing AG's production facilities in Austria. When completed, the new plant will ensure the availability of xylose, the raw material for making xylitol, so as to meet the continually growing demand. Through its large-scale capital spending program and product development work, the Xyrofin division will retain its position as the leading marketer and manufacturer in the world for special polyols.

FLAVOURING

NEW POTENTIAL FOR FLAVOURING PRODUCTS

Flavoring AB located in Norrköping, Sweden, is a company that makes flavouring compounds. Sweet flavourings are used in making such products as soft drinks, dairy products and desserts. The net sales of Flavoring AB were up by 19%. Sales on the Scandinavian market remained at the previous level, but in Finland's neighboring areas there was buoyant growth. Exports outside of Scandinavia grew even stronger. In a research done in Sweden Flavoring AB gained recognition for its good working atmosphere and innovative operations.

During 1995, Cultor will start the production of new natural food flavourings and flavouring enhancers. In the product development and production of natural flavourings, Cultor has been able to utilize its years of cutting edge expertise in biotechnology.

FINNSUGAR DEVELOPMENT

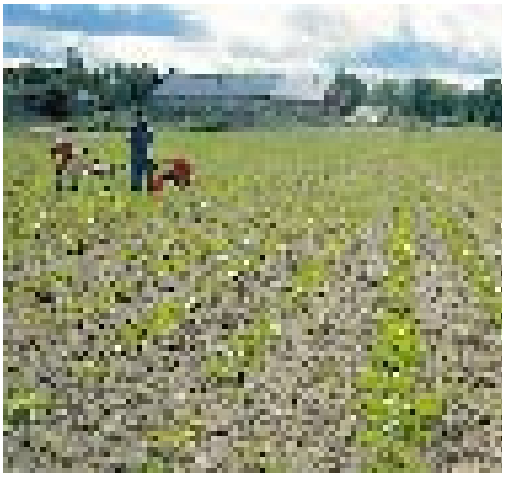
Finnsugar Development is in charge of developing our key technologies and has participated in implementing the Group's capital expenditure projects. During 1994 a number of technology programs were started, which will further strengthen the position of the Cultor Group as the leading manufacturer of polyols and betaine.

QUALITY AND THE ENVIRONMENT

The development of products and services in line with our customers' needs occupies a central position at all the units of Business Area Sweetening. The ISO 9000 series of standards has been used as a tool in developing quality systems. A prominent example of the quality work carried out are Xyrofin Oy's plant that makes special sweeteners in Kotka as well as Neson Oy's enzyme production facility in Jokioinen, both of which received the ISO 9002 quality certificate in 1994. The qualification process for certification is been done by the summer 1995 in the other plants.

Within environmental protection, we have continued our commitment to developing environmentally friendlier techniques for the cultivation of sugar beet. Finnish farmers have been a world leader in pioneering the use of the one-pass method, which makes possible not only the carrying out of different workphases simultaneously but also promotes the efficient utilization of nutrients. It has also been possible to replace pesticide sprays with new seed treatment substances, and the pesticides that are used go easier on the environment. Reducing the environmental impacts of farming is also a prominent part of Neson's project for the development of starch cereals.

In cooperation with industrial customers, we have developed new solutions for the transport, storage and dispensing of sugars and flavouring compounds. This technology has led to a continuous increase in the share of bulk transports. Today, most of the products going to our industrial customers are delivered in tankers as bulk goods in either crystalline or liquid form and totally without packaging materials.



Sugar is produced as a result of photosynthesis in all green plants. Sugars are a source of energy for the entire ecosystem. The sugar refining industry does not produce sugar but separates it from the carbohydrate reserves of plants. The extract juice from sugar beets does not keep well in its primary form. Filtered and crystallized it has a very good storability and is easy to transport. The natural purity of sugar is a key competitive advantage. Thus, it is only natural to choose ecologically sound, mainly fiber-based materials for packaging.
For household sugar we use unbleached paper, which can be manufactured and disposed with a minimal impact on the environment. Multilayer and plastic packagings are used for those products in which moisture protection is a necessity, such as brown sugar and syrups.

During 1994, investments were made in reducing both emissions and effluents. A salt reduction and recycling system was built to treat waste water at Xyrofin's plant in the USA. After the necessary pretreatment investments were made at the Xyrofin's plant in Kotka, Finland, the production waste water has been channeled to the municipal treatment plant. In order to reduce the particle emissions of the power plants at our Porkkala facility, a high-compliance electrostatic filter has been installed.

OUTLOOK FOR THE FUTURE

The operations of Business Area Sweetening depend to a large extent on the regulations and related restrictions imposed by the European Union. The year 1995 will be a time of adjustment and making use of the possibilities open to us. The EU protects its economic area efficiently, and certain segments of our operations are bound to the EU's import protection and export subsidy solutions. The business area's good preparedness to adapt to changing conditions can already be seen in the results for the current year. The program of investments aimed at developing special sweeteners is in the implementation stage, and corporate acquisitions are a distinct possibility in addition to organic growth. Operations will also be directed more purposefully than ever before at the development of new natural flavourings and their applications.

EUROPEAN UNION SUGAR REGIME

The European Union's agricultural policy is based to a large extent on market regulation which serves both to limit and to support agriculture. To achieve its ends, the EU employs subsidies and border shields. Production quotas have been imposed on certain farm products, i.e. sugar. Sugar is the only agricultural product that is not financed from the EU budget but through levies collected from its product chain. The marketing system is based on national production quotas, on minimum prices to be paid for sugar beet and on import tariff on sugar as well as on export subsidy.

Production quota
Each country has so-called A- and B-quotas for sugar. The A-quota is devised to be applied to the EU's internal consumption and the B-quota mainly to keep harvest fluctuations in balance. The proportion of the harvest remaining outside the quotas, so-called C-sugar, must, on the other hand, be sold outside the EU and without support measures. In addition to this Great-Britain, Portugal, France and Finland have the right to import a certain quota of raw cane.

Marketing system
The farmer is guaranteed a basic price for his sugar beets. This is the floor for the intervention price of sugar. Decisions also determine the target and threshold prices which are used in administration of the system. Target prices do not include packaging, logistics and marketing costs. Thus the market price is higher than the target price in all EU countries according to the market situation. The EU's production is protected by imposing an import duty which is the same as difference of the threshold price and the world market price. The threshold price is obtained by adding to the target price a storage charge as well as the charges resulting from transports between areas that produce the largest surplus of sugar within the EU and those that have the largest sugar deficit. The marketing system is financed by production charges, which are collected on the basis of the quota amounts produced. These charges are at present 2% for A-sugar and 39.5% for B-sugar, calculated from the intervention price. Sugar is thus the only agricultural product that has a self-financing mechanism.

Exports
Quota sugar that is not consumed within the EU area can be sold outside the EU with the aid of an export subsidy. Export subsidies are financed by sugar beet farmers and the sugar-refining industry. The amount of the subsidies is determined by the difference between the intervention price and the world market price. Exports are regulated by means of export permits.

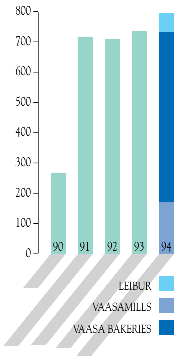
European Union sugar consumption and sugar beet quotas (ton of white sugar)

Country	Consumption average over 5 years, tons	A-quota tons	A-quota % of consumption	B-quota total tons	A+B-quotas % of consumption
Belgium	444 336	680 000	153	146 000	186
Denmark	210 561	328 000	156	96 629	202
France [1]	2 001 148	2 996 000	150	805 833	190
		297 000[4]	165		205
Greece	318 664	290 000	91	29 000	100
Ireland	133 687	182 000	136	18 200	150
Italy	1 605 820	1 320 000	82	248 250	98
Netherlands	571 800	690 000	121	182 000	153
Portugal [2]	302 323	63 635	21	6 363	21
		292 000[4]	118		120
Spain	1 116 514	960 000	86	40 000	89
Great Britain	2 240 106	1 040 000	46	140 000	53
		1 130 000[4]	97		103
Sweden	357 520	336 364	94	33 636	103
Germany [3]	2 542 588	1 990 000	78	612 313	102
Austria	322 169	316 259	98	73 881	121
FINLAND	208 196	133 433	64	13 343	70
		40 000[5]	83		90

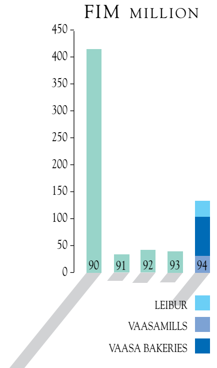
[1] incl. areas outside Europe. [2] incl. the Azores. [3] three years average. [4] imports according to Lomé agreement. [5] Finland's suggestion 83,600 tons. In addition to sugar quotas, a number of countries also have isoglucose quotas which, however, are a fraction of the sugar quotas.

BAKING

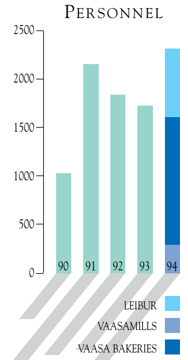
Net Sales, FIM million



Investments, FIM million



Personnel



Business Area Baking comprised three divisions in 1994: Vaasa Bakeries, Vaasamills and Leibur. The main products of Vaasa Bakeries are the nationwide Vaasa brands and Läheltä Lämmintä ('Warm and Nearby') local bakery goods as well as Vaasamills rye crisps and crisp breads. Leibur sells its products in Estonia under its own brand names. Baking accounts for 13.6% of Group net sales.

BRANDED PRODUCTS

Branded products are an important competitive factor in an area in which marketing efforts are beamed primarily at consumers. The importance of the Vaasa brand name has further increased in the marketing of both fresh bakery products and crisp breads.

CUSTOMERS

In Finland, Baking's products are sold through the central wholesalers and local bakeries. In Estonia through Leibur shops and local shops. On the export market, importers supply products to the wholesale and retail trade.

RAW MATERIALS

Baking's main raw materials are rye and wheat. Baking's divisions used a total of 85,000 tons of grain in 1994, approximately half of which is rye.

PRODUCTION UNITS

The Vaasa Bakeries chain of local bakeries comprises 24 units throughout Finland as well as the Joutsenolainen Oy frozen bakery goods plant. Leibur, with production units in Tallinn, is Estonia's largest company in the baking sector. The Vaasamills bakery is located in Kotka, Finland. During the year, Cultor bought Raisio Group's crisp bread functions in Toijala, Finland and the crisp bread production of Siljans Knäcke AB in Rättvik, Sweden. The joint venture Hansa Bakery was established together with a Latvian partner.

From the beginning of 1995, Business Area Baking will comprise two divisions: Vaasa Bakeries (fresh bakery products) and Vaasamills (products with a long shelf life).

KEY INDICATORS

	1.12.93-30.11.94	1.12.92-30.11.93	1.1.94-31.12.94
Net sales, FIM million	807	733	796
- Exports and international operations	121	61	123
Operating profit, FIM million	63	41	48
RONA, % *	17.4	10.7	13.2
Investments, FIM million	86	38	128
Personnel on average	2 264	1 724	2 313

*Calculation formulas on page 59

DIVISIONS

Net sales	1.12.93-30.11.94	1.12.92-30.11.93	1.1.94-31.12.94
Vaasa Bakeries	559	537	563
Vaasamills	190	196	170
Leibur	58	-	63
Total	807	733	796

Investments and personnel	1994 13 months	1993 12 months	1994 Personnel
Vaasa Bakeries	72	29	1 317
Vaasamills	30	9	290
Leibur	28	0	706
Total	130	38	2 313

NET SALES BY MARKET AREA

	1.12.93-30.11.94	1.12.92-30.11.93	1.1.94-31.12.94
Finland	686	672	673
EEA	59	58	57
Other countries	62	3	66
Total	807	733	796

VAASA BAKERIES

VAASAMILLS

IMPROVED POTENTIAL FOR INTERNATIONAL GROWTH

The several year-long structural overhaul of Business Area Baking has been completed and earnings have improved substantially. We are now concentrating to the fullest extent on baking after divesting business functions whose growth possibilities are limited and which do not fit in with our strategy. From the beginning of 1995, the business area comprises two divisions: Vaasa Bakeries and Vaasamills. In this way, we can best develop the two main product areas of our domestic and international operations, fresh bakery products and products with a long shelf life - taking into account the special features of both product groups.

The market position in Finland strengthened, and exports of crisp breads set a new record. Bakery operations were extended to the Baltic countries, first to Estonia and at the end of the year to Latvia. In the main market areas for crisp bread products, Sweden and Germany, operations were bolstered through acquisitions and new distributor agreements. These arrangements meant a significant improvement in the growth potential of our international operations.

PROFITABILITY THROUGH FOCUSED OPERATIONS

The business area had a successful first year of operations devoted solely to baking. The market position of fresh bakery products was further strengthened and the international success of crisp breads continued. Baking's (Dec.1-Nov.30,1994) net sales rose 10% to FIM 807 and operating income, FIM 63 million, was a substantial improvement on the previous year. Most of the growth came from Leibur in Estonia.

The operating environment in Finland was marked by stagnating demand and a slightly falling price level, though there were increasing signs of an upswing in demand for fresh bakery products toward the end of the year. It is probable that the general improvement in the economy, nutrition trends that emphasize health and a lower price level due to EU membership will increase the demand for bakery products in the years ahead.

The acquisitions made at the end of the year aim to strengthen Business Area Baking's international position in Finland's neighboring areas and in Sweden and Germany. Siljans Knäcke AB of Sweden became part of the business area at the beginning of 1995. Together with the crisp bread operations of Raisio Group, bought in November 1994, it will improve our marketing and production capability in the European crisp bread market in an even tougher competitive situation.

Our minority interest (48%) in Hansa Bakeries, (A/S Hanzas Maiznica), the joint venture set up in Latvia, means considerable long-term growth potential in Finland's rapidly developing neighboring areas. Cultor also bought Tallinna Pank's interest in Leibur, Estonia, thus increasing the company's holding to 75%.

STRENGTHENING THE VAASA BRAND

Both Vaasa Bakeries and Vaasamills made a more prominent use of the Vaasa brand name in their marketing. The image of nationally marketed Vaasa Bread products and their reputation for quality alongside local brands were further strengthened, thereby boosting consumer loyalty.

VAASA BAKERIES

BIG IMPROVEMENT IN EARNINGS

The four-year long structural adjustment program was completed in 1994. At the turn of the year, there were 24 local independently operating bakeries. Development investments were continued according to plan. The largest of them involves the expansion of bakery Karin Nyberg, located in Espoo near Helsinki, a program that will ensure our position as a manufacturer of high quality bakery products in the Greater Helsinki area. New, trendy products enjoyed success alongside the local and nationwide Vaasa branded products and further reinforced the position of Vaasa Bakeries throughout Finland. Particular attention was directed at personnel training and the honing of supervisor skills. The actions carried out have helped to improve profitability.

The uniform quality of products is ensured with dosing automation. The latest baking technique was installed in Karin Nyberg bakery.

LEIBUR

PLANT IMPROVEMENTS BRING STRONG DEVELOPMENT

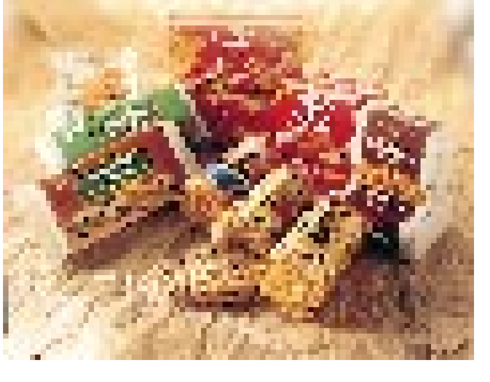
At the end of 1993, Cultor bought a majority holding in Leibur, Estonia's largest bakery company. In its first year of operations as part of the Cultor Group, Leibur undertook an extensive development program. Production and products were improved in accordance with local taste preferences and needs. New distribution and reporting systems were put into use. Operations were consolidated by reducing the number of production sites in order to improve efficiency. Marketing efforts were also started in areas outside Tallinn.
The very good cooperation between Leibur's personnel and the new owners greatly helped to carry through the demanding development program.

VAASAMILLS

GROWTH FROM ABROAD

The market position in Finland of Vaasamills' crisp bread products continued to improve. As prices declined still further, adjustment to a lower European price level was started with the objective of boosting international competitiveness.

Our export products FINN CRISP and RONDIK CRISP enjoyed strong sales. Exports set a new record and accounted for a higher share of total sales than ever before - 39%.
In line with our objective of further increasing



Crispbreads and crackerbreads contain healthy fibres more than other grainproducts.

our international operations, we have appointed new distributors in Sweden and in Germany and strengthened our own marketing organizations in these countries.

QUALITY AND THE ENVIRONMENT

Our investments in research have produced new and interesting information on the favorable nutritional effects of grain products. The research results stress the nutritional importance of rye bread, crisp bread and whole grain products in general. Rye fiber appears to have a beneficial effect on the metabolism and, among other things, it retards or prevents the spread of estrogen-mediated diseases. New research results should always be viewed with some reserve and thorough follow-up studies are needed. The results have nevertheless proved to be of such interest that we are continuing to contribute to this joint-Nordic project.

The importance of the Finnish environment and the purity of Finnish raw materials will gain in importance as the markets open up still further. In honoring its commitment to quality, Cultor wants to continue using domestic raw materials in our products manufactured in Finland. This is why we are seeking to ensure the future availability of domestic rye by carrying out various research and development projects. Pure, nutritionally valuable products that satisfy our customers' taste preferences guarantee that we will retain our competitiveness in a changing market situation.

In addition to internal environmental protection inspections at our plants, we have paid particular attention to carrying out environmental protection measures at the production facilities of companies we have acquired. Our aim is to ensure that they, too, comply with the same environmental protection principles to which we in the Cultor Group are committed.

OUTLOOK FOR THE FUTURE

The roles of Baking and its divisions within Cultor have been further defined with the objective of achieving growth, especially beyond Finland's borders. In Finland's neighboring areas, we are stressing fresh bakery products, whereas in Scandinavia and continental Europe, crisp breads are our mainstay. The substantially improved earnings trend and a stronger cash flow as well as the corporate acquisitions made last fall will put us in a good position to realize our growth targets. The bakeries in Estonia and Latvia emphasize the position of the rapidly developing Baltic countries as an important market area for us in the future.

The international growth possibilities for crisp bread products are good. They are based on competitive product concepts - rye crisps are a case in point - and on strengthened organizations in Sweden and in Germany.

OTHER BUSINESS OPERATIONS

ENVIRONMENT-FRIENDLY APPLICATIONS THROUGH HIGH-CLASS RESEARCH

GENENCOR INTERNATIONAL

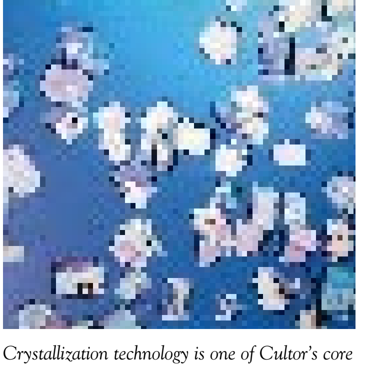
Genencor's business area is industrial biotechnology, the significance of which will continue to increase in the future for the operation of many Cultor companies. Genencor was established in 1990 when the enzyme business of Cultor merged with the bio-products group of Eastman Kodak. The company is now a 50/50 joint venture between Cultor and Eastman Chemical Co.

In its first five years, Genencor's revenues have grown at an annual rate exceeding 20%. The turnover for 1994 was about FIM 700 million (USD 138 million). The company has achieved a net profit position the last two years, while maintaining sizable investments in research and development (nearly 20% of the turnover).

Genencor is one of the world's leading manufacturers of industrial enzymes. Enzymes are protein molecules which originate in nature and are produced by cultivating microbes under controlled, sterile conditions. Acting as catalysts in biochemical reactions, enzymes are coming into broader use in production processes to replace chemical processes that may be environmentally less sound. Enzymes are used in many industries, the biggest of them being the detergent industry. Other applications include the textile, pulp and paper, food and feed industries. Enzymes are also used in waste treatment process.

Finnfeeds International, which operates in the Business Area Animal Nutrition, works closely with Genencor for the application of enzymes in animal feeds.

The market for Genencor's industrial enzymes is global. The total market exceeds FIM 5 billion (over USD one billion), and the market is expanding nearly 10% annually. Genencor's production plants are located in Finland and in the U.S.A. Field sales offices are located in Mexico, Japan, and the Netherlands with new offices planned.



Crystallization technology is one of Cultor's core technologies. Some sugar crystals in the picture.

In its operations, Genencor will continue major investments in both research and product development. Its fundamental expertise in enzymes facilitates the development and production of both known and new, environmentally friendly, applications for various purposes. Past investments have generated an increasing number of applications.

One of the most recent areas of investment is the denim industry, where Genencor is developing an indigo dye based on its enzyme expertise. The dye will be made using renewable raw materials and will be identical to the present dye made using petrochemicals.

QUALITY AND ENVIRONMENT

Enzymes are natural products whose major attribute is their selectivity. As products of soft technology, their basic character is environmental friendliness. Protease enzymes are a vital component in environmentally friendly but efficient detergents. The use of xylanase enzymes in the bleaching of pulp reduces the use of chlorine chemicals. The textile industry uses enzymes to improve and soften cotton cloth, and in one application, cellulase enzymes can replace pumice used in stone washing denim. Fuel ethanol is produced from corn starch through the use of amylase enzymes.

In order to improve its competitiveness and to intensify its operations, Genencor worked hard to achieve its recent certification as conforming to the ISO 9002 standard. The certificate, issued in November 1994 by Lloyd's Register Quality Assurance covers the plants in Hanko and Jämsänkoski as well as the sales operations in Helsinki. Genencor expects to obtain certification for its U.S. plants in Cedar Rapids and Rochester in 1995. The quality methods that formed the foundation for ISO 9002 certification are an integral part of Genencor's TQM program (Integrated Excellence).

In its written environmental policy, Genencor is committed to operating as a responsible member of the world and local communities for the protection of the environment and advancement of the health and safety

of its employees. Genencor also committed to respect and abide by all national and regional environmental laws and regulations.

THE TECHNOLOGY CENTER

It is characteristic to Cultor's business culture to invest markedly in research and development. The needed expertise is available to the operating units at the Technology Center, where most of the research resources are centered. This way synergic advantages benefiting the whole Group can be achieved.

The key technologies used at the Technology Center are separation processes, microbiology and enzyme techniques, supported by strong knowledge of chemistry, process technology, molecule biology as well as special analytics. The Technology Center actively follows the scientific development of such fields that are important to the Group and also develops itself new technological solutions. As an expert of technology in its business fields Cultor has defined those key areas, in which the Group aims to be one of the top players in the world.

A large part of the work of the Technology Center is done in project groups together with the operational units. This ensures the involvement of the operational units with the long-term development activities and gives scientists the opportunity to cooperate with the clients actively. The number of employees in the Technology Center is 70 persons.

KASTEN-HØVIK

In October, 1994, Cultor divested Kasten-Høvik, which manufactures and markets metal warehouse equipment in Norway and Finland. Kasten-Høvik was the last non-core business unit in the Group and its sell-off will enable us to focus more effectively on our core functions in the Business Areas Animal Nutrition, Sweetening and Baking.

Industrial applications of micro-organisms are part of Cultor's high-technology capabilities. This is a continuous production process for flavours.

PRODUCTS AND BRANDS

ANIMAL AND FISH FEEDS

Kiri-Maikki	Feed for milk cows based on rich silage feeding
Mulli-Maikki	Efficient feed for beef cattle
Puna-Heltta	Poultry feed for economic egg production
Pekoni	High energy feed for intensive pig production
Nasu	Safe pig feed for healthy growth
Hertta	Tasty mineral feed
Ensimax	Efficient and safe silage preservative
Svenska Foder	A brand for quality feeds and plant cultivation products on the Swedish market
Teknosan	A brand in Sweden for feed ingredients
Vextra	An international brand for salmon feed
Vextra Omega	High energy salmon feed, an international brand

FEED INGREDIENTS

Avizyme	A multienzyme product which increases the nutritive value of poultry feeds
Porzyme	A multienzyme product which increases the nutritive value of pig feeds
Grasszyme	An enzyme/bacterial complex for enhancing the feeding value of grass silage
Cornzyme	A multienzyme complex for enhancing the feeding value of maize (corn) silage
Alfazyme	An enzyme/bacterial complex for enhancing the feeding value of legume silage
Clampzyme	A multienzyme complex for preserving low dry matter silage
Heptex	Enzymatically treated feed ingredient
Betafin	Betaine products for different applications
Finnstim	Extra nutrient for fish feeds

SUGARS

Dark Crystal sugar	Sugar specialties
Soft brown sugar	
Pearl sugar	
Icing sugar	
Coloured pearl sugar	
Sugar-Cinnamon mixture	
Jam sugar	
Jelling sugar	
Syrup	
Melli-Syrup	
Sirkku	Cube sugars
Pulmu	
Black & White	
Talous	Crystal sugars
Kisa	
Siro	

SPECIAL SWEETENERS

Xylitol	Sweetness without tooth decay
Fructose fruit sugar	Natural sweetness, sweeter than sugar
Lactitol	Reduced calorie sweetener
Sorbitol	Adding sweetness; retaining moisture
Finnmalt L	Maltitol syrup
Dextrose	Natural energy, retains taste
Xylose	Special sugar flavour for industry
Xylitab	Compressed xylitol

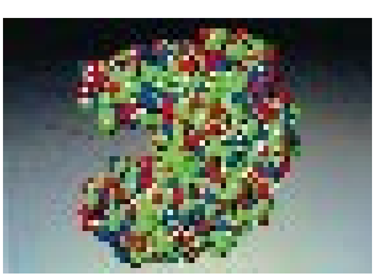
FRESH BAKERY PRODUCTS

Vaasan	Vaasan Ruispalat, Rouhepalat, Armas, Jälkiuunileipä, Revitty Rukiinen Iso, Pyöreä (toasts), Jumpulat, Vimpulat, Jumbot, Tosirukiinen, Tosikauranen, Tosiviljanen, Tosiperunainen Läheltä lämmintä -series, Uunituore-series
Hanna-Tädin	Hanna-Tädin pastries
Leibur	Rye breads: Madise, Talupoja, Viljaveski, Toolse, Jaani Wheat breads: Kirde sai, Helme sai, Vigur, Talukakuke, Kadri sai Cakes and pastry: Annika Tort, Õnne tort, Rosina stritsel, Riina küpsised

PRODUCTS WITH A LONG SHELF LIFE

CRISP BREADS AND CRACKERBREADS

Vaasan Koulunäkki	Rye crispbread with crisp texture
Vaasan Kunto	Traditional crispbread with a high rye fiber content
Vaasan Voima	Traditional, individually baked crispbread with strong taste
Vaasan Rapeat	Sour rye cracker with a crunchy texture
FINN CRISP	Sour rye cracker with a crunchy texture, international brand
RONDIK CRISP	Individually baked crispbread with round shape, international brand



A three-dimensional model of a xylan degrading enzyme. Cultor's Technology Center and the University of Joensuu were the first in the world to solve the structure of this enzyme. Xylanase enzyme is used in animal feed, in baking and in bleaching of cellulose.

GENENCOR PRODUCTS

IndiAge Primafast	Enzymes for various uses in textile industry
Lumafast Purafect	Enzymes for detergent industry
Spezyme	Enzymes for production of starch syrups

THE BOARD'S REVIEW OF OPERATIONS

GENERAL REVIEW

The earnings trend during the 1994 fiscal year was good. The operational result was at the previous year's level, but financial costs diminished substantially. The reduction in financial costs was a consequence of the good cash flow from operations. Toward the end of the year, the earnings trend was affected negatively by the cautiousness of the customers in making purchase decisions in view of Finland's membership in the European Union. Furthermore, from late fall onward prices began to adjust to the EU level.

The Cultor Group continued to focus on its core business operations in 1994. In March, Hartham Holdings Ltd., whose subsidiaries manufacture and market liquid feeds and feed concentrates in the United Kingdom, was sold. The operations of the Ewos Pherrovet unit, which is engaged in marketing veterinary pharmaceuticals, was sold in June. Kasten-Høvik, a manufacturer of warehouse equipment and office furniture, was sold off at the beginning of October. At the end of the fiscal year, Svenska Foder AB, in which Cultor has a 54% stake, sold the business operations of its subsidiary Skåne Möllan AB to a new company in which Svenska Foder AB has a 10% stake. Earlier in the fiscal year, Svenska Foder AB had divested Hällekis Minerals AB and sold off its majority holding in the grain exporting company Spannex AB.

Core business functions were strengthened within Business Area Baking in December, 1993, by purchasing a 55% stake in the Tallinn-based bakery company Leibur A.S. In addition, in July a 20% holding in the company was purchased from Tallinna Pank. The company's minority shareholder, with a 25% stake, is the Swedish company Cerealia AB. In November, an agreement was signed concerning the purchase of the Swedish company Siljans Knäcke AB, and the crisp bread production of the Raisio Group was acquired. Ownership of Siljans Knäcke AB was transferred to the Cultor Group on January 2, 1995, after the close of the fiscal year. Bakery operations were expanded in the Baltic area by establishing the joint venture A/S Hanzas Maiznica together with a Latvian partner. The Cultor Group has 48% of the new company's voting rights.

During the fiscal year, the wholly-owned company Listera Oy (formerly Tuottajain Rypsi Oy) was merged with Cultor Oy, as were 83 holding companies, whose aggregate balance sheet total was FIM 57 million.

The Cultor Group's financial statements have been prepared for the first time according to the accounting principles set forth in the new Bookkeeping Act. The income statement and balance sheet data for the 1993 fiscal year have been changed so that they are comparable with the 1994 figures.

The Annual General Meeting of Cultor Oy held on March 10, 1994, approved a proposal to change the company's fiscal year to the calendar year. Accordingly, the length of the Group's fiscal year now ended was 13 months and covered the period from December 1, 1993, to December 31, 1994. On February 14, 1995, the company published Twelve months review and Preliminary information for 13 months.

To facilitate comparisons, the following table presents an abbreviated consolidated income statement with its various comparison periods.

Figures in FIM million	Dec.1,1993- Dec. 31,1994 (13 months)	Jan.1,1994- Dec. 31, 1994 Pro-forma (12 months)	Dec.1,1993- Nov. 30,1994 (12 months)	Dec.1,1992- Nov. 30, 1993 (12 months)
Net sales	6 395	5 847	6 000	6 359
Expenses	-5 847	-5 358	-5 481	-5 822
Affiliated companies	3	3	2	-6
Operating profit	551	492	521	531
Net financial items	-43	-38	-43	-110
Profit after financial items	508	454	478	421
Extraordinary items	-22	-22	-29	-39
Profit before taxes	486	432	449	382
Taxes	-98	-85	-90	-52
Minority interest	-41	-30	-34	-29
Net profit for the fiscal year	347	317	325	301
Earnings/share, FIM	16.01	14.71	15.36	14.75

GROUP NET PROFIT

Consolidated net sales for the 1994 fiscal year (13 months) were FIM 6,395 million. Net sales for the 1994 calendar year were FIM 5,847 million, a reduction of FIM 512 million (8%) on the net sales for the fiscal year ended 1993 (FIM 6,359 million). Divestitures reduced net sales by about FIM 300 million and the change which the appreciation of the Finnish markka caused in the exchange rates used in consolidation reduced net sales by FIM 276 million compared with 1993. Net sales from international operations in the 1994 calendar year were FIM 2,846 million, and accounted for 49% of the Group's aggregate net sales.

Consolidated operating profit for the fiscal year (13 months) was FIM 551 million. Operating profit for the 1994 calendar year was FIM 492 million, which was FIM 39 million less than the operating profit (FIM 531 million) for the fiscal year ended November 30, 1993. The reduction in the operating profit is due mainly to seasonal shifts in sales. During the 1993 fiscal year, sales in

December were exceptionally large because owing to changes in Finnish tax legislation, it was necessary for our customers to hold the level of inventories at the 1992 level. Finland's accession to membership in the European Union weakened sales in December 1994. Both the distribution chain and end customers sought to minimize the products held in inventories at the turn of the year, since their price fell to the EU level when Finland signed the accession treaty.

International operations accounted for FIM 205 million, or 42%, of consolidated operating profit for the calendar year.

The Group's affiliated companies accounted for FIM 3 million (FIM -6 million in 1993) of the operating profit for the 1994 fiscal year. The growth in the share of profits was due to the improved result turned in by the affiliated company Genencor International Inc.

The net financial costs of FIM 43 million (13 months) were less than half of the previous year's expenses (1993: FIM 109 million). Net financial costs amounted to 0.7% of net sales. Net interest expenses fell by FIM 74 million.

Consolidated profit after financial items (13 months) was FIM 508 million. Profit after financial items for the 1994 calendar year was FIM 454 million, which is FIM 33 million more than in the 1993 fiscal year.

The net amount of extraordinary items was a negative FIM 22 million (1993: FIM -39 million). Extraordinary items include FIM 16 million of gains on the sale of business units.

Taxes for the fiscal year (13 months) were FIM 98 million. Taxes calculated on the basis of the net profit for the 1994 calendar year were FIM 85 million, which exceeds the taxes for the 1993 fiscal year by FIM 46 million. The taxes shown in the income statement also include the change in imputed deferred taxes. Direct taxes paid for the 13-month 1994 fiscal year (FIM 117 million) were FIM 50 million greater than for the 1993 fiscal year.

The minority interest in the net profit for the 1994 calendar year was FIM 1 million greater than for the 1993 fiscal year. Net profit for the 1994 calendar year was FIM 317 million, or FIM 16 million greater than in the previous fiscal year. Net profit for the 1994 fiscal year (13 months) was FIM 347 million. The large difference compared with the profit for the calendar year is due to the different periodization of December sales between these periods.

The Group's return on investment for the 1994 calendar year was 15.1% (1993: 14.8%) and thus fulfilled the long-term yield objective set for the Group at the beginning of the 1990's. Return on equity was 15.5% (1993: 15.3%). Earnings per share for the 13-month fiscal year were FIM 16.01 and earnings per share for the 1994 calendar year were FIM 14.71, or at the level of the 1993 fiscal year (FIM 14.75).

BUSINESS AREAS

In assessing the development of the business areas, the 12-month period ended November 30, 1994 is compared with the figures for the 1993 fiscal year.

ANIMAL NUTRITION

Business Area Animal Nutrition posted a satisfactory result, and the operating profit was FIM 199 million (1993: FIM 202 million). The return on equity was 14.5%, or a percentage point better than during the corresponding period a year earlier (1993: 13.6%). Net sales of the business area were FIM 3,353 million, or at the previous year's level (1993: FIM 3,423 million). Changes in the foreign exchange rates reduced net sales, though on a local currency basis sales grew by 4%.

The uncertainty of customers regarding the transitional regulations to be applied as Finland adjusts to EU membership hampered the business operations of Suomen Rehu. In spite of this, Suomen Rehu reported satisfactory earnings in view of the prevailing conditions. The net profit was nevertheless smaller than it was a year earlier. In addition to local compound feed and special feed operations, the special feed operations of Ewos Polfarm in Poland, which were previously monitored as a business unit in their own right, were made a part of the Suomen Rehu business operations. This organizational change has gotten off to a good start, and in 1994 there was significant growth in both net sales and profits.

The net profit of Svenska Foder fell short of the targets set for 1994 and was smaller than in 1993. A factor contributing to the poor trend was the low income from grain drying owing to the severe drought which hit the Swedish grain harvest. Svenska Foder's earnings were also affected by customers' caution in making purchase decisions, which was due to Sweden's accession to membership in the European Union. Svenska Foder's focusing on core operations got underway when the company gave up grain export and milling operations as well as mineral feeds.

The improved economy of fish farming was reflected in Ewos' performance. Thanks to rapidly progressing product development, the efficiency of fish feeds has risen and this has had a significant effect in lowering the production costs of farmed salmon. Concurrently, increased demand for salmon has kept the price level stable. Profits were better than in 1993. Ewos' market share in industrial fish feeds rose to 15% worldwide. The extension of the fish feed plant in Florö, Norway, was completed at the beginning of September. In the fall, a decision was made to centralize Ewos' technology center by moving it to the immediate vicinity of the Ewos Ltd. production facility in Scotland.

The performance trend of the Finnfeeds International (FFI) subgroup, which markets feed enzymes, was good. The market situation was favorable for the products of FFI and sales grew more than 70%. The net profit exceeded targets and was considerably better than in 1993.

Finnsugar Bioproducts (FSB), which markets betaine and other fine chemical products that are recovered with our separation technology, increased its net sales. A factor limiting growth was production capacity, which was augmented by making capital investments in the production facility in Naantali, Finland. Net profit exceeded the target and reached the relatively good level of the previous year.

The Pacific Protein unit, which manufactures fish meal in Chile, suffered from a lower price level due to the oversupply of protein sources. This meant that the company reported a loss for 1994.

In the short term, Finland's compound feed market is expected to grow somewhat because the EU's agricultural policy favors the use of industrial feed in cattle farming, and part of the restrictions on live stock production will be removed. The special feed market is expected to remain fairly stable in Finland, but there is considerable growth potential in Poland and the Baltic countries. Sweden's agriculture is believed to benefit from EU membership, and this will put Svenska Foder in a better operating position. Salmon farming is expected to grow at an annual rate of 15% over the next couple of years and to increase the demand for fish feeds. Changes in the general preconditions for the feed enzyme market will have positive effects on FFI's operations. Thanks to increased production capacity, sales of betaine are expected to grow. All in all, earnings of the business area are expected to improve.

SWEETENING

The net profit of Business Area Sweetening was satisfactory. Operating profit was FIM 300 million (1993: 311 million). The return on equity (21.1%) was slightly lower than a year earlier (1993: 21.6%). Net sales, FIM 1,801 million, were 4% greater than in 1993 (1993: FIM 1,737 million).

Sales of sweeteners in Finland declined from the level of 1993. Sales of sugar to industry totaled 111,576 tons, or 1.6% less than in 1993. Sales of retail products were 73,462 tons, which is 3,724 tons (4.8%) less than in 1993. Sales of starch-based sweeteners fell even more (28.8%) and totaled 6,806 tons, compared with the previous year's 9,559 tons. A considerable growth in sales was reported for the beta-amylase enzyme, that is extracted from barley by Neson, a manufacturer of starch sweeteners. Net profit of the domestic sugar units was poorer than in 1993.

The sugar beet harvest in Finland was the second largest on record (1,124,772 tons). The campaign of the factories that make sugar from sugarbeet lasted 72 days and the sugarbeet harvest yielded 150,561 tons of sugar.

Among the most important expansion investments, were the doubling of ORS (sugar-salt mixture) production capacity and the start-up of work on the extension of Neson Oy's beta-amylase production.

Xyrofin continued to chalk up growth in the sale of the special sweeteners it manufactures and markets. All in all, sales grew 11% and were the strongest for all the hygiene products. Xylitol and other polyols are used in ever newer product applications and in an ever wider geographical area. The limitations imposed by production capacity have been an obstacle to faster growth. The sales trend of crystalline fructose on both the European and Far East markets was favorable. The profits reported by the business unit developed according to plans.

In 1995 the production capacity for polyols will grow substantially when the extension of the Thomson plant in the USA is completed in the summer of 1995 and when the manufacture of xylitol from birch chips is started up again at the plant in Kotka, Finland. With a view to increasing production capacity to meet longer term demand, Xyrofin is exploring the possibility of building a xylitol plant that will be part of the plant complex of the Austrian company Lenzing AG.

The Swedish company Flavoring AB boosted the sales of its flavouring products by 19%. Demand on the Scandinavian market was again at the level of the previous year, and growth in sales came from markets outside Scandinavia.

The adjustment of Business Area Sweetening to the European Union's regulations will be reflected in operations during 1995. The quotas set by the European Union place limits on the framework within which our domestic sugar production can operate. In spite of efforts to rationalize production, earnings for 1995 within domestic sugar operations are expected to be lower than they were in 1994. Continued growth is expected for Xyrofin's business operations, and sizable investments are being made to increase production capacity. Owing to the capital spending program, the net profit for 1995 is expected to fall short of the 1994 level.

BAKING

1994 was a time of development for Business Area Baking. The 55% holding in the Estonian baking company Leibur A.S., which was acquired at the beginning of the fiscal year, was increased to 75%, and in December, Baking purchased 48% of the voting rights of the Latvian bakery chain A/S Hanzas Maiznica. In November, the crisp bread operations of the Raisio Group were purchased, and from the beginning of January, 1995, Siljans Knäcke AB of Sweden was added to the crisp bread business. The business area reported satisfactory earnings. Operating profit was FIM 63 million, up FIM 22 million on the previous year (1993: FIM 41 million). The return on equity was better than in the previous year, or 17.4% (1993: 10.7%). Net sales, FIM 807 million, grew 10% compared with 1993 (FIM 733 million). The bulk of the growth came from Leibur A.S., whose figures are not included in the 1993 financial statements.

The market for fresh bakery goods in Finland remained at the same level as a year earlier. The structural adjustment which it has taken four years for Vaasa Bakeries to carry out was seen to completion, and there were 24 local independent bakeries at the turn of the year. Net profit of Vaasa Bakeries was according to plans and better than the 1993 figure. The expansion investment in the Karin Nyberg bakery in Espoo, near Helsinki, was completed in May. The first year of operations for Leibur A.S. was favorable. The development programs carried out together with Vaasa Bakeries have been successful.

Vaasamills further strengthened the market position of its crisp bread products in Finland. Export products, too, enjoyed success, accounting for 39% of total sales (1993: 37%). A figure that had a negative effect on the earnings of the business unit was the uncertainty regarding inventory compensations in connection with Finland's accession treaty with the EU. This was largely responsible for the fact that the net profit of the crisp bread unit fell short of the 1993 figure. During 1994, investments have been made in our own marketing organizations in both Sweden and Germany. New distributors have also been selected in these countries.

Business Area Baking is expected to further improve its profits in 1995. The rebound in consumer demand and the falling price level resulting from the EU Agreement are expected to increase the demand for bakery products in Finland. The acquisitions made in the Baltic area will create a good basis for exploiting the developing markets of these areas in the future. Within bakery products, the domestic market will remain stable, but there is good growth potential on the international market.

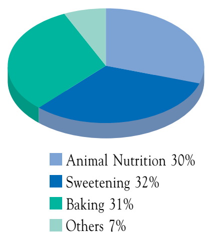
OTHER OPERATIONS

Net sales of the affiliated company Genencor International Inc. have continued to grow, totaling about USD 138 million in 1994, or about FIM 700 million. The company's net result was positive but nevertheless not on budget. The market for industrial enzymes is expected to keep growing rapidly and Genencor will continue to invest heavily in research and development. The Kasten-Høvik Group, which manufactures and markets warehouse equipment, was sold off in October.

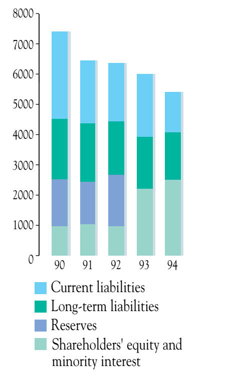
RESEARCH AND DEVELOPMENT

Research and development expenditure grew to FIM 88 million during the 1994 fiscal year (13 months), an increase of FIM 75 million on the level of the 1993 fiscal year. The Group's research and development expenditure will also grow during the 1995 fiscal year.

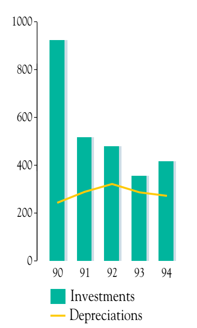
BREAKDOWN OF INVESTEMENTS, %



FINANCIAL STRUCTURE, FIM MILLION



INVESTMENTS AND DEPRECIATIONS, FIM MILLION



CAPITAL EXPENDITURE

The Group's gross capital expenditures during the 1994 fiscal year (13 months) were FIM 415 million (1993: FIM 353 million). The breakdown of capital expenditures by business areas is as follows:

FIM million	1994 (13months)	1993 (12 months)
Animal Nutrition	123	137
Sweetening	131	164
Baking	130	38
Others and Group's common	31	14
Total	415	353

Apart from acquisitions, the largest capital projects were the extension of the Xyrofin plant in the USA, extensions to the fish feed factories in Norway and Scotland as well as an extension of the Karin Nyberg bakery in Espoo, near Helsinki. Fixed assets and business operations in the amount of FIM 152 million were sold during the fiscal year. The Group's net capital expenditures were thus FIM 263 million.

FINANCING

Thanks to the continued good cash flow from operations (FIM 664 million), the Group's financing situation improved further in fiscal 1994. Net financial expenses totaled FIM 43 million and was only less than half of the previous year's financial expenses (1993: FIM 109 million). Net financial expenses were 0.7% of net sales. Net interest expenses decreased by FIM 76 million. The Group's equity ratio improved by 10 percentage points and was 47% at the end of the fiscal year. The Group's interest-bearing net debt decreased by more than FIM 700 million and were FIM 175 million at the end of the fiscal year. The ratio of interest-bearing net debt to equity (net gearing ratio) was 7%.

PERSONNEL

The Group's payroll at the end of the fiscal year was 4,857 people, whereas a year earlier it was 4,962 people. The effect of purchases and sales of business units on the payroll was an increase of 365 employees. The average personnel strength grew by 117 people and was 5,276. The parent company had a payroll of 234 employees at the end of the fiscal period. The corresponding number at the end of the previous fiscal year was 177 people. The parent company's average number of employees was 227 (1993: 184).

Personnel by business area at the end of the fiscal year:

	Dec. 31, 1994	Nov. 30, 1993
Animal Nutrition	1 356	1 364
Sweetening	1 141	1 220
Baking	2 212	1 632
Common and others	148	746
Total	4 857	4 962
Average	5 276*	5 159

*Calculated on a 13-month basis

PERSONNEL FUND

In December, 1994, the Board of Directors made a decision to update the rule for calculating the bonus of the personnel fund so that it is in line with the new Bookkeeping Act. The revised rule for calculating the bonus will take effect as of the beginning of the 1995 fiscal year. The bonus for the 1994 fiscal year has been calculated according to the old rules, and it amounted to FIM 10.3 million (1993: FIM 5.8 million).

SALARIES AND EMOLUMENTS

The Group's salaries inclusive of fringe benefits and personnel social costs totaled FIM 948 million for the 13-month fiscal year (1993: FIM 946 million). The corresponding figures for the parent company were FIM 65 million and FIM 53 million. Accrual-based salaries and emoluments entered in the income statement were as shown in the following table.

Salaries and emoluments, FIM, million	Group 1994 (13mon.)	Group 1993 (12mon.)	Parent company 1994 (13mon.)	Parent company 1993 (12mon.)
Board of Directors and presidents	22	20	4	3
Other salaries	681	699	44	34
Salaries in the income statement	703	719	48	37

SHARE CAPITAL, SHARES AND AUTHORIZATIONS

According to the Articles of Association, the capital stock of Cultor Ltd. is a minimum of FIM 252,000,000 and a maximum of FIM 1,008,000,000. The fully paid up capital stock account at both the beginning and end of the fiscal year was FIM 276,570,000 and the number of shares was 23,047,500.

On March 10, 1994, the Annual General Meeting authorized the Board of Directors, for one year from the date of the meeting, to make the following dispositions in one or several installments, as a departure from shareholders' preferential subscription rights and/or against a payment in kind and/or otherwise subject to certain conditions in cases specifically defined by the Board of Directors, for the purpose, directly or indirectly, of financing acquisitions, making arrangements for joint ventures or dealing with some other financial matter of major consequence for the company, as needed, namely:

a) to issue through a rights issue or rights issues, in accordance with a decision of the Board, Series I and/or Series II shares and to decide on all subscription terms and conditions to the extent that they have not been specified in the authorization resolution; and/or

b) to decide on the raising of bond loans on the terms and conditions that the lenders shall have the right to convert their bonds either entirely or in part, according to a decision of the Board, into Series I and/or Series II shares or the right to subscribe, in accordance with a decision of the Board, new Series I and/or Series II shares in a rights issue as well as to decide with respect to all the terms and conditions of the loan, conversion and/or subscription to the extent that they have not been specified in the authorization resolution.

The amount of shares with a par value of FIM 12 and belonging to Series I which are to be subscribed on the basis of a rights issue or issues, convertible bond issues and/or issues of bonds with warrants may be a maximum of 2,000,000 in number, constituting a total par value of a maximum of FIM 24,000,000, and the amount of shares belonging to Series II may be a maximum of 2,000,000 in number, or a total par value of a maximum of FIM 24,000,000.

The subscription price of the shares to be subscribed on the basis of a rights issue or issues, convertible bonds and bonds with warrants may not fall below the dividend difference-adjusted price on the Helsinki Stock Exchange as calculated in terms of the average price for the thirty (30) days preceding the Board's decision, nevertheless such that in a rights issue or rights issues, the price level can be undershot, should the market situation so demand, but nevertheless by a maximum amount of ten (10) per cent.

This authorization has not been exercised during the fiscal year, and the Board has no other existing authorizations to carry out share issues or to float new issues of convertible bonds or bonds with warrants.

In addition to the above-described authorization, the Annual General Meeting decided to float a FIM 501,000 issue of bonds with warrants targeted at the officers of the Cultor Group's different units in accordance with the Board's proposal. The Board's proposal specifies that the maximum amount of the issue of bonds with warrants is FIM 501,000, the issue price 100%, the maturity 7 years and the annual interest rate is the 12-month Helibor interest rate. Each FIM 1,500 bond carries three warrants (A, B, C) which entitle their holders to subscribe Series II shares such that each warrant entitles its holder to subscribe 500 Series II shares as follows:

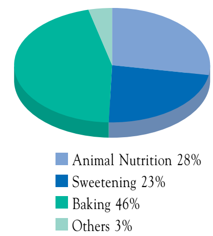
Warrant A: entitles its holders to subscribe, during the period May 3 to August 29, 1997, shares at a subscription price which is the average price of trades concluded for the Series II share on the Helsinki Stock Exchange during the period February 8 to March 10, 1994, but nevertheless at least the average price of trades concluded on May 2, 1994.

Warrant B: entitles its holders to subscribe, during the period May 3 to August 31, 1999, shares at a subscription price which is the average price of trades concluded for the Series II share on the Helsinki Stock Exchange during the period November 1, 1995 to October 31, 1996. The subscription price must nevertheless be at least as high as the subscription price of the shares subscribed with warrant A.

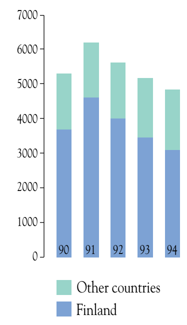
Warrant C: entitles its holders to subscribe, during the period May 2 to August 31, 2001, shares at a subscription price which is the average price of trades concluded for the Series II share on the Helsinki Stock Exchange during the period November 3, 1997 to November 2, 1998. The subscription price must nevertheless be at least as high as the subscription price of the shares subscribed with warrant A.

The maximum amount of the issue of bonds with warrants was subscribed and paid for by 60 subscribers in the amount of FIM 465,000. The subscription price of the shares to be subscribed with warrant A was fixed at FIM 160.50. If all the shares are subscribed on the basis of the issue of bonds with warrants, the number of Series II

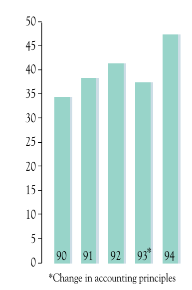
PERSONNEL BY BUSINESS AREA, %



PERSONNEL



EQUITY RATIO, %



shares will be increased by 465,000 and the capital stock by FIM 5,580,000. The proportion of the capital stock represented by these shares is a maximum of 2.02% and a maximum of 0.29% of the voting rights.

With respect to the 1992 issue of bonds with warrants, the Board gave its written consent, on November 1, 1994, in accordance with the original terms and conditions of the bond issue, to freely surrender the bond certificates with the warrants attaching to them. As a consequence of the subscription of these shares, the capital stock can be increased by a maximum of FIM 3,600,000 and the amount of capital stock represented by them by a maximum of 1.29% and a maximum of 1.24% of the voting rights.

BOARD OF DIRECTORS AND PRESIDENT

The Annual General Meeting held on March 10, 1994, confirmed the number of members of the Board of Directors to be nine. Elected to seats on the Board of Directors were Mr. Eero Utter, who has served as the Board's chairman, the other members being Mr. Sakari Heikkilä, Mr. Carl-Olaf Homén, Mr. Hannu Järvinen, Mr. Ralf Lehtonen, Mr. Göran Lindén, Mr. Rafael Wolontis, Mr. Pekka Rinne and the company's president, Mr. Björn Mattsson. At the extraordinary meeting of shareholders held on June 29, 1994, Mr. Olivier Lippens, was elected a member of the Board to replace Mr. Rafael Wolontis, who had submitted his resignation.

Mr. Björn Mattsson was the company's President and CEO for the entire fiscal year.

OUTLOOK FOR THE FUTURE

The accession of Finland and Sweden to membership in the European Union on January 1, 1995, is a positive development in our main operating areas. Norway decided to remain outside the EU, but this decision is nevertheless not believed to have a negative effect on our fish feed operations in Norway.

The Cultor Group began preparing for membership in the European Union years ago, thus putting our business units in a good position to meet tougher competition. In Finland the earnings-lowering effect of the EU decision will be felt by Business Area Sweetening through production and import quotas on sugar and a rise in the price of fructose raw material. When the EU's Sugar Act is amended, Finland's authorities will seek to find a solution to these unresolved issues.

By carrying out actions that are part of our 1995 plan, we can offset part of the effect which adjustment to the EU will have in lowering earnings. The good earnings trend of the other business areas is expected to continue, and the Group's net result for 1995 is accordingly expected to be at the same level as it was during the 1994 calendar year.

Our corporate plan for 1995 calls for considerable investments in the Group's research operations as well as in international growth areas. The capital expenditures provided for in the 1995 plan will not yet be reflected as a growth in net sales because due to the transition to the EU price level, the sale prices for our domestic feed and baking units will decline. Our good equity ratio and financing situation will enable the Group to utilize all opportunities for strengthening our core businesses.

PROPOSAL FOR THE ALLOCATION OF PROFITS

According to the consolidated balance sheet on December 31, 1994, the unrestricted equity totals FIM 742,023,000. The parent company's retained earnings according to the balance sheet at December 31, 1994, are:

retained earnings	FIM 1,494,451,457.36
net profit for the fiscal year	FIM 239,297,904.68
total	FIM 1 733,749,362.04

The Board of Directors
proposes that the profit be allocated as follows:

payment of a dividend of	
FIM 4.50 per share	FIM 103,713,750.00
transferred to retained earnings	FIM 1,630,035,612.04
total	FIM 1,733,749,362.04

Helsinki, March 7, 1995

Eero Utter
Sakari Heikkilä
Carl-Olaf Homén
Hannu Järvinen
Ralf Lehtonen
Göran Lindén
Olivier Lippens
Björn Mattsson, President
Pekka Rinne

CONSOLIDATED INCOME STATEMENT

	Dec. 1, 1993-Dec. 31, 1994		Dec. 1, 1992-Nov. 30, 1993	
	1994	%	1993	%
Net sales (1)	6 395 256	100.0	6 358 611	100.0
Cost of goods sold	-4 991 941		-4 948 882	
Gross margin	1 403 315	21.9	1 409 729	22.2
Sales and marketing expenses	-400 965		-437 701	
Administrative expenses	-330 431		-324 722	
Other operating expenses	-143 581		-124 730	
Other operating income	19 155		13 791	
Share of result of associated companies	3 301		-5 651	
Operating profit (2), (3), (4)	550 794	8.6	530 716	8.3
Financial income and expenses (5)				
Dividend income	1 423		5 007	
Interest income from non-current investments	26 896		27 008	
Other financial income	77 584		84 698	
Interest expenses	-104 424		-190 878	
Other financial expenses	-44 035		-35 696	
Net financial expenses	-42 556	-0.7	-109 861	-1.7
Profit after financial items	508 238	7.9	420 855	6.6
Extraordinary items (6)	-21 835	-0.3	-39 310	-0.6
Profit before income taxes and minority interest	486 403	7.6	381 545	6.0
Income taxes (7)	-97 893	-1.5	-51 692	-0.8
Minority interest	-41 479	-0.6	-28 824	-0.5
Result for the period	347 031	5.4	301 029	4.7

The numbers in parenthesis refer to the notes to the financial statements.
Figures in thousands of FIM.

CONSOLIDATED BALANCE SHEET

ASSETS	Dec. 31, 1994	%	Nov. 30, 1993	%
Fixed assets and other non-current investments (8)				
Intangible assets				
Intangible rights	16 489		18 654	
Excess cost over net assets	23 518		12 471	
Goodwill	114 667		181 632	
Other capitalized expenditure	28 390		23 720	
	183 064	3.4	236 477	4.0
Tangible assets				
Land and water	87 597		122 280	
Buildings	613 508		695 576	
Machinery and equipment	1 039 076		1 174 459	
Other tangible assets	13 441		12 725	
Advanced payments and constructions in progress	111 076		27 432	
	1 864 698	34.7	2 032 472	34.1
Financial assets and other non-current investments				
Shares in associated companies	425 848		460 283	
Other shares	57 825		61 176	
Other non-current investments	100 000		100 000	
	583 673	10.9	621 459	10.4
Current assets				
Inventories				
Raw materials and consumables	375 695		513 258	
Work in progress	72 102		57 819	
Finished products	390 627		307 464	
Other inventories	14 650		3 338	
	853 074	15.9	881 879	14.8
Receivables (9)				
Trade receivables	667 508		909 648	
Loan receivables	117 343		158 915	
Prepaid expenses and accrued income	136 665		343 673	
Other receivables	201 594		191 634	
	1 123 110	20.9	1 603 870	26.9
Investments				
Other investments	188 423	3.5	204 565	3.4
Cash in hand and at the banks	577 742	10.8	381 502	6.4
	5 373 784	100.0	5 962 224	100.0

The numbers in parenthesis refer to the notes to the financial statements.
Figures in thousands of FIM.

LIABILITIES	Dec. 31, 1994	%	Nov. 30, 1993	%
Shareholders' equity				
Restricted equity (10)				
Share capital	276 570		276 570	
Reserve fund	478 702		478 702	
Revaluation fund	36 000		38 422	
	791 272	14.7	793 694	13.3
Unrestricted equity (11)				
Contingency fund	58 677		58 677	
Retained earnings	1 095 162		849 530	
Result for the period	347 031		301 029	
	1 500 870	27.9	1 209 236	20.3
Minority interest	250 833	4.7	220 438	3.7
Creditors (12)				
Long-term				
Debentures	647		1 639	
Loans from credit institutions	437 592		755 800	
Pension loans	424 151		429 360	
Deferred tax liability	377 225		414 765	
Other long-term liabilities	36 953		68 443	
	1 276 568	23.8	1 670 007	28.0
Current				
Loans from credit institutions	231 980		187 773	
Pension loans	30 544		64 001	
Advances received	7 137		7 680	
Trade payables	717 335		941 781	
Accrued liabilities and deferred income	307 270		439 716	
Other current liabilities	259 975		427 898	
	1 554 241	28.9	2 068 849	34.7
	5 373 784	100.0	5 962 224	100.0

The numbers in parenthesis refer to the notes to the financial statements.
Figures in thousands of FIM.

CONSOLIDATED STATEMENT OF CHANGES IN THE FINANCIAL POSITION

Cash flow from operations	Dec. 1, 1993-Dec. 31, 1994		Dec. 1, 1992-Nov. 30, 1993	
Operating profit	550 794		530 716	
Share of result of associated companies	-3 301		5 651	
Depreciations	290 279		291 344	
Financial expenses (net)	-42 556		-109 861	
Extraordinary items	0		8 221	
Direct taxes	-130 656		-87 103	
Cash flow from operations		664 560		638 968
Trade and other receivables	334 821		-83 087	
Inventories	-4 594		-14 862	
Trade payables	-331 151		68 618	
Change in net working capital		-924		-29 331
Net cash flow from operations		663 636		609 637
Investment in fixed assets	-415 324		-353 234	
Proceeds from sales of fixed assets	152 035		380 716	
Other investments	0		0	
Net investments		-263 289		27 482
Net cash flow from operation activities after investments		400 347		637 119
Long-term loan receivables	63 497		111 767	
Change in long-term borrowings	-305 406		-586 143	
Current financial assets	194 095		64 630	
Current borrowings	-103 732		83 913	
Increase(+)/decrease(-) of loans		-151 546		-325 833
Other items				
Dividends paid		-57 619		-41 485
Change in minority share		-11 084		-8 141
Cash and cash equivalents at beginning	586 067		324 407	
Cash and cash equivalents at end	766 165		586 067	
Increase (-)/decrease (+) in cash		-180 098		-261 660
		0		0
Cash flow from operations over gross investments		159.79%		172.59%

Figures in thousands of FIM.

ACCOUNTING POLICIES APPLIED IN CONSOLIDATION

CHANGE IN THE CULTOR GROUP'S FISCAL YEAR

The Annual General Meeting decided on March 10, 1994, to change the Group's fiscal year to the calendar year; accordingly, the past fiscal year was 13 months long and ended on December 31, 1994.

APPLYING THE ACCOUNTING POLICIES SPECIFIED IN THE REVISED ACCOUNTING ACT

The provisions of Finland's revised Accounting Act have been applied as from the beginning of the 1994 fiscal year. Uniform Group-wide accounting policies drawn up on the basis of the new legislation will be observed in all Group companies.

For purposes of comparability, the previous year's income statement and balance sheet have been revised in line with the new financial statement principles. Figures in thousands of FIM.

Compared with the 1993 financial statements, the income statement has been adjusted as follows:	
Published net profit for the 1993 fiscal year	365 322
Imputed change in deferred taxes	35 410
Change in untaxed reserves	-95 001
Change in profits on minority interests	-10 894
Recalculation of goodwill depreciations in eliminating the untaxed reserves of subsidiaries at the acquisition date	7 215
Effect of reassessment of inventories on variable production costs	-1 023
Previous year's net profit in the 1994 financial statements	301 029
Compared with the 1993 financial statements, unrestricted equity has been adjusted as follows:	
Published unrestricted equity in the 1993 financial statements	346 755
Net profit for the 1993 fiscal year	-365 322
Share of untaxed reserves	1 261 383
Minority interest share	-61 286
Elimination of the untaxed reserves of subsidiaries at the acquisiton date	-235 933
Internal margins between the Group and associated companies	-17 424
Indirect production costs capitalized to inventories, November 30, 1992	-19 966
Recalculations according to the new accounting policies:	
Retained earnings in the 1993 financial statements	908 207
Net profit for the 1993 fiscal year	301 029
Unrestricted equity from previous years in the 1993 financial statements	1 209 236

The key ratios and other financial information to be disclosed have also been adjusted for the previous fiscal year to correspond to the revised accounting policies.

EXTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES APPLIED

The consolidated financial statements include - with the exception of dormant companies and real-estate companies of minor significance and which have no effect on the disclosure of true and fair view - in addition to Cultor Ltd., companies in which Cultor Ltd. holds, either directly or through subsidiaries, more than half of the voting rights. The consolidated financial statements have been prepared according to the acquisition cost method. Before carrying out the final consolidation, the separate financial statements of Group companies have been adjusted in accordance with the Group's uniform accounting policies. Subsidiaries acquired during the fiscal year have been included in the consolidated financial statements as from the time of acquisition, and subsidiaries sold off have been included in the consolidated figures up to the time of sale. Companies in which the Group exercises considerable influence (20-50% of the voting rights) and a significant holding (over 20%), i.e., associated companies, have been consolidated in the accounts according to the equity method.

Intra-Group share ownership and material internal margins, transactions and receivables and liabilities of Group companies have been eliminated. The consolidated goodwill values paid for the shares of subsidiaries have been recalculated retroactively in such a way that the untaxed reserves of the subsidiary at the time of acquisition less imputed deferred taxes have been included in the unrestricted equity. The depreciations of consolidated goodwill has been corrected as from the beginning of the previous fiscal year.

The differences that have arisen in the elimination of shares in subsidiaries have been allocated in part to fixed asset items and have been shown in part as a separate consolidated goodwill item in the balance sheet. The elimination difference relating to balance sheet items as at December 31, 1994, has been allocated to land areas in the amount of MFIM 4 and to buildings in the amount of MFIM 6. Goodwill amounts consolidated prior to December 1, 1993, are depreciated over a 10-year carrying period and amounts that have arisen after this date, according to the renewed Accounting Act.

The accumulated difference between booked and planned depreciation of Group companies in the consolidated financial statements as well as voluntary untaxed reserves have been apportioned between the profit for the fiscal year and equity as well as the change in imputed deferred taxes and the deferred tax liability. In other respects, taxes for the fiscal year are shown in the consolidated financial statements as a combined amount covering the taxes entered in the separate financial statements prepared in accordance with local practice. The avoir fiscal income which is included in the dividends obtained from another Group company or associated company have been eliminated against the Group's taxes for the fiscal year.

Furthermore, the Group's pension arrangements conform to the custom and practice prescribed by the local legislation of different countries. The pension expenditures based on pension calculations drawn up and regularly checked by the local authorities have been booked as expenses of the fiscal year. Subsidiaries are individually responsible for their pension liabilities in the amount of MFIM 2, which is shown in the balance sheet as a long-term liability.

Future losses that are judged to be imminent and apparent and the amount of which can be estimated with sufficient accuracy are shown under liability items in the balance sheet.

The minority interest share of the consolidated equity, as well as of the voluntary reserves and the cumulative difference between booked and planned depreciation less deferred taxes as well as of the net profit for the fiscal year have been calculated prior to the elimination of intra-Group transactions.

VALUATION AND PERIODIZATION PRINCIPLES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The inventories of all the Group companies have been entered in the balance sheet at the direct purchase cost or the repurchase cost, whichever is lower, or the probable sale price according to the fifo principle. Finland's accession to membership in the European Union means that agricultural raw material prices will fall to the EU level. The drop in raw material prices will be offset by an inventory compensation payment from the government. The inventories at the end of the fiscal period have been reduced by the amount of this compensation without an effect on earnings.

Fixed assets have been capitalized in an amount corresponding to direct purchase and manufacturing costs. Depreciations according to plan have been calculated on a straight-line basis according to the economic lifetime of the fixed asset items.

Investments which are classified as financial assets are valued as a rule at the purchase cost or the probable sale price on the balance sheet date, whichever is lower (market value). Changes in market values are booked to expenses or income. Investments entered under financial assets nevertheless include bonds having a book value of MFIM 178, the market value of which is MFIM 15 lower than this at the balance sheet date. The premiums paid in purchasing these investments are charged as an expense over the running time of the investments.

Long-term investments are valued at the acquisition cost. Permanent write-downs have been subtracted from the acquisition cost. Investments in associated companies are valued according to the equity method.

ITEMS DENOMINATED IN FOREIGN CURRENCY

Receivables and liabilities denominated in foreign currency have been translated to Finnish markka amounts at the rate quoted by the Bank of Finland on the balance sheet date. Foreign currency-denominated receivables and liabilities that have been hedged by means of forward contracts have been valued at the forward rate, and the interest portion of the forward contract has been periodized on an accrual basis. The incoming or outgoing foreign currency-denominated cash flow of certain Group companies has been hedged over a maximum period of 12 months. According to hedge accounting, the impact on profits of hedging transactions made via these forward contracts is not booked until they have fallen due, i.e., against the item to be hedged.

Both the translation differences that have arisen in the elimination of the equity of subsidiaries and the translation differences of the equity in the opening balance sheet of associated companies have been credited or charged to unrestricted equity. The interest rate differences on forward contracts made and loans taken out for hedging purposes have been booked against these translation differences. The financial statement figures of foreign Group companies have been translated to Finnish markka amounts at the official Bank of Finland rate on the balance sheet date. For the fiscal year beginning on January 1, 1995, the consolidated financial statements will be prepared such that the income statements of foreign subsidiaries are translated to Finnish markka amounts at the average rate during the fiscal year. If this principle had been applied during the past fiscal year, the effect on income statement items would have been:

-on net sales,	MFIM 196
-on operating profit,	MFIM 14
-on profit after financial items,	MFIM 13

Period 1994 (13mon.): Dec.1, 1993-Dec.31, 1994 Pro-forma 1994 (12mon.): Jan.1, 1994-Dec.31, 1994
Comparison period 1993: Dec.1, 1992-Nov.30, 1993

1. Segment data

	Net sales, MFIM					
Business area	1994 (13mon.)	%	1994 (12mon.)	%	1993	%
Animal nutrition	3 514	54.9	3 213	55.0	3 423	53.8
Sweetening	1 974	30.9	1 754	30.0	1 737	27.3
Baking	866	13.5	796	13.6	733	11.5
Other *)	300	4.7	280	4.8	654	10.3
Internal invoicing	-259	-4.1	-196	-3.4	-188	-3.0
	6 395	100.0	5 847	100.0	6 359	100.0

	Operating profit MFIM					
Business area	1994 (13mon.)	%	1994 (12mon.)	%	1993	%
Animal nutrition	200	36.3	178	36.2	202	38.0
Sweetening	340	61.7	287	58.3	311	58.6
Baking	58	10.5	48	9.8	41	7.7
Other *)	-47	-8.5	-21	-4.3	-23	-4.3
	551	100.0	492	100.0	531	100.0

*) Includes Group eliminations, corporate staff and other operations.

	Net sales, MFIM				Operating profit MFIM			
Market areas	1994 (12mon.)	%	1993	%	1994 (12mon.)	%	1993	%
Finland	3 001	51.3	3 284	51.6	287	58.3	332	62.5
EEA	2 169	37.1	2 333	36.7	119	24.2	118	22.2
Other countries	677	11.6	742	11.7	86	17.5	81	15.3
	5 847	100.0	6 359	100.0	492	100.0	531	100.0

2. Wages, salaries	Personnel at the end of the period				Average personnel			
and personnel	1994	%	1993	%	1994 (13mon.)	%	1993	%
Business areas:								
Animal nutrition	1 356	27.9	1 364	27.5	1 391	26.4	1 390	26.9
Sweetening	1 141	23.5	1 220	24.6	1 217	23.1	1 248	24.2
Baking	2 212	45.5	1 632	32.9	2 260	42.8	1 724	33.4
Others	148	3.0	746	15.0	408	7.7	797	15.4
	4 857	100.0	4 962	100.0	5 276	100.0	5 159	100.0

	Personnel at the end of the period				Wages and salaries in the income statement			
By regions:	1994	%	1993	%	1994 (13mon.)	%	1993	%
Finland	3 107	64.0	3 245	65.4	504 704	71.8	490 375	68.2
Other Europe	608	12.5	1 395	28.1	159 478	22.7	183 918	25.6
Other countries	1 142	23.5	322	6.5	38 820	5.5	44 945	6.2
	4 857	100.0	4 962	100.0	703 002	100.0	719 238	100.0

	1994 (13mon.)	%	1993	%
Wages, salaries and the monetary value of fringe benefits	714 062	75.3	725 686	76.7
Pension expenses	96 411	10.2	88 663	9.4
Other social expenses	137 517	14.5	131 936	13.9
	947 990	100.0	946 285	100.0

The pension age of managing director and deputy managing director of the parent company as well as of managing directors being responsible for the business areas has been agreed to 60 years. The pension commitments of other Finnish and foreign subsidiaries' management are determinated according to the normal local pensionpractices.

Figures in thousands of FIM.

3. Other operating expenses	1994	1993
Total research and development costs (registered on an accrual basis)	88 223	75 223

4. Depreciation

The depreciable fixed assets are charged as straight -line depreciation according to a pre-determined plan based on the estimated useful economic life of various assets. Depreciation for buildings is calculated on the non-revalued value.

Depreciations by balance sheet categories and their generally applied depreciation periods:			1994	1993
Intangible assets	5-10	years	2 235	2 033
Excess cost over assets	5-10	years	3 387	1 792
Goodwill	5-10	years	26 857	27 529
Other capitalized expenditure	5-10	years	8 610	6 727
Buildings	25	years	37 905	46 661
Machinery and equipment	5-10	years	210 088	204 921
Other tangible assets	10	years	1 197	1 681
Total			290 279	291 344

Depreciations by operations		
Production	221 552	223 412
Sales and marketing	9 070	8 101
Administration	24 462	23 622
Other including goodwill depreciations	35 195	36 209
Total	290 279	291 344

5. Financial income and expenses	1994	1993
Other financial income:		
Interest income from current investments	52 459	62 502
Exchange rate gain	24 651	20 529
Avoir fiscal income	474	1 667
Net interests of net sales %	-0.4	-1.6
Net interests of average net debts %	5.4	9.1

The main part of other financial expenses are exchange rate losses.

6. Extraordinary items	1994	1993
Gain on sale of fixed assets	15 867	55 022
Other income/Other expenses	0	11 878
Loss on sale of fixed assets	-37 702	-33 962
Reduction of share values	0	-33 544
Additional depreciation on fixed assets	0	-38 704
	-21 835	-39 310

7. Income taxes	1994	1993
Taxes for the period	117 546	66 742
Taxes for previous fiscal years	13 110	20 360
Change in the deferred tax liability	-32 763	-35 410
	97 893	51 692

The dividends paid from subsidiaries or associated companies include an avoir fiscal income of MFIM 21.7 (-93: MFIM 10.3), which in consolidation is deducted from the taxes for the period.

Figures in thousands of FIM.

8. Fixed assets and other non-current investments

1994	Acquisition cost, at beg.	Changes in exch. rates	Additions	Disposals	Acquisition cost, at end	Revaluations at beg.	Changes in exch. rates	Additions	Disposals	Revaluations at end	Accumulated depreciations at end	Net book value at end
Intangible rights	30 240	-930	3 987	-3 597	29 700						-13 211	16 489
Excess cost over net assets	17 921	-4 498	18 946	0	32 369						-8 851	23 518
Goodwill	276 330	-18 174	0	-53 970	204 186						-89 519	114 667
Other capitalized expenditure	38 233	-11	14 644	-5 312	47 554						-19 164	28 390
Land and water	82 773	-6 568	3 654	-26 257	53 602	39 507	-806	0	-4 706	33 995		87 597
Buildings	965 724	-34 832	36 036	-123 510	843 418	84 311	-511	250	-2 986	81 064	-310 974	613 508
Machinery and equipment	2 717 637	-132 451	319 595	-211 873	2 692 908						-1 653 832	1 039 076
Other tangible assets	22 793	-850	5 630	-2 126	25 447						-12 006	13 441
Total	4 151 651	-198 314	402 492	-426 645	3 929 184	123 818	-1 317	250	-7 692	115 059	-2 107 557	1 936 686
1993*)												
Intangible rights	27 704	0	2 773	-237	30 240						-11 586	18 654
Excess cost over net assets	17 961	0	0	-40	17 921						-5 450	12 471
Goodwill	225 728	0	50 602	0	276 330						-94 698	181 632
Other capitalized expenditure	19 374	0	19 878	-1 229	38 023						-14 303	23 720
Land and water	81 989	0	2 687	-1 903	82 773	39 507	0	0	0	39 507		122 280
Buildings	950 987	0	74 570	-65 038	960 519	84 311	0	0	0	84 311	-349 254	695 576
Machinery and equipment	2 456 319	0	274 486	-17 574	2 713 231						-1 538 772	1 174 459
Other tangible assets	22 890	0	1 731	-1 828	22 793						-10 068	12 725
Total	3 802 952	0	426 727	-87 849	4 141 830	123 818	0	0	0	123 818	-2 024 131	2 241 517

Goodwill and group reserve

Goodwill depreciations in the consolidated income statement are MFIM 30.6 (-93: MFIM 30.9) and the part of the group reserve booked as income MFIM 3.7 (-93: MFIM 3.4). Book value of the goodwill is MFIM 118.6 (-93: MFIM 189.3) and of the group reserve MFIM 4.0 (-93: MFIM 7.7).

Net book value of machines and equipment at the end is MFIM 942.3 (-93: MFIM 1 065.2).

Due to the changes in the group structure the ending value of undepreciated acquisition costs at 1993 may differ from the corresponding value at the beginning of the fiscal period.

*) The effect of changes in exchange rates and disposals has not been noticed at 1993.

Taxation values	1994	1993
Shares	261 266	234 337
Land and water	56 404	64 749
Buildings	405 798	386 995
Total	723 468	686 081

9. Receivables	1994	1993
Liquid assets	766 165	586 067
Non-interest bearing trade receivables	792 636	1 354 809
Interest bearing current receivables	330 474	249 061
Total	1 889 275	2 189 937

Loan receivables from board members and managing directors	268	1 361

The terms of the loan receivables from board members and managing directors do not significantly differ from general market terms

Receivables from associated companies totally MFIM 66.4.

Receivables falling due after one year or later		
Trade receivables	1 041	15 262
Loan receivables	33 399	98 457
Other receivables	4 677	26 645
Total	39 117	140 364

Figures in thousands of FIM.

10. Restricted equity	1994	1993
Share capital at the beginning		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Share capital at the end		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Revaluation fund		
At the beginning	38 422	39 010
- decrease	-2 422	-588
At the end	36 000	38 422
Reserve fund at the beginning	478 702	369 681
Changes during the fiscal year:		
Shares of the parent company, sold by group companies	0	109 021
At the end	478 702	478 702

11. Unrestricted equity		
Contingency fund	58 677	58 677
Retained earnings		
At the beginning	1 150 559	943 817
Result for the period	347 031	301 029
Dividends paid	-57 619	-41 485
Translation difference in:		
Associated companies	-17 341	-37 025
Subsidiaries	19 563	-15 777
At the end	1 442 193	1 150 559
Distributable funds included in retained earnings:	742 023	336 405

Figures in thousands of FIM.

12. Creditors

Long-term liabilities with annual amortization by currency per Dec.31, 1994:

FIM	USD	DEM	SEK	OTHER
43.5	21.2	21.8	6.9	6.6

Long-term liabilities falling due after five year and their payback schedule:	Outstanding at Dec.31, 1994	Repayments 1995	1996	1997-1999	2000 later or later
Loans from credit institutions	669 572	231 980	129 896	248 730	58 966
Pension loans	454 695	30 544	29 690	77 172	317 289
Warrant bonds*)	647	0	0	182	465
Other interst bearing long-term liabilities	16 835	996	2 195	5 299	8 345
	1 141 749	263 520	161 781	331 383	385 065

***) The bond with warrants (1992)** has been issued to members of Cultor's corporate management. The issue rate was 100%, the loan period six years and the interest rate 11%. A warrant is attached to each FIM 1,000 note of the loan and it entitles to the subscription of either 1,000 shares in Series I at a price of FIM 89.00 each or 1,500 shares in Series II at a price of FIM 80.00 each. The execution period for the conversion of the bonds is December 1, 1997 to December 1, 1998. A maximum of 300,000 new shares totally may be subscribed and due to the subscription the share capital may be increased by a maximum of FIM 3,600,000.

The bond with warrants (1994) has been issued to persons in managerial positions in different units. The issue rate was 100%, the loan period seven years and the annual interest rate the 12 months' Helibor interest. Each FIM 1,500 promissory note is accompanied by three warrants and each warrant entitles the subscription of 500 shares in Series II as follows:

Warrant A: entitles subscription from May 3 to August 29, 1997 at a subscription price equalling to the average rate of the deals closed for the shares in Series II of Cultor Ltd. at the Helsinki Stock Exchange between February 8 and March 10, 1994, however, not less than the average rate of the deals closed on May 2, 1994. Thus the subscription price was FIM 160.50.

Warrant B: entitles subscription from May 3 to August 31, 1999 at a subscription price equalling to the average rate of the deals closed for the shares in Series II of Cultor Ltd. at the Helsinki Stock Exchange between November 1, 1995 and October 31, 1996. The subscription price, however, must not be less than the subscription price of the shares subscribed by warrant A.

Warrant C: entitles subscription from May 2 to August 29, 2001 at a subscription price equalling to the average rate of the deals closed for the shares in Series II of Cultor Ltd. at the Helsinki Stock Exchange between November 3, 1997 and November 2, 1998. The subscription price, however, must not be less than the subscription price of the shares subscribed by warrant A.

Due to the subscription the share capital may be increased by a maximum of FIM 5,580,000.

Liabilities to the associated companies were totally MFIM 0.9.

	1994	1993
Non-interest bearing liabilities	1 559 390	1 962 328
Interest bearing liabilities	1 271 419	1 776 528
	2 830 809	3 738 856

Figures in thousands of FIM.

Contingent liabilities of the group and parent company	Group 1994	Group 1993	Parent company 1994	Parent company 1993
For own debt				
Pledged securities	77 028	128 723	63 000	111 800
Mortgages	712 444	897 467	154 250	159 250
	789 472	1 026 190	217 250	271 050
On behalf of subsidiary companies				
Guarantees	-	-	272 647	732 274
On behalf of group management				
Guarantees	0	392	0	0
On behalf of associated companies				
Guarantees	181 396	247 094	181 396	246 916
Pledged shares	6 389	9 644	0	0
	187 785	256 738	181 396	246 916
On behalf of others				
Guarantees	11 753	15 269	1 235	1 341
Leasing liabilities not included in debts				
Portion falling due during the following year	5 568	5 681	0	0
Amount remaining	14 625	7 323	0	0
Other obligations	31 493	40 528		

DIFFERENCIES BETWEEN THE ACCOUNTING POLICIES ADOPTED IN CULTOR GROUP FINANCIAL STATEMENTS AND THOSE APPLIED IN INTERNATIONAL ACCOUNTING STANDARDS (IAS)

The accounting priciples used in Cultor group financial statements are in conformity with the renewed Finnish Accounting Act and do thus differ some from the methods used in the IAS. Following are the most important items, where the accounting principles differ.

1. INVENTORY VALUATION

According to the accounting policies of Cultor group the inventories are valued to direct production cost. In IAS factory overheads and production depreciations may be included, however so, that the inventory value may not exceed the probable market value. If the inventories of Cultor group were valued according to the IAS- method, the effect to the result for 1994 would have been approximately MFIM 5 and to the equity MFIM 41.

2. DEPRECIATIONS OF REVALUATIONS

The balance values of depreciable fixed assets do not include any depreciations on revaluations. In the IAS -principles are depreciations on revaluations registered according to the estimated useful economic life. Also differencies arise by the divergent handling of the revaluations when the fixed assets are sold.

3. DEFERRED TAX LIABILITY

The deferred tax liability included in the untaxed reserves of subsidiaries is taken fully into account in the consolidated financial statements of Cultor group according to the valid tax rate of each country. According to the IAS- principles deferred tax liability may be disregarded, if it can be assumed that this tax liability is going to stay at the same level for the following three years period. The deferred tax liability affects also to the minority interest by those subsidiaries, which have untaxed reserves in their balance sheets.

Figures in thousands of FIM.

SUBSIDIARIES AND ASSOCIATED COMPANIES

BUSINESS AREA ANIMAL NUTRITION

					Shares owned by Parent company						
	Group's holding of shares, %	Group's holding of voting rights, %	Group's share of equity, TFIM	Parent company's holding of shares, %	Number	Nominal value (1000)	Currency	Book value TFIM	Net result in the latest published financial statement, TFIM	Book closing date	Fiscal year, months
Group companies											
Ewos AB, Sweden	100.0	100.0	3 211	0.0					3 179		
Ewos Aqua A.S., Norway	100.0	100.0	65 481	0.0					12 707		
Ewos Aqua A/S, Denmark	100.0	100.0	4 404	0.0					507		
Ewos Canada Ltd., Canada	100.0	100.0	56 102	0.0					12 114		
Ewos U.K. Ltd., Great Britain	100.0	100.0	32 615	0.0					13 099		
Ewos Polfarm Ltd., Poland	51.0	51.0	-71	51.0	51	612 000	PLZ	19	197		
Ewos S.A., Spain	100.0	100.0	9 286	0.0					1 130		
Finnewos Aqua Oy, Finland	100.0	100.0	1 076	0.0					30		
FFI Group, Great Britain	60.0	60.0	30 451	0.0					30 940		
Finnsugar Bioproducts Inc. U.S.A.	100.0	100.0	-602						-104		
Inversiones Ewos Chile Ltd., Chile	100.0	100.0	65 618	0.0					-10 460		
Sareko Agro Oy, Finland	100.0	100.0	20 415	0.0					-272		
Suomen Rehu Oy, Finland	100.0	100.0	541 665	98.4	1 449 321	144 932	FIM	402 230	39 316		
Svenska Foder Group, Sweden	53.8	53.8	119 069	0.0					13 698		
Associated companies											
Pacific Aqua Salmon Farming Partners, Canada	49.0	49.0	25 622	0.0					13 387	30.11.94	12
Pacific Fisheries, Chile	49.0	49.0	260	0.0					-10 440	31.12.94	13
Pesquera Cojinova, Chile	49.0	49.0	6 390	0.0					-275	31.12.94	13
Rastex Oy, Finland	50.0	50.0	1 519	0.0					1	31.05.94	12
SSV-Säilöntä Oy, Finland	50.0	50.0	2 823	50.0	5 000	-	FIM	2 157	1 864	31.12.94	12

BUSINESS AREA SWEETENING

	Group's holding of shares, %	Group's holding of voting rights, %	Group's share of equity, TFIM	Parent company's holding of shares, %	Number	Nominal value (1000)	Currency	Book value TFIM	Net result in the latest published financial statement, TFIM	Book closing date	Fiscal year, months
Group companies											
American Xyrofin Inc., U.S.A.	100.0	100.0	24 926	0.0					21 648		
Finnsugar GmbH, Germany	51.0	51.0	2 826	50.5	2 000	-	DEM	464	4 109		
Flavoring AB, Sweden	100.0	100.0	17 696	100.0	40 000	-	SEK	61 974	374		
Neson Oy, Finland	73.9	73.9	27 577	0.0					1 675		
Sucros Oy, Finland	80.0	80.0	445 395	22.9	800 000	80 000	FIM	80 000	78 915		
Finnsugar Ltd., Finland	100.0	100.0	422 881	100.0	269 000	269 000	FIM	269 000	-1 526		
Xyrofin AG, Switzerland	100.0	100.0	46 998	100.0	3 500	3 500	CHF	7 131	27 504		
Xyrofin Far East KK, Japan	100.0	100.0	1 473	0.0					19		
Xyrofin France S.A., France	100.0	100.0	4 748	92.8	549 498	54 950	FRF	4 488	-32 102		
Xyrofin GmbH, Germany	100.0	100.0	236	0.0					21		
Xyrofin Oy, Finland	100.0	100.0	125 934	100.0	107 000	107 000	FIM	120 670	-4 517		
Xyrofin UK Ltd., Great Britain	100.0	100.0	4 734	0.0					1 141		
Associated companies											
Nissin Sweeteners Co.Ltd., Japan	50.0	50.0	667	50.0	10 000	5 000	JPY	73	346	31.12.94	12

	Group's holding of shares, %	Group's holding of voting rights, %	Group's share of equity, TFIM	Parent company's holding of shares, %	Shares owned by Parent company: Number	Nominal value (1000)	Currency	Book value TFIM	Net result in the latest published financial statement, TFIM	Book closing date	Fiscal year, months
BUSINESS AREA BAKING											
Group companies											
Joutsenolainen Oy, Finland	100.0	100.0	14 116	0.0					-11		
Leibur AS, Estonia	75.0	75.0	13 882	75.0	750	-	EEK	12 056	4 737		
Vaasa Bakeries Ltd., Finland	100.0	100.0	180 601	100.0	115 000	115 000	FIM	115 320	-1 743		
Vaasamills Ltd., Finland	100.0	100.0	183 964	100.0	155 000	155 000	FIM	155 000	1 868		
Associated companies											
Hanzas Maiznica Group, Latvia	48.0	48.0	42 343	45.2	554 973	1 716	LVL	39 853	-	31.12.94	12
Villähteen Leipä Oy, Finland	40.0	40.0	689	0.0					50	30.04.94	12
CORPORATE HOLDINGS											
Group companies											
Cultor U.K. Ltd., Great Britain	100.0	100.0	81 188	100.0	10 000	1 000	GBP	64 441	-6 994		
Cultor U.S. Inc., U.S.A.	100.0	100.0	47 513	100.0	100	-	USD	-	-12 394		
Finnsugar Cultor Sverige AB, Sweden	100.0	100.0	52 555	100.0	1 000 000	101 000	SEK	165 643	13 471		
SSV-Development Oy, Finland	100.0	100.0	5 604	100.0	20 000	20 000	FIM	14 114	-615		
Associated companies											
Genencor International Inc., U.S.A.	50.0	50.0	345 076	23.8	485	-	USD	282 949	12 361	31.12.93	12
Kantvikin Satama Oy, Finland	29.6	29.6	0	29.6	760	760	FIM	760	153	31.12.94	12
Rintekno Group, Finland	28.6	28.6	459	28.6	3 200	1 600	FIM	1 524		31.12.94	12
Optar Oy, Finland	50.0	50.0	0	50.0	1 788	1 788	FIM	1 788	-1	31.12.94	12
Strömsby-Invest Oy Ab, Finland	20.0	20.0	0	20.0	2 816	2 816	FIM	16	-2 801	31.12.94	12

OTHER SHARES HELD BY THE GROUP	Group's holding of shares %	Number	Nominal value TFIM	Book value TFIM
Aamulehti-Yhtymä Oy, Finland	-	43 195	432	3 326
Lännen Tehtaat Oy, Finland	2.0	121 843	1 218	7 808
Kolmostelevisio Oy, Finland	3.5	1 120	560	1 479
Raision Tehtaat Oy, Finland	0.2	20 755	208	1 485
Öljynpuristamo Oy, Finland	10.0	210	2 100	12 555
Shares of housing corporates and real estate companies				6 244
Other shares				24 928
TOTAL				57 825

Shares in associated companies by the group		
Animal Nutrition	36 615	
Sweetening	667	
Baking	43 032	
Corporate holdings	345 535	425 848
OTHER SHARES		57 825
Total other shares in consolidated balance sheet		483 673

A complete list over the shareholdings of Cultor Ltd. is available at the Group headquarters finance department.

PARENT COMPANY INCOME STATEMENT

	Dec.1, 1993- Dec.31, 1994	%	Dec.1, 1992- Nov.30, 1993	%
Net sales	129 883	100.0	97 295	100.0
Cost of goods sold	-81 889		-38 213	
Gross margin	47 994	37.0	59 082	60.7
Sales and marketing expenses	-7 995		-7 165	
Administrative expenses	-59 152		-55 835	
Other operating expenses	-27 426		-38 495	
Other operating income	3 263		781	
Operating profit (1), (2), (3)	-43 316	-33.3	-41 632	-42.8
Financial income and expenses (4)				
Dividend income	104 002		44 046	
Interest income from non-current investments	122 650		102 486	
Other financial income	43 437		62 037	
Interest expenses	-111 796		-168 536	
Other financial expenses	-1 133		-17 176	
	157 160	121.0	22 857	23.5
Profit after financial items	113 844	87.7	-18 775	-19.3
Extraordinary items (5)	205 086	157.9	110 989	114.1
Profit before reserves and income taxes	318 930	245.6	92 214	94.8
Increase (-)/decrease (+) in accelerated depreciation	-510		6 699	
Increase (-)/decrease (+) in voluntary reserves	0		4 145	
Income taxes (6)	-79 122	-60.9	-29 347	-30.2
Result for the period	239 298	184.2	73 711	75.8

The numbers in parenthesis refer to the notes of the financial statements.
Figures in thousands of FIM.

PARENT COMPANY BALANCE SHEET

ASSETS	Dec.31, 1994		Nov.30, 1993	
Fixed assets and other non-current investments				
Intangible assets (7)				
Intangible rights	7 057		6 326	
Excess cost over net assets	2 225		0	
Other capitalized expenditure	2 400		2 919	
	11 682	0.2	9 245	0.2
Tangible assets (7)				
Land and water	45 751		46 869	
Buildings	140 242		144 577	
Machinery and equipment	45 954		21 146	
Other tangible assets	3 526		3 780	
Advance payments and construction in progress	5 704		0	
	241 177	5.2	216 372	4.6
Financial assets and other non-current investments (8)				
Other bonds and shares	357 852		328 800	
Shares in subsidiaries	1 576 196		1 683 418	
Other investments	321 179		520 627	
	2 255 227	48.2	2 532 845	54.0
Current assets				
Inventories				
Raw materials and consumables	4 306		22	
Work in progress	1 758		0	
Finished products	6 344		0	
Other inventories	0		0	
	12 408	0.3	22	0.0
Receivables (9)				
Trade receivables	25 435		29 104	
Loan receivables	1 023 644		1 288 925	
Prepaid expenses and accrued income	349 472		258 336	
Other receivables	187 424		20 902	
	1 585 975	33.9	1 597 267	34.0
Investments				
Other investments	188 423	4.0	204 565	4.4
Cash in hand and at the banks	381 340	8.2	133 587	2.8
	4 676 232	100.0	4 693 903	100.0

The numbers in parenthesis refer to the notes of the financial statements.
Figures in thousands of FIM.

LIABILITIES	Dec.31, 1994		Nov.30, 1993	
Shareholders' equity				
Restricted equity (10)				
Share capital	276 570		276 570	
Reserve fund	451 367		451 367	
Revaluation fund	36 000		36 000	
	763 937	16.3	763 937	16.3
Unrestricted equity (11)				
Contingency fund	58 112		58 112	
Retained earnings	1 494 451		1 478 359	
Result for the period	239 298		73 711	
	1 791 861	38.3	1 610 182	34.3
Provisions (12)				
Accelerated depreciation	75 191		74 681	
Voluntary provisions				
Other reserves	11 025		11 025	
	86 216	1.8	85 706	1.8
Creditors (13)				
Long -term				
Debentures	647		200	
Loans from credit institutions	321 516		481 387	
Pension loans	127 610		132 699	
Other long-term liabilities	41 203		95 754	
	490 976	10.5	710 040	15.1
Current				
Loans from credit institutions	152 117		137 946	
Pension loans	9 605		10 344	
Advances received	50		284	
Trade payables	17 028		18 160	
Accrued liabilities and deferred income	30 732		24 685	
Other current liabilities	1 333 710		1 332 619	
	1 543 242	33.0	1 524 038	32.5
	4 676 232	100.0	4 693 903	100.0

The numbers in parenthesis refer to the notes of the financial statements.
Figures in thousands of FIM.

STATEMENT OF CHANGES IN THE FINANCIAL POSITION

Cash flow from operations	Dec.1, 1993-Dec.31, 1994		Dec.1, 1992-Nov.30, 1993	
Operating profit	-43 316		-41 632	
Depreciations	18 733		11 497	
Financial expenses (net)	157 159		22 857	
Extraordinary income and expenses	359 934		173 728	
Direct taxes	-79 123		-29 347	
Cash flow from operations		413 387		137 103
Trade and other receivables	-87 467		-81 580	
Inventories	-12 386		8 125	
Trade payables	14 107		-30 914	
Change in net working capital		-85 746		-104 369
Net cash flow from operations		327 641		32 734
Investment in fixed assets	-127 747		-353 847	
Proceeds from sales of fixed assets	5 099		34 362	
Other investments	0		0	
Net investments		-122 648		-319 485
Net cash flow from operation activities after investments		204 993		-286 751
Long-term loan receivables	199 448		207 259	
Change in long-term borrowings	-219 065		8 055	
Current financial assets	98 758		-73 788	
Current borrowings	5 096		361 126	
Increase(+)/decrease(-) of loans		84 237		502 652
Other items				
Dividends paid		-57 619		-41 485
Cash and cash equivalents at beginning	338 152		163 736	
Cash and cash equivalents at end	569 763		338 152	
Increase (-)/decrease (+) in cash		-231 611		-174 416
		0		0

Figures in thousands of FIM.

NOTES TO THE FINANCIAL STATEMENT OF THE PARENT COMPANY

1. Personnel expenses	1994	%	1993	%
Wages, salaries and the monetary value of fringe benefits	49 050	80.4	38 166	75.8
Pension expenses	4 961	8.1	8 021	15.9
Other social expenses	7 034	11.5	4 179	8.3
	61 045	100.0	50 365	100.0

2. Expenses

	1994	1993
Total research and development costs (registered on an accrual basis)	25 129	36 926

3. Depreciations

The depreciable fixed assets are charged as straight-line depreciation according to a pre-determined plan based on the estimated useful economic life of various assets.

Depreciations by balance sheet categories and their generally applied depreciation periods:			Depreciations according to plan 1994	1993	Change in depreciation difference 1994	1993
Intangible assets	5-10	years	531	420	31	-18
Excess cost over net assets	5-10	years	2 275	0	-175	0
Other capitalized expenditure	5-10	years	823	527	-4	340
Buildings	25	years	4 980	5 054	-3 241	-3 327
Machinery and equipment	5-10	years	9 871	5 228	3 750	-2 764
Other tangible assests	10	years	254	268	-3	0
Depreciation difference of sold fixed assets			0	0	152	-931
Total			18 733	11 497	510	-6 700

Depreciations by operations	1994	1993
Productions	4 757	0
Sales and marketing	0	0
Administration	10 303	10 218
Other	3 674	1 279
Total	18 733	11 497

4. Financial income and expenses	1994	1993
Interest income from non-current investments	122 650	102 486
Interest income from current investments	21 416	50 387
Internal financial income and expenses of the Group		
Dividend income from Group companies	100 361	43 606
Interest income from non-current investments from Group comp.	76 326	81 422
Other interest income from Group companies	12 024	22 606
Other financial income from Group companies	786	1 244
Interest expenses paid to the Group companies	-71 404	-78 892

5. Extraordinary items	1994	1993
Gains/losses on sale of fixed assets	0	15 179
Group contributions	289 848	174 610
Mergers and disclosures of subsidiaries	-46 862	0
Reduction of share values of subsidiaries	-37 900	-78 800
	205 086	110 989

6. Income taxes	1994	1993
Taxes for the period	-69 532	-19 245
Taxes for previous fiscal years	-9 590	-10 102
	-79 122	-29 347

Figures in thousands of FIM.

7. Fixed assets and other non-current investments

1994	Acquisition cost at the beginning	additions	disposals	Acquisition cost at the end	Revaluations	Accumulated depreciations at the end	Net book value at the end	Accum. depr. difference at the end
Intangible rights	8 461	1 262	0	9 723		-2 666	7 057	41
Excess cost over net assets	0	4 500	0	4 500		-2 275	2 225	-175
Other capitalized expenditure	4 764	304	0	5 068		-2 668	2 400	335
Land and water	16 873	61	-1 179	15 755	29 996		45 751	0
Buildings	114 516	644	0	115 160	57 321	-32 239	140 242	53 375
Machinery an equipment	119 419	37 360	-12 388	144 391		-98 437	45 954	21 618
Other tangible assets	9 360	0	0	9 360		-5 834	3 526	-3
Total	273 393	44 131	-13 567	303 957	87 317	-144 119	247 155	75 191

1993								
Intangible rights	8 199	552	-290	8 461		-2 135	6 326	10
Excess cost over net assets	0	0	0	0		0	0	0
Other capitalized expenditure	1 979	2 785	0	4 764		-1 846	2 919	340
Land and water	17 387	3	-517	16 873	29 996		46 869	
Buildings	136 589	462	-22 535	114 516	57 321	-27 260	144 577	56 616
Machinery an equipment	118 206	3 798	-2 585	119 419		-98 272	21 147	17 716
Other tangible assets	9 360	0	0	9 360		-5 580	3 780	
Total	291 720	7 600	-25 927	273 393	87 317	-135 093	225 617	74 682

	1994	1993
Balance sheet value of machinery and equipment at the end of the per.	27 597	0

Taxation values

Shares	1 567 338	1 666 114
Land and water	14 574	14 558
Buildings	63 524	64 728
Total	1 645 486	1 745 400

8. Financial assets and other non-current investments

Group companies		
Other investments	221 179	420 627

9. Receivables	1994	1993
Receivables falling due after one year or later:		
Trade receivables	3 561	6 542
Loan receivables	607 588	284 394
Other receivables	7 035	7 035
	618 183	297 972

Receivables from Group companies and associated companies

Trade receivables/group comp.	15 532	12 001
Trade receivables/associated c.	261	7 098
Prepaid expenses and accrued income/group companies	329 744	219 063
Loan receivables/group comp.	989 281	1 154 773
Loan receivables/associated c.	1 680	1 680
Other receivables/group comp.	104 159	2 461
	1 440 656	1 397 076

Loan receivables

Loan receivables from the Board of Directors and President	55	462

Figures in thousands of FIM.

10. Changes in equity

Restricted equity	1994	1993
Share capital at the beginning		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Share capital at the end		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Revaluation fund		
At the beginning	36 000	36 000
Changes during the fiscal year	0	0
At the end	36 000	36 000
Reserve fund		
At the beginning	451 367	451 367
Changes during the fiscal year	0	0
At the end	451 367	451 367

11. Unrestricted equity	1994	1993
Contingency fund at the beginning	58 112	58 112
Contingency fund at the end	58 112	58 112
Retained earnings		
At the beginning	1 552 070	1 387 744
Result for the period	239 298	73 711
Dividends paid	-57 619	-41 485
Use of investment reserve to raise the equity of subsidiaries	0	132 100
At the end	1 733 749	1 552 070

Figures in thousands of FIM.

12. Voluntary reserves	1994	1993
Accumulated difference of total depreciations and depreciations according to plan at the beginning	74 681	81 381
change in financial statement	510	-6 700
Accumulated difference of total depreciations and depreciations according to plan at the end	75 191	74 681
Allowance for bad debts at the beginning	0	4 145
change in financial statement	0	-4 145
Allowance for bad debts at the end	0	0
Reserve for transitional phase at the beginning	11 025	11 025
change in financial statement	0	0
Reserve for transitional phase at the end	11 025	11 025

13. Creditors

Long-term Long-term liabilities falling due after five years or later:	1994	1993
Loans from credit institutions	4 100	90 200
Pension loans	96 000	99 514
Bonds*)	647	200
	100 747	189 914

*) The terms of the loan are itemized in note 12 to the consolidated financial statements.

Liabilities to group- and associated companies		
Trade payables/group companies	5 944	7 998
Trade payables/associated companies	0	1 720
Accrued liabilities and deferred income/group companies	16 866	4 002
Liabilities/group companies	1 163 281	1 266 373
Other long-term liabilities/ group companies	39 803	95 554
	1 225 893	1 375 647

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF CULTOR LTD.

We have audited the accounts, the accounting records and the administration of Cultor Ltd. for the financial period December 1, 1993 - December 31, 1994. The accounts prepared by the Board of Directors and the Managing Director include, both for the group and the parent company, a report on operations, an income statement, a balance sheet and notes to the accounts. We provide our opinion on the accounts and the administration based on our audit.

We have audited the accounting records, and the accounts, the disclosures and the presentation of information, including the accounting policies, to the extent generally accepted auditing standards require. The audit of the administration has included obtaining assurance that the actions of the members of the Board of Directors and the Managing Director have been in conformity with the regulations of the Companies' Act.

In our opinion the accounts have been prepared in accordance with the regulations of the Accounting Act and other legislation and regulations relevant to the preparation of the accounts, and give a true and fair view of the parent company's and the group's results from operation and financial position in accordance with such legislation and regulations.

The accounts including the group accounts may be approved, and the members of the Board of Directors and the Managing Director may be discharged from liability for the financial period examined by us.

The proposal of the Board of Directors concerning the disposition of the unrestricted shareholders' equity according to the balance sheet is in accordance with the Companies' Act.

We have reviewed the interim reports published during the financial period. According to our review they have been prepared in accordance with relevant regulations.

Helsinki 13 March 1995

Tauno Haataja Authorized Public Accountant	*Vesa Kivilä* Authorized Accountant
Pekka Koivistoinen	*Pentti Somerto*
Harri Spåre	*Pentti Talonen*

10 YEAR DATA

Profitability	Jan. 1-Dec. 31 1994	1993*	1992	1991	1990	1989	1988	1987	1986	1985
Return on stockholders' equity % (ROE) (a)	15.5	15.3	10.3	3.1	-7.5	-0.2	11.1	4.2	1.4	10.0
Return on invested capital % (ROI) (a)	15.1	14.8	12.0	8.1	3.6	4.6	10.9	6.1	5.9	10.8
Operating profit %	8.4	8.3	6.9	5.0	1.8	2.5	7.0	3.9	3.4	8.2
Financing										
Quick ratio	1.2	1.1	1.0	1.0	1.0	1.1	1.5	1.3	0.9	0.7
Current ratio	1.8	1.5	1.5	1.4	1.4	1.5	2.2	2.1	1.9	1.8
Indebtedness	1.0	1.5	1.4	1.6	1.9	1.5	1.1	1.0	1.2	1.0
Net gearing %	7.6	47.0	60.4	74.9	99.6					
Equity ratio %	47.4	37.3	41.4	38.3	34.5	39.3	47.2	49.8	46.7	49.2
Income statement data (FIM million)										
Net sales	5 847	6 359	6 015	5 823	5 009	4 599	4 051	3 591	3 551	3 027
Net sales adjusted by inflation (b)	5 847	6 482	6 345	6 356	5 426	5 148	4 751	4 388	4 467	3 628
Foreign activities (c)	2 846	3 075	2 734	2 785	2 190	1 489	1 133	629	571	366
Exports	610	646	446	392	354	426	333	216	162	148
Wages and salaries	649	719	750	762	615	538	454	390	386	333
Depreciations planned	271	291	321	291	245	219	186	155	167	102
Operating profit	492	531	415	293	89	117	285	141	121	247
Financing expences (net)	38	110	113	167	201	86	5	40	76	66
Result after financial items	454	421	302	125	-112	31	280	97	45	181
Result before taxes and minority interests	432	382	262	-40	95	-69	389	165	183	215
Balance sheet data (FIM million)										
Fixed assets	2 531	2 790	3 277	3 144	3 356	2 990	2 020	1 659	1 695	1 330
Inventories	853	882	893	897	1 115	933	975	929	1 462	1 396
Financial assets	1 889	2 190	1 959	1 967	2 791	2 173	2 262	1 461	1 291	916
Shareholders' equity	2 292	2 003	761	872	835	999	1 049	980	871	578
Distributable funds (ret. earn)	742	336	76	187	142	213	438	394	260	123
Liabilities	2 830	3 739	3 704	3 942	4 830	3 756	2 828	2 093	2 415	1 857
Deferred tax liability	377	415								
Balance sheet total	5 374	5 962	6 315	6 380	7 356	6 182	5 353	4 172	4 517	3 650
Other data										
Investments (-94:13 months, FIM million)	415	353	475	513	921	1 446	462	309	281	303
Value added (FIM million)	1 638	1 768	1 759	1 618	1 145	1 047	1 103	825	829	804
Personnel, average	5 304	5 159	5 640	6 193	5 317	4 636	4 226	3 955	4 415	4 125
Value added/employee (TFIM)	309	343	312	261	215	226	261	209	188	195
Dividend (board proposal -94,TFIM)	103 714	57 619	41 485	33 188	13 828	31 172	51 954	31 172	31 172	20 052
Transfer to the personnel profit-sharing scheme (TFIM)	10 373	5 845	2 118							

*Fiscal year 1993 has been altered to coincide with the new accounting principles. Thus key ratios and statistics from previous years are not fully comparable with the figures of 1993 and 1994.

COMPUTATION OF KEY RATIOS

All the key ratios in the Annual Report are based on 12 month figures unless otherwise mentioned.

$$\text{ROE} = \frac{\text{Profit after financial items - taxes for the period}}{\text{Shareholders' equity + minority interest}}$$

$$\text{ROI} = \frac{\text{Profit after financial items + interest and other financing expenses}}{\text{Balance sheet total - non-interest bearing liabilities}}$$

Average annual figures are used in ROE and ROI ratios as divisor

$$\text{Quick ratio} = \frac{\text{Financial assets}}{\text{Short-term liabilities - advances received}}$$

$$\text{Current ratio} = \frac{\text{Financial assets + inventories}}{\text{Short-term liabilities}}$$

$$\text{Indebtedness} = \frac{\text{Liabilities - deferred tax liability}}{\text{Shareholders' equity + valuation items + minority interest}}$$

$$\text{Equity ratio} = \frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}}$$

$$\text{Net gearing} = \frac{\text{Consolidated interest bearing net debt}}{\text{Shareholders' equity}}$$

Interest bearing net debt= Interest bearing liabilities - interest bearing deposits and receivables

Value added= Operating profit + depreciations by operations + personnel expenses

$$\text{RONA} = \frac{\text{Operating profit}}{\text{Average capital employed}}$$

$$\text{Earnings/share} = \frac{\text{Result for the period + extraordinary items}}{\text{Number of shares}}$$

$$\text{Cash flow/share} = \frac{\text{Cash flow from operations}}{\text{Number of shares}}$$

$$\text{Shareholders' equity/share} = \frac{\text{Shareholders' equity}}{\text{Number of shares}}$$

$$\text{Dividend /share} = \frac{\text{Dividend}}{\text{Number of shares}}$$

$$\text{Dividend /result} = \frac{\text{Dividend}}{\text{Result for the period + extraordinary items}}$$

$$\text{Dividend yield\%} = \frac{\text{Dividend /share}}{\text{Selling rate, book closing day}}$$

$$\text{P/E-ratio} = \frac{\text{Selling rate, book closing day}}{\text{Earnings/share}}$$

Market capitalization= Number of shares * selling rate by series, book closing day

(a) Sundry income/expenses are excluded from the result
(b) Corrected in relation to wholesale price index
(c) Includes exports and subsidiaries abroad

GROUP ADMINISTRATION

BOARD OF DIRECTORS

Eero Utter (*1933), Chairman
Sakari Heikkilä (*1936)
Carl-Olaf Homén (*1936)
Hannu Järvinen (*1952)
Ralf Lehtonen (*1937)
Göran Lindén (*1944)
Olivier Lippens (*1953), from June 29, 1994.
Björn Mattsson (*1941)
Pekka Rinne (*1944)
Rafael Wolontis (*1933), until June 29, 1994.

From left: Björn Mattsson, Eero Utter, Ralf Lehtonen, Carl-Olaf Homén, Hannu Järvinen, Pekka Rinne (front), Göran Lindén, Olivier Lippens and Sakari Heikkilä.

CORPORATE MANAGEMENT

Björn Mattsson (*1941), President & CEO	
Tom Weymarn (*1944), Executive Vice President	Animal Nutrition
Filip Frankenhaeuser (*1951)	Finance
Juha Järvinen (*1946)	Baking
Juha Kurkinen (*1953)	Legal Affairs
Håkan Laurén (*1941)	Sweetening
Esko Lindstedt (*1943)	Public Affairs

From left: Filip Frankenhaeuser, Håkan Laurén, Juha Kurkinen, Björn Mattsson, Esko Lindstedt, Juha Järvinen, Tom Weymarn.

AUDITORS

Regular
Tauno Haataja, Authorized Public Accountant
Vesa Kivilä, Authorized Accountant
Pekka Koivistoinen
Pentti Somerto
Harri Spåre
Pentti Talonen

Deputies
Salmi, Virkkunen & Helenius Oy, Authorized Public Accountants
Roger Andersson
Osmo Laine

OPERATING LOCATIONS

Animal Nutrition ■ - production unit
Sweetening ■ - production unit
Baking ■ - production unit
Others ■ - production unit

In addition 24 local bakeries in Finland: Espoo, Hämeenlinna, Ivalo, Joensuu, Joutseno, Jyväskylä, Kemijärvi, Keminmaa, Kokkola, Kotka, Kouvola, Kuopio, Lahti, Oulu, Pori, Riihimäki, Rovaniemi, Salo, Savonlinna, Seinäjoki, Tampere, Turku, Vaasa, Ylitornio.

CULTOR GROUP

CULTOR GROUP
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Business Area BAKING

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FINANCIAL ANALYSTS

THE COMPANIES BELOW ARE HAPPY TO FURNISH
INVESTORS WITH ADDITIONAL INFORMATION ON CULTOR LTD.

Bank/Broker	Address	Phone	Fax
ABB Aros Securities Ltd. (Finland)	Kaivokatu 8 P.O. Box 786 00101 Helsinki	+358 0 173 371	+358 0 622 1511
Alfred Berg Pankkiiriliike Oy	Kluuvikatu 3 A 00101 Helsinki	+358 0 228 321	+358 0 2283 2283
Carnegie Securities Finland	Aleksanterinkatu 19 A 00100 Helsinki	+358 0 661 766	+358 0 622 2068
CS First Boston Limited	One Cabot Square London E14 4QJ	+44 171 516 1380	+44 171 516 3479
Enskilda	2 Cannon Street London EC4M 6XX	+44 71 638 2470	+44 71 588 0929
Evli Securities Ltd.	Aleksanterinkatu 19 A P.O. Box 1081 00101 Helsinki	+358 0 176 690	+358 0 634 382
Handelsbanken Markets Equity Researc	10670 Stockholm	+46 8 701 2144	+46 8 611 1180
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* Companies combine operations in 1995.