

ANNUAL GENERAL MEETING

The annual general meeting of Partek Corporation will be held on Thursday April 20, 1995 at 5 p.m. at the company's Development Centre in Pargas. Shareholders whose names are registered on Monday April 10, 1995 at the latest with the Partek register kept by the Central Share Register of Finland Cooperative are entitled to take part in the annual general meeting. All shareholders wishing to attend must notify the head office in Pargas by 4 p.m. on Tuesday April 18, 1995 at the latest, either by telephone (+358-21-742 6056) or in writing at the address 21600 Pargas, Finland. Possible proxies must be notified at the same time.

DIVIDEND

The board of directors proposes that a dividend of FIM 0.60 per share, i.e. a total of FIM 23,100,000, be distributed

and that the dividend can be drawn from shareholders' bank accounts on May 2, 1995. If a shareholder has not given information about his bankers to the book-entry securities register, the dividend will be paid to the shareholder in the form of a postal order.

Dividends that will be paid as postal orders will be in the Post Office on the day the dividend is paid in order that they may be delivered to the payee. Shareholders whose names are registered on April 26, 1995 with the Partek register kept by the Central Share Register of Finland Cooperative are entitled to a dividend.

Shareholders who have not transferred their shares to the book-entry securities system by the record date will be paid the dividend after the shares have been transferred to the system. The dividend for 1994 falls within the sphere of the corporation tax avoiv fiscal system. Withhold-

ing tax will be deducted from dividends paid overseas.

PARTEK'S FINANCIAL REPORTS

Partek's financial statements are published in March. The annual report is published in Finnish, Swedish and English in April. Partek publishes two interim reports, the first for the period January 1 - April 30, 1995 on June 20, 1995 and the second for the period January 1 - August 31, 1995 on October 23, 1995. The above reports may be ordered from:

**Partek Corporation,
Annual Reports,
P.O. Box 61,
FIN-00501 Helsinki, Finland,
or by telephone: +358-0-39 441.**

P A R T E K

Partek is an international industrial group. Its three business areas are Minerals, Cargotec and Building Products. Partek also has a 25 percent holding in the Euroc Group. Partek has operations in more than 20 countries and employs over 8,000 people. Partek's net sales total FIM 6 billion, 80 percent of which are generated outside Finland. Partek was established at Pargas, on the Southwest coast of Finland, in 1898.

Partek's shares have been quoted on the Helsinki Stock Exchange since 1915.

At the end of the period under review there were 12,060 shareholders. Foreign owners accounted for 30.8 percent of the share capital and voting rights.

Key products and markets

Partek's key products are:

- products processed from limestone and other minerals
- cargo-handling equipment for vehicles
- precast concrete elements and structures, rock wool insulation and panels

Cargotec's products and Partek's building products technology are marketed worldwide. The markets for Minerals and insulation, which is within the Building Products business area are focused on the Baltic region. The principal markets for precast concrete are the Nordic countries, Holland, Belgium and Germany.

P A R T E K I S

MINERALS



Nordkalk Industrial Minerals

The Minerals business area consists of Nordkalk and Partek Industrial Minerals. Nordkalk is the Nordic countries' biggest lime producer, with limestone quarries and mines in Finland and Sweden. Partek Industrial Minerals operates in Finland, supplying mineral raw materials to the processing industry. Minerals' products are employed mainly in the paper, glass and metal industries as well as in the chemical industry. Limestone products are also used in agriculture and for environmental purposes.

CARGOTEC



Hiab Loglift Jonsered Load & Waste Handling

The Cargotec business area includes HIAB, Loglift Jonsered, Load & Waste Handling and product-based sales companies. Sales are, however, principally the responsibility of sales companies which carry a range of Cargotec products in Europe, Asia and North America. Cargotec's trademarks include HIAB, Loglift, FMV, JONSERED, Multilift, LeeBur, Norba, Focolift and Nummi. HIAB is the world's leading producer of knuckleboom cranes for vehicles. Loglift Jonsered is the market leader in forestry cranes. Multilift and LeeBur manufacture interchangeable demountables and are market leaders in Europe.

BUILDING PRODUCTS



Insulation Precast Concrete Nordic Precast Concrete International

The Building Products business area consists of Insulation, Precast Concrete Nordic and Precast Concrete International. The principal products for the precast concrete operations are hollow-core slabs, railway sleepers, precast structures, bridge beams and special products. Sales of technology are also important. All the insulation products are rockwool based. The main products are building insulation, technical insulation for industrial purposes, lightweight building panels, acoustic products, rockwool growing media, non-woven products and technology sales.

EUROC, 25%

The Swedish Euroc group produces and distributes mineral-based building materials mainly in the Baltic and North Sea regions. Euroc is divided into seven business areas: Cement International, Cement

Nordic, Concrete and Aggregates, Concrete Products, Masonry Products, Plasterboard and Building Materials Distribution. Partek has a 25 percent holding in Euroc.

OTHER BUSINESS ACTIVITIES

Partek North America manufactures rock wool in the USA and Canada. Partek

Morin is in the precast concrete business in France. United Tiles, an associated company (50%), manufactures and sells ceramic tiles. A-Rakennusmies, an asso-

ciated company (27%), leases building machines. Real Estate Administration sells real estate that is no longer included in Partek's industrial operations.

SUMMARY OF OPERATIONS

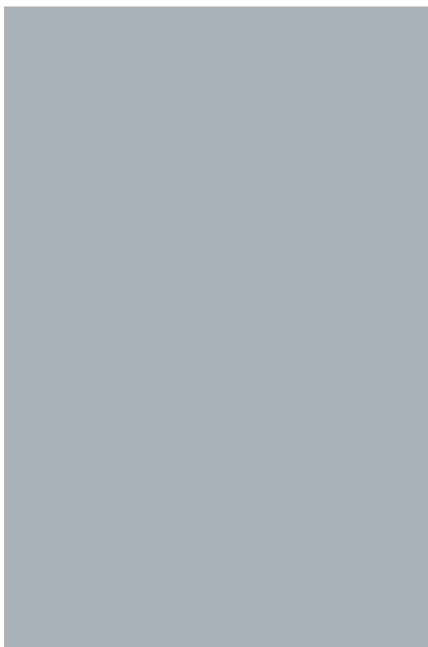
1 9 9 4 I N B R I E F

- Net sales fell compared with 1993 as a result of changes in Group structure.
- The Finnish proportion of net sales fell to below 20 percent.
- Profit after financial items improved by almost FIM 450 million and amounted to FIM 41 million (1993: FIM -407 million).
- Extraordinary costs include a reserve of FIM 200 million for restructuring.
- The Group attracted over FIM 420 million in new capital during the year.
- Partek acquired Metra's holding and now owns 25 percent of the Swedish company Euroc.
- The Norwegian Aker a.s came in as an owner in Partek with a holding of 27 percent.
- The Board of Directors proposes the payment of a dividend.

<i>Sales</i>		<i>1994</i>	<i>1993</i>
Net sales	FIM million	6 166.3	6 609.8
change	%	- 6.7	- 0.3
foreign sales	%	81.5	74.5
<i>Profit</i>			
Operating profit after depreciation	FIM million	231.5	4.1
Profit after financial items	FIM million	41.1	- 407.3
% of net sales	%	0.7	- 6.2
Profit before taxes	FIM million	- 202.6	- 433.9
Net profit for the financial year	FIM million	- 193.9	- 392.5
<i>Profitability</i>			
Return on capital employed	%	6.1	0.2
Return on equity after taxation	%	3.7	- 19.8
<i>Resources</i>			
Investment	FIM million	580.6	158.5
Balance sheet total	FIM million	6 590.1	6 540.9
Capital employed December 31	FIM million	5 221.6	5 186.4
Personnel, average		8 128	9 428

Definitions pg. 35

FROM THE PRESIDENT



For Partek the year 1994 marked a turning point in the Group's fortunes, with developments taking on a favourable trend after a period of considerable difficulty.

This is true of the Group's result; Partek was able to show a small profit after financial items but the result is still unsatisfactory. It is also true of the Balance Sheet, which was strengthened through an injection of new equity. Furthermore, it is true of our role in the Nordic building materials industry; since the end of last year Partek has owned 25 percent of Euroc, the Swedish building materials company. If we further take into account the fact that the Norwegian company Aker became Partek's largest shareholder, we can state that for the third year in succession 1994 was a year of major changes.

In consequence Partek has now regained to a large extent its drive and

dynamism, qualities that were weakened during the loss-making years.

Partek's main interest now lies in developing the Group's core operations. These continue to be Minerals, Cargotec and Building Products and they are all on course for achieving the level of profitability that is their long-term goal.

This is reflected in a clear improvement in their result. Improved demand in most areas has contributed to this but, first and foremost, it is a consequence of different structural changes.

* * *

When Partek last year exercised its option to buy Metra out of the company in which we together held a quarter of Euroc, we achieved one of the principal goals of our restructuring process. This began when the two companies merged their Finnish interests in building materials in 1992.

Euroc can report a very favourable upward trend and has also been able to take full advantage of the synergy benefits offered by merging similar operations over national borders. Partek's share in Euroc's result has had a considerable impact on Partek's own result. We value our shareholding in Euroc primarily as a strategic asset that enables us to play a role in the building materials industry in the Nordic countries. But it can also be exploited to provide us with the strength to expand within our core operations.

Even though demand in a number of important markets continues to be weak, Building Products as a whole has been able to report a clear improvement in profitability.

This is true of Insulation, for example, which has turned in a very encouraging profit that promises to improve even

further. It also applies to our largest precast concrete producer, the Dutch VBI, which reported a good profit. VBI has concentrated on industrial products which is the principal direction for the whole of our precast concrete operations. It is also worth noting that our precast concrete activities in southeast Asia have achieved an established position and are profitable.

Following the structural measures taken in recent years there are still units that we do not regard as forming part of our core activities. These are entered in this year's financial statements under Other Business Activities and for the most part are loss-making. However, they also include units which have considerable potential even in the short term. The financial statements are intended to provide a framework that will facilitate further measures in the coming period.

There has been a marked improvement in Cargotec, which had its best year so far. Loglift Jonsered again proved to be a great success. The possibilities of further favourable development in this business area are strengthened by the measures taken to better efficiency in recent years. At the same time Cargotec has succeeded in improving its position in most of the market segments in which it operates.

Minerals has continued to show a steady improvement, not least because things are going well for its customers. The major investments made in the 1990's but also the adaptations and changes in production structure have borne fruit.

* * *

In order to achieve a reasonable level of profit for the whole Group further improvements are needed in our opera-

tions and especially our loss-making activities need to be reduced. This and a clear strengthening of our equity/assets ratio form Partek's goal for this year.

* * *

Partek's improved situation now provides leeway for more expansive moves.

The expansion of the paper industry in Finland has led to increased demand for minerals, which means investment in new capacity. An important goal is to strengthen Partek's position in lime operations around the Baltic Sea region.

We foresee good opportunities to further consolidate Cargotec's position as the leading company in load-handling equipment. This applies especially to Asia, where the new regional office in Singapore forms the base. The success of our company in Japan only confirms this view. We are introducing a new system that is better able to meet the demands that recycling makes on equipment for the collection and transport of waste.

As far as our precast concrete operations are concerned the focus on industrial products has meant that we have been able to reduce our dependence on major building projects, which tend to place an uneven load on capacity utilization. Our insulation activities have adopted as their immediate target to strengthen their position, and by means of new investment among other measures, to become the leading supplier of rock wool in the entire Baltic area.

* * *

All in all, one might conclude that the next few years pose a number of challenges. However, economic development, which for the most part is favourable in our key markets, also contains features that call for caution. I am

convinced that the current year will be a clear improvement over last year for Partek. Seasonal variations in our activities, will however, adversely affect our result in the early part of the year.

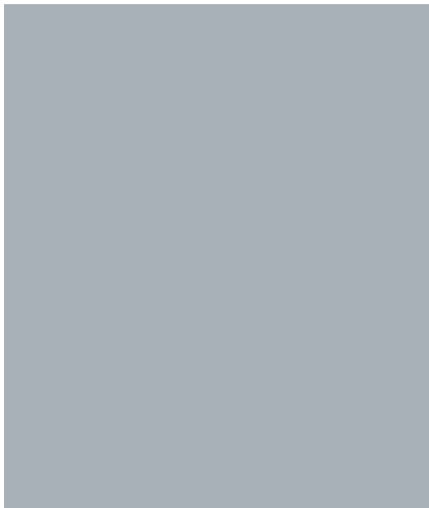
I wish to thank our customers for their cooperation during the year. Our aim is to conform to our customers' requirements even better in the future and to keep our promises.

This view is certainly shared by all our employees, who have actively and loyally contributed to the fact that Partek's fortunes have changed. For that they deserve our gratitude.

Despite the fact that they have received no dividend for the past two years, Partek's shareholders have nevertheless demonstrated their confidence in the company in the way in which they readily subscribed to the new issue of shares that was brought to a successful conclusion at the end of 1994. We have also acquired a number of new shareholders. I can and will promise that everybody in the Partek Group is working hard to ensure that all shareholders will receive a return on their investment in the company. The Board of Directors' proposal to the Annual General Meeting for a dividend this year is a step in this direction.

Christoffer Taxell

BOARD OF DIRECTORS



Sakari T. Lehto and C.O. Tallgren

Carl Olof Tallgren, b. 1927
Chairman
M.Sc.(Pol.), Ph.D.(h.c.)
Chairman of the Board of
Åbo Akademi University Foundation
Elected to Partek's Board: 1979
Now elected for the period: 1994–1997
Shareholding in Partek: 1 228

Sakari T. Lehto, b. 1923
Vice-Chairman
President of Partek 1972–1987
Ll.M., B.Sc. (Econ.), Minister,
Dr.Tech. (h.c.), D.Sc. (Econ.) (h.c.)
Elected to Partek's Board: 1976
Now elected for the period: 1993–1996
Shareholding in Partek: 8 292

Jan Ekberg, b. 1936
President and CEO of Pharmacia AB
Elected to Partek's Board: 1994
Now elected for the period: 1994–1995
Shareholding in Partek: 1

Cato A. Holmsen, b. 1940
M. Sc. (Tech.)
President of Aker a.s, Cement and
Building Materials division
Elected to Partek's Board: 1994
Now elected for the period: 1994–1995
Shareholding in Partek: –

Jouko K. Leskinen, b. 1943
Ll.M.
C.E.O., Sampo Group
Elected to Partek's Board: 1994
Now elected for the period: 1994–1997
Shareholding in Partek: –

Björn Mattsson, b. 1941
Lic. Phil., Honorary Councillor
Managing Director, Cultor Oy
Elected to Partek's Board: 1993
Now elected for the period: 1993–1996
Shareholding in Partek: 1 160

Paavo Pitkänen, b. 1942
M.Sc. (Phil.)
Managing Director, Pension-Varma
mutual insurance company
Elected to Partek's Board: 1994
Now elected for the period: 1994–1995
Shareholding in Partek: 11

Tom Ruud, b. 1950
M. Sc. (Tech.)
President and C.E.O., Aker a.s
Elected to Partek's Board: 1994
Now elected for the period: 1994–1997
Shareholding in Partek: –

Christoffer Taxell, b. 1948
Ll.M.
President and C.E.O. of Partek
Elected to Partek's Board: 1984
Now elected for the period: 1993–1996
Shareholding in Partek: 3 355



From left: Tom Ruud, Jouko K. Leskinen, Cato A. Holmsen and Paavo Pitkänen.



From left: Björn Mattsson, Christoffer Taxell and Jan Ekberg.

EXECUTIVE BOARD

From left to right: Raimo Taivalkoski, Carl-Gustaf Bergström, Christoffer Taxell, Patrick Enckell and Kari Heinistö.

Christoffer Taxell, b. 1948
President and C.E.O.,
LL.M.
Employed at Partek since 1990
Number of Partek shares: 3 355

Raimo Taivalkoski, b. 1940
Senior executive vice president,
M.Sc. (Eng.)
Employed at Partek since 1981
Number of Partek shares: 233

Kari Heinistö, b. 1958
Chief financial officer, M.Sc. (Econ.)
Employed at Partek since 1983
Number of Partek shares: 385

Carl-Gustaf Bergström, b. 1945
Senior executive vice president,
B.Sc. (Econ.)
Employed at Partek since 1970
Number of Partek shares: 2 710

Patrick Enckell, b. 1937
Senior executive vice president,
Lic. Tech.
Employed at Partek since 1964
Number of Partek shares: 1 750

MANAGEMENT GROUP

The Management Group is comprised of the Executive Board, the division directors and a number of key persons representing Group Administration.

Members of the Management Group are: Carl-Gustaf Bergström, Peder Biese, Nikolai Danilotschkin, Herman Degans, Olof Elenius, Patrick Enckell, Eelis Eskelinen, Bengt Gerger, Frej Granholm, Lauri Hakkala, Kari Heinistö, Bengt Jansson, Jorma Laine, Raili Manninen, Lauri Palojärvi, Ahti Salonen, Christer Sundström, Raimo Taivalkoski, Christoffer Taxell, Olav Uppgård, Timo Vuorio and Ulf Åhman.

AUDITORS

Auditors

Eric Haglund, B.Sc.(Econ.), A.P.A., Juhani Kolehmainen, M.A., Thor Nyroos, B.Sc.(Econ.), A.P.A.

Deputy auditors

KPMG Wideri Oy Ab, Firm of Authorized Public Accountants, Antti Lehtinen, M.Sc.(Econ.), Managing Director, Alf-Erik Lerviks, D.Sc.(Econ.), professor



M I N E R A L S

Strong foundation from limestone

Nordkalk and the Swedish Railways and Highways Authority have together initiated a wide-scale research and development programme to advance the limestone/cement pillar method used for reinforcing road foundations. The use of limestone pillars for soil-stabilization is a competitive option in the construction of roads and railways. In the next few years Finland and Sweden, which have both become members of the European Union, will be investing heavily in developing their infrastructures i.e. building roads and railways.



Background information The Minerals business area is comprised of Nordkalk and Partek Industrial Minerals. The main products are limestone, quick lime, hydrated lime, soil-improving products, limestone powders and crushed stones, wollastonite, quartz, feldspar, ground micronized calcite and certain imported minerals. Minerals accounts for 15% of the group's net sales.

Trademarks The products in the Minerals business area are sold mainly in bulk form. Well-known trademarks include Flowlime, Parcover, Fostop, Movab, Finmix and Wicroll. Hydrocarb is a trademark of Suomen Karbonaatti Oy.

Customers Minerals' customers are found in the following industries: pulp and paper, steel, chemicals, construction, plastics, glass and ceramics in addition to environmental conservation and agriculture. A considerable number of customers for wollastonite, quartz and feldspar are foreign.

Production units Nordkalk Finland: Pargas, Lappeenranta, Lohja, Sibbo, Louhi, Vimpeli, Siikainen and Vampula. Sweden: Storugns (Gotland), Ignaberga, Köping, Uddagård, Orsa. Terminals: Landskrona, Luleå. Associated company: NordCarb Oy Ab, Finland. Partek Industrial Minerals: Lappeenranta, Nilsiä, Kimito, Haapaluoma and Virkkala.

<i>Key figures</i>	<i>1994</i>	<i>1993</i>	<i>Change</i>	<i>Net sales by market 1994</i>		
	<i>MFIM</i>	<i>MFIM</i>		<i>%</i>	<i>MFIM</i>	<i>%</i>
Net sales	917.0	849.9	7.9	Finland	613.7	66.9
- export and foreign sales	303.3	280.0	8.3	Other Nordic countries	257.5	28.1
Operating profit	132.2	93.2	41.9	Other EU countries	32.9	3.6
Capital employed, avg.	793.0	984.2	- 19.4	Other European countries	7.2	0.8
Return on capital employed, %	17.0	10.7		USA and Canada	-	-
Investment	45.3	39.9	13.5	Asia	3.6	0.4
Personnel Dec. 31	942	1 080		Other	2.1	0.2
				Total	917.0	100.0

<i>Divisions</i>	<i>Net sales</i>		<i>Personnel</i>	
	<i>1994</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
Nordkalk	681.3	643.3	659	648
Industrial Minerals	259.2	235.6	283	339
Other				93
- Inter-divisional	- 23.5	- 29.0		
Total	917.0	849.9	942	1 080

MINERALS

The Minerals business area is comprised of Nordkalk and Partek Industrial Minerals. The main products are limestone, quick lime, hydrated lime, soil-improving products, limestone powders and crushed stones, wollastonite, quartz, feldspar, ground micronized calcite and certain imported minerals. The business area accounts for 15% of the group's net sales.

Almost all of Nordkalk's and Industrial Minerals' product groups increased their delivery volumes. Sales by the whole business area for the year were 8% higher than in 1993.

The dependency on trends in domestic construction has been reduced, and operations have been focused mainly on export markets either directly or through customers' operations.

Deliveries of quick lime at the units in Finland and Sweden grew compared with the previous year. Capacity utilization was good.

Demand for soil-improving limestone also exceeded the level for the previous year, considerably so on the Swedish market given the favourable weather conditions. Uncertainty over the consequences of the European Union (EU) decision on farmers had an effect on trends in Finland and Sweden at the end of 1994 and probably at the beginning of 1995.

The good market situation in the paper industry has kept capacity utilization by Suomen Karbonaatti Oy at a high level. During 1994 it was decided to invest in raising the capacity of ground micronized calcite.

The wollastonite market is mainly in Europe. The aim is to increase deliveries to the plastics industry.

Domestic sales of quartz and feldspar products went well, principally because of the large volumes being sold by the glass industry. The strengthening of the Finnish mark reduced exports.

With the FOSTOP lime-filter drain, which was developed by Nordkalk in association with Finnish environmental officials, it is possible to reduce discharges of phosphorus from agriculture into waterways.

Lime-filter drains

Paper pigments

Every year Suomen Karbonaatti Oy, a Partek Industrial Minerals' subsidiary, supplies the Finnish paper industry with more than 6,000 truckloads of the Hydrocarb coating pigment from Lappeenranta. Hydrocarb's main raw material is Industrial Minerals' calcite concentrate.

NORDKALK

Nordkalk exploits the group's limestone deposits in Finland and Sweden and a deposit in Norway belonging to a related co-partner. The limestone is processed by several different methods into products that are used in processing, agriculture and environmental conservation in the Nordic countries. Nordkalk invests in the continuous upgrading of the technology for handling and processing raw materials, logistics and quality systems.

Nordkalk benefitted from the upturn in the Nordic countries' export industry in 1994, because many of the company's products are used by this industry. Deliveries of Nordkalk products consequently achieved a high volume.

Sales of limestone-based binding agents for soil-stabilization went extremely well. Sales of agricultural products in Finland and Sweden also increased.

Investment in production

A new plant for processing quick-lime products came on stream at Landskrona at the beginning of 1994. It includes a lime-hydration plant and terminal with loading silos for transportation by road and rail. The plant utilizes Nordkalk's own limestone that is produced in Gotland, Sweden. Costing some SEK 25 million (FIM 18 million), the new plant will improve the distribution of limestone products in southern Sweden, where Nordkalk's competitiveness has already been considerably enhanced by the investment.

In Sweden Nordkalk invested in developing Uddagårdskalk's operations, and in that connection it acquired the deposit and real estate that it had previously leased.

FOSTOP

protects waterways

Phosphorus discharges from agriculture cause the eutrophication of waterways and are a considerable environmental problem.

During 1994, Nordkalk launched a new patented method for reducing agricultural nutrient leaching in waterways. The method, which is called FOSTOP, uses sub-surface drainage principles and is based on limestone's ability to bind

phosphorus, which can be reduced by 60 to 80 percent with the new method. Nordkalk has developed the method in association with the water authorities in Finland.

The method has been approved as eligible for EU funding allocated to environment-friendly agriculture.

Nordkalk has also brought onto the market a new liming material used in potato farming.

Forerunner in quality concept

Partek's total quality process called FoCus has now been introduced in all Nordkalk units. Nordkalk Storugns AB, which was among the first in Partek to apply the process, received an award for "Outstanding Performance" in the group in 1994.

Prospects for 1995

Prospects for 1995 are considered good, especially for deliveries to industry.

Agricultural lime could be affected by changes in expectations caused by Finland's and Sweden's membership of the European Union.

The structural reorganization and rationalization that have taken place inside Nordkalk over the past three years are expected to bring about further improvements in resources and profitability.

PARTEK

INDUSTRIAL MINERALS

Partek Industrial Minerals is a supplier of minerals for the paper, glass, ceramic, plastics, building materials, foundry and metallurgical industries. The company is also responsible for the service functions of all the Partek factories in the Lappeenranta area.

The market position of Industrial Minerals' most important product, Hydrocarb paper pigments, was further strengthened.

Partek Industrial Minerals and the Swiss Plüss-Staufner AG together own Suomen Karbonaatti, which is responsible for the microcalcite operations. Partek Industrial Minerals supplies the joint-venture company with its most important raw material calcite concentrate. The increase in the demand for paper pigments led to the start of FIM 50 million worth of investment both in an

extension and technology at Lappeenranta at the end of 1994. After this investment the Partek plant at Lappeenranta will be Finland's biggest producer of paper pigments, with annual production reaching almost 400,000 tonnes, which is a fifth of the needs of the Finnish paper and board industry. The investment will be completed in 1995.

Strong exports to Europe

Most of the products in the wollastonite product line and the quartz and feldspar product line are exported to western Europe.

The wollastonite product line concentrates to an increasing degree on highly upgraded Wicroll products for the plastics industry and a new insulation material application. Competition from imported Chinese wollastonite has increased, especially in southern Europe.

The quartz-feldspar product line operates at Nilsia, Kimito, Haapaluoma and Virkkala. Sales of quartz on the domestic market developed satisfactorily as a result of its wide range of industrial usages, even though the construction business is reviving slowly.

Exports of Finmix, an induction-furnace lining material, went well. Increasing competition on the feldspar market was met with measures to improve quality and service.

Prospects for 1995

Partek Industrial Minerals will be carrying out expansion and development projects in 1995 with the aim of creating a clearly-defined base for growth in 1996.



C A R G O T E C

Together in the forest

The Timberjack Group, the world leader in forestry machines, struck a deal with Loglift, a Partek Cargotec company specializing in timber cranes, that strengthened the market position of both parties. Timberjack offered Loglift the opportunity to develop and manufacture cranes for forwarders and harvesters that met Timberjack's and its customers' specific requirements. The crane must be designed simultaneously with the basic unit in order to achieve the best possible forestry machine. Product development cooperation will also extend through to the maintenance and spare parts servicing.



Background information Cargotec manufactures cargo-handling equipment for vehicles, mainly trucks, and is the world leader in its field. The business area is divided into: the Hiab Group, the Loglift Jonsered Group and Load & Waste Handling. The products have the following features in common: they are based on hydraulics, mainly chassis-mounted and used for loading and unloading goods.

Trademarks Cargotec's own sales companies and importers market the products all over the world. No competitor has an equivalent international representation. Well-known trademarks include HIAB, Loglift, JONSERED, FMV, Multilift, LeeBur, Norba, Focolift and Nummi.

Customers Most of the customers consist of private truck drivers and transportation companies that use the products in the transportation of building materials and equipment, transporting timber, handling and recycling waste, and delivering goods. Customers also include companies, municipalities and authorities as well as armed services.

Production units/sales companies Hiab has production units in Sweden, Denmark, Holland and Spain. Loglift Jonsered's production units are in Finland and Sweden. Load & Waste Handling's production plants are located in Finland, Sweden, Holland and Great Britain. Cargotec has its own sales companies whose product ranges include one or more of its products in the following countries: Finland, Sweden, Norway, Denmark, Great Britain, Germany, Holland, Belgium, France, Spain, Poland, the United States, Singapore, Korea and Japan. There is an associated company in Mexico as well as several independent importers and distributors located worldwide.

<i>Key figures</i>	<i>1994</i>			<i>1993</i>			<i>Change</i>			<i>Net sales by market 1994</i>		
	<i>MFIM</i>	<i>MFIM</i>	<i>%</i>	<i>MFIM</i>	<i>MFIM</i>	<i>%</i>	<i>MFIM</i>	<i>MFIM</i>	<i>%</i>	<i>MFIM</i>	<i>MFIM</i>	<i>%</i>
Net sales	1 976.6	1 853.9	6.6				Finland	111.0	5.6			
- export and foreign sales	1 865.6	1 786.7	4.4				Other Nordic countries	256.8	13.0			
Operating profit	136.5	60.3	126.3				Other EU countries	1 038.8	52.5			
Capital employed, avg.	903.4	1 006.4	- 10.2				Other European countries	128.3	6.5			
Return on capital employed, %	16.0	7.8					USA and Canada	163.5	8.3			
Investment	27.7	25.2	9.9				Asia	213.4	10.8			
Personnel Dec. 31	2 323	2 224					Other	64.9	3.3			
							Total	1 976.6	100.0			

<i>Divisions</i>	<i>Net sales</i>		<i>Personnel</i>	
	<i>1994</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
HIAB	1 064.7	991.4	893	834
Loglift Jonsered	369.9	327.7	285	262
Load&Waste Handling	542.0	534.9	573	527
Sales companies			572	601
Total	1 976.6	1 853.9	2 323	2 224

CARGOTEC

Cargotec manufactures cargo-handling equipment for vehicles, mainly trucks, and is the world leader in its field. The business area is divided into the Hiab Group, the Loglift Jonsered Group, Load & Waste Handling and a joint sales network. The products have the following features in common: they are based on hydraulics, mainly chassis-mounted and used for loading and unloading goods.

The market for heavy trucks, which has a direct influence on the demand for Partek Cargotec's products, made a strong recovery in Europe. The increase from the record low level in the previous year was 15 percent. The trend was similar on the Japanese market, which is important to Cargotec. The registration of heavy trucks in the United States rose to record levels.

Cargotec succeeded in maintaining or increasing market share in most of its markets.

During the year concentrated investment in marketing was initiated in the Asia Pacific region.

Singapore is the centre of growing operations in the area. In January 1995 Cargotec took over a sales company in Korea that it had previously partly-owned and strengthened its market position in the area.

The positive market trend is expected to continue in Europe and Japan in 1995 and to remain roughly at the present high level in the United States. As the trend is also favourable on the other markets that are important to Cargotec, prospects are bright.

HIAB

The HIAB group manufactures and markets equipment and systems for goods handling in the transport sector.

Crane markets

In 1994 the market for truck-mounted cranes began to recover from the considerable slump of the previous few years.

Orders for HIAB cranes increased by some 10 percent during the year. The trend in cranes is towards bigger and technically more advanced units. A higher degree of electronics has been used in the control and safety systems. Sales increased in value by approximately 20 percent.

Effective waste management is crucial to environmental conservation. Norba is continually developing its products in order to speed up the driver's work and make it easier.

*general cargo cranes
(see cover photo)*

*forestry cranes
(see pg. 12 - Timberjack)*

A Cargotec sales unit, Multilift Government Business Operations, supplies load-handling equipment to many countries' defence forces and UN peacekeeping forces.

HIAB also strengthened its position as the market leader. Roughly 75 percent of sales go to western Europe, the Nordic countries included. The position on the biggest market, Germany, is strong. HIAB also dominates the Japanese market for knuckleboom cranes. The market in the Nordic countries now accounts for an increased share of the total sales volume.

Several new models

In 1994 HIAB launched several new crane models, especially in the capacity range of 17 ton meters upwards. Most models were fitted with the MiniSPACE safety system, which fulfils all the safety requirements specified in the machine directive of the European Union. This is an absolute requirement for products manufactured and delivered in the EU from 1995 onwards.

The SPACE system, which had been introduced previously, for both improved safety and a better technical performance, was increasingly installed in more crane models.

With the SPACE and MiniSPACE systems, truck-mounted cranes are now equipped with electronics on a large scale. HIAB is a clear leader in this development.

All the HIAB plants in Europe were awarded the ISO 9001 quality system certificate in 1994.

Prospects for 1995

The outlook is bright. The growth in sales of heavy trucks will mean that the market for cranes will become increasingly active overall. HIAB's product range is already very large and will be broadened further in 1995. The aim is to strengthen positions on new, expanding markets, chiefly in the Asian region.

LOGLIFT JONSERED

The Loglift Jonsered Group develops, manufactures and markets hydraulic knuckleboom cranes mainly for the transportation and handling of timber. The division's trademarks are Loglift, Jonsered and FMV.

Growing markets

The trend in 1994 was characterized by a pronounced upturn within the forest industry in general. The demand for Cargotec's new products, particularly

forest machine applications, more than doubled; it also accelerated for truck-mounted loaders. The division strengthened the marketing organization by establishing its own sales companies in Finland, Sweden and Germany.

In the past year Loglift developed two new forwarder loader models and one new model loader for handling full-length logs. The Jonsered range was also increased with one foldable model loader with a new, patented boom system.

Investment in R & D

The good result achieved in 1994 will facilitate further investment in R & D and the development of new market areas. In Salo, Finland, a new after-sales center for the handling of spare parts and loader maintenance will be completed in the summer of 1995.

Prospects for 1995

The investment carried out to improve delivery capacity and quality has left the Loglift Jonsered Group in a well equipped position. The outlook continues to be favourable in 1995.

LOAD & WASTE HANDLING SYSTEMS

The Division develops and markets products and systems for load and waste handling. The trademarks of the Load & Waste Handling Systems Division are Norba, Multilift, LeeBur, Nummi and Focolift.

Organization

At the beginning of 1995, Focolift tail-lift equipment and Nummi tipping hydraulics were assimilated into the Load and Waste Handling Division.

Markets

Load & Waste Handling kept its market share in Europe and also found new, expanding markets there for its products.

The Multilift load-handling systems for armed services strengthened their position, and additional orders were received from the Norwegian, British and Malaysian armies.

Coordination of the activities of the various companies in the division led to the development of a new integrated system for the collection and transportation of waste. It is expected to be in series

production at the turn of the year 1995-1996 after testing.

Demand for Multilift, LeeBur and Nummi products rose dramatically during the year. This was the result of a revival in markets and new market openings. Nummi concentrated on gaining a foothold in the German and British markets for tipping hydraulics and adjusted their product range accordingly. Production capacity was also raised considerably in response to demand.

Focolift strengthened its marketing organization by changing the importer in France and introducing new operating methods in Sweden. Demand for tail-lift equipment revived particularly well on the domestic market.

Prospects for 1995

Southeast Asia offers huge potential and, along with Europe, it is considered to be the main growth area for Load & Waste Handling. Operations on this market will be made more efficient by Partek Cargotec's regional office in Singapore.

In Europe as well the indications for 1995 show a growing demand for load and waste handling products and systems in line with increased truck sales. Load & Waste Handling products are facing a period of expansion.

SALES COMPANIES

The above-mentioned divisions have, in all, some ten sales companies that market their respective products.

Sales companies marketing products manufactured in several different divisions form their own unit, which in 1994 was responsible for almost 45 percent of Cargotec's total sales.

Almost all Cargotec's own sales companies increased their sales and profitability in 1994 compared with the previous year. The trend in the United States was particularly gratifying.

Prospects for 1995

The growth on all markets and investment in marketing in Southeast Asia will provide good opportunities for the sales companies to continue making favourable progress.




BUILDING PRODUCTS

Shopping at the Arctic Circle

Prisma situated on the intersection of Finland and the Arctic circle in Rovaniemi, is the world's first circular supermarket, the result of unconventional design and structures. Lightweight, non-combustible PAROC panels were chosen for the facades and partitioning walls to produce spans of almost 8 metres.

The pre-faced panels were transported from southern Finland up north in only a few truckloads and quickly erected with light cranes. There was no need to protect the structures or finish the surfaces on the site; work began directly on the interior. It was important for the customer, Arina Cooperative, to have their million mark investment up and running as soon as possible.



Background information The Building Products business area consists of Insulation, Precast Concrete Nordic and Precast Concrete International. The main products for Insulation are the mineral-based insulations for construction and industry, lightweight panels, acoustic products, rock wool growing media, non-woven products and technology sales. The principal products for the precast concrete operations are hollow-core slabs, concrete railway sleepers, precast structures, bridge beams and special products. Sales of concrete technology are also important.

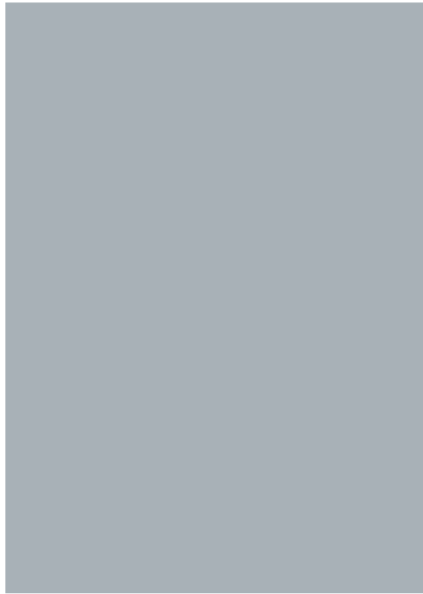
Trademarks Some of the most important trademarks for the precast concrete operations are Variax, Betemi, Elematic, Parma, Induco, Dimensio and Palazzo. Well-known insulation trademarks include Paroc, Ecoprim, Parafon, Pargro and Roctex, and in Sweden Rockwool and Rockfon.

Customers Building Products' customers are mainly construction firms, retailers and the public sector. Special products are sold to many industrial areas.

Production plants Production plants of Precast Concrete International are situated in Holland, Belgium, Germany, Malaysia and Singapore. Technology sales are handled from Finland. Precast Concrete Nordic operates in Norway, Finland, Estonia and Russia. Production plants for Insulation are situated in Finland and Sweden. In addition, there are sales companies in Germany, Great Britain, Denmark, Belgium, Estonia, Lithuania, Latvia and Russia.

<i>Key figures</i>	<i>1994 1993 Change</i>			<i>Net sales by market 1994</i>		
	<i>MFIM</i>	<i>MFIM</i>	<i>%</i>	<i>MFIM</i>		<i>%</i>
Net sales	2 921.8	3 157.5	- 7.5	Finland	376.4	12.9
- export and foreign sales	2 545.4	2 538.8	0.3	Other Nordic countries	812.2	27.8
Operating profit	170.3	75.0	127.1	Other EU countries	1 439.5	49.3
Capital employed, avg.	1 671.3	2 245.4	- 25.6	Other European countries	226.6	7.8
Return on capital employed, %	11.5	4.3		USA and Canada	2.5	0.1
Investment	70.4	60.3	16.7	Asia	46.3	1.6
Personnel Dec. 31	4 010	4 008		Other	18.3	0.6
				Total	2 921.8	100.0

<i>Divisions</i>	<i>Net sales</i>		<i>Personnel</i>	
	<i>1994</i>	<i>1993</i>	<i>1994</i>	<i>1993</i>
Insulation	1 100.4	1 066.5	1 538	1 625
Precast concrete Nordic	447.6	349.5	548	498
Precast concrete International	1 373.8	1 365.6	1 924	1 885
Other		375.9		
Total	2 921.8	3 157.5	4 010	4 008



Paroc's technical insulation is needed in industrial construction. The pulp mill's oxygen bleaching plant is insulated with, for example, Paroc's PV-S tank slabs.

*Paroc Panels
(See page 16-
Prisma on the
Arctic Circle)*

The contract between Spenn-Gruppen and the Norwegian State Railways for the supply of concrete sleepers was extended for three years. Some of these sleepers will be used on the track between Oslo and Gardermoen, the main airport, which is due to open in 1998.

BUILDING PRODUCTS

The Building Products business area consists of Insulation, Precast Concrete Nordic and Precast Concrete International. The main insulation products are mineral wool based insulation for construction and industry, lightweight panels, acoustic products, rock wool growing media, non-woven products and technology sales. The principal products for the precast concrete operations are hollow-core slabs, concrete railway sleepers, precast structures, bridge beams and special products. Sales of concrete technology are also important.

INSULATION

PARTEK INSULATION

Partek Insulation intends to maintain its strong position on the insulation markets in Finland and Sweden by means of its customer-oriented policies and advanced production technology. At the same time know-how within the group will be exploited to ensure growth in neighbouring areas, both geographically and in terms of products.

Markets

Partek Insulation made good progress in 1994. Sales increased and costs were reduced thanks to the efficiency measures that have been taken and are still being taken.

Sales were increased in particular by the growing demand for technical insulation on the Finnish market and on important export markets such as Germany, Denmark, Russia and the Baltic countries. The demand for Paroc Panels has been good and production has been operating at full capacity.

The Swedish construction market shrank further in 1994 and demand was poor.

Eventful year

Preparations for establishing a plant that manufactures rock wool in Lithuania in cooperation with Lithuanian shareholders continued during the year. The output from the new facilities is intended primarily to meet demand in the Baltic countries. Partek Insulation's technology unit received two fairly large orders that both involve the delivery of a rock wool production line.

During the year Partek Insulation's associated company Roctex Oy Ab brought a new plant on stream in Pargas,

Finland, for the manufacture of non-woven products.

FIM 20 million investment

Partek Insulation invested approximately FIM 20 million in machinery and equipment during 1994, an increase to some degree over 1993.

Prospects for 1995

Partek Insulation is strongly competitive both on its domestic markets in Sweden and Finland and in the export markets. This, together with the fact that demand is expected to grow in important markets such as Finland, Germany, Russia and the Baltic countries, offers considerable opportunities for expanding sales during 1995. At the same time capacity utilization will increase. The programme of measures taken in the past few years is expected to achieve its full effect during the year.

PRECAST CONCRETE NORDIC

Precast Concrete Nordic consists of Spenn-Gruppen, Norway's leading supplier of precast concrete elements, two Finnish associated companies of Partek, Partek Betonila and Parma, and Parastek, which operates mainly in Russia. The low level of construction in the Nordic countries that has lasted for several years has shown signs of a slight recovery. The increase in construction was most noticeable in Norway.

SPENN-GRUPPEN

Spenn-Gruppen produces and installs precast concrete elements for the infrastructure and housing construction in Norway.

Markets

After seven continuous years the declining trend in the Norwegian construction industry finally ended in 1994. Increasing volumes were noted throughout the country with, however, marked geographical variances. The increase was biggest in the Oslo region and on the west coast.

Owing to changes in the purchasing programme of the Norwegian State Railways the number of sleepers delivered by Spenn-Gruppen fell drastically during 1994. A new contract, however, for the supply of new types of railway sleepers for i.e. the track to Gardermoen airport has been signed. It will last for a period of 3 years, starting in 1995.

Large-scale projects

Spenn-Gruppen's biggest projects during 1994 included deliveries to the Halburton production facilities at Stavanger, the National Hospital in Oslo, and a car park at Fornebu airport, which will be completed during 1995.

In addition, Spenn-Gruppen was awarded a contract for a new concept in freezing facilities for the fishing industry and a project worth NOK 56 million for a shopping centre.

Prospects for 1995

Slightly increased volumes are expected for Spenn-Gruppen, especially in the Oslo region. The south of Norway, however, may see reduced volumes owing to the decrease in the oil-related investments.

In December 1994 it was decided to merge Partek Østspenn and Partek Sørspenn. This will streamline the group's organization and strengthen its position in the Stavanger area.

PARTEK BETONILA (50%)

Partek Betonila is Finland's leading producer of precast concrete. The company develops, markets and produces wide-ranging, high-quality products, services and complete building solutions based on precast concrete technology.

Partek Betonila is owned equally by Partek and Euroc. During 1994 Partek Betonila's group structure was redefined, and several subsidiaries were merged into the parent company.

Markets

The entire share capital of the Estonian associate company EE-Betoonement was acquired at the end of the year. The production capacity for precast concrete elements in Finland considerably outweighs demand, which has led to underutilization of capacity and lowered prices disproportionately. Partek Betonila has systematically improved its competitiveness with a review of productivity.

Prospects for 1995

A slight increase in total construction volumes is forecast for 1995 thanks to the investment in the new Rauman Sellu sulphate pulp mill and planned investment in paper machines.

No increase in housing construction is expected. Public construction has also been at a very low level historically speaking.

PARMA (50%)

Parma specializes in high-quality, polished precast concrete elements, hollow-core slabs and ready-to-install bathroom and cabin modules. Parma also produces concrete railway sleepers.

Parma is owned equally by Partek and the Finnish construction company A. Puolimatka. The downturn in production that lasted for several years levelled out in 1994. The hollow-core slab and railway sleeper production was awarded the ISO 9001 quality-system certificate. Corresponding quality assurance work is under way for facade element and module products and operations.

In September a big order of FIM 50 million was received for bathroom modules to be supplied to cruise ships for the Royal Caribbean Cruise Line shipping company. A licensing agreement was signed with Eastern Partek for the production of bathroom modules. Deliveries of sleepers to the Finnish State Railways continued. The production of hollow-core slabs and facades remained at a similar level to the previous year, but prices have remained extremely low.

Prospects for 1995

Parma expects a small increase in demand, most of it at the end of the year. Overall, Parma's orders in hand for 1995 are reasonable. At the beginning of 1995 Parma was awarded a contract by the Finnish State Railways for the delivery of some one million sleepers between 1995 and 1999.

PARASTEK

Parastek markets and delivers precast concrete elements and ready-mix concrete mainly to hard-currency paying customers in Russia. The product range consists chiefly of Partek and Euroc materials.

Most of the precast concrete production was delivered for the residential areas being constructed for Russian soldiers returning from Germany. Parastek located its first ready-mix concrete unit in Moscow in the autumn of 1994.

Prospects for 1995

In spite of the economic and political instability in Russia, demand for Parastek products continues to be good. It has been decided to invest in a new ready-mix concrete unit, and there are plans to invest in raising the level of technology at those precast concrete plants in which Parastek is a part-owner.

***Prestressed
hollow-core
slab technology***

PRECAST CONCRETE INTERNATIONAL

Precast Concrete International consists of precast concrete companies operating in Holland, Belgium and Germany, associated companies in Singapore and Malaysia, Partek Concrete Engineering Oy, which supplies precast concrete technology, and Partek Concrete Development Oy, which concentrates on product development.

Partek Brespa is the leading supplier of hollow-core slabs in Germany, with sales in excess of 500,000 m² in 1994.

In May 1994 Spanbeton started supplying and erecting the prestressed curved bridge girders or "concrete bananas" needed for the Amsterdam ring road project.

PARTEK BETON

Partek Beton produces precast concrete and offers services for the construction of buildings and infrastructure in Holland, Belgium and Germany.

At the beginning of 1995 Partek Beton comprises Partek's companies in Holland and Belgium. The biggest of these are the Dutch VBI, the leading producer of flooring systems in Europe and the Belgian Partek Ergon.

The past year was very busy for Partek Beton, and financially it was very satisfactory. For VBI in particular 1994 was a very good year. This favourable trend was furthered by the large-scale investment carried out earlier at the Schuilenburg plant. The handling of orders from their actual receipt to supplying the customer was improved by the large-scale renewal of the data processing system. In this way, VBI which supplies to a large number of separate deliveries, strengthened its competitive position.

Markets

The volume of Dutch housing construction in 1994 was 12 percent higher than in 1993. Office and industrial construction in the Netherlands showed a decline, while infrastructure projects rose.

There was a large increase in sales in Holland

In Belgium residential and non-residential construction declined drastically. Work on the high-speed TGV rail track did not bring the benefits that were expected by Partek Ergon.

Partek's total quality process (FoCus) has been started in all Partek Beton's units. The aim is to ensure greater efficiency and overall quality by developing operations and production technology.

Most important projects

During 1994 VBI delivered 4.8 million m² of hollow-core slabs and flooring systems. VBI's biggest hollow-core slab project (65,000 m²) was the Haagsche School situated in The Hague. The other Dutch companies Spanbeton and Schokbeton received an order for the production and installation of structural elements for the large-scale distribution centre to be constructed at Schuitema. Schokbeton also delivered elements for the IKEA shopping centre in Utrecht.

One of the biggest projects in 1994 was the hollow-core slabs and structural elements delivered for two buildings at the Alkmaar shopping centre in Holland. The delivery of curved precast bridge

girders needed for the ring road circumventing Amsterdam was also an important order.

Prospects for 1995

Dutch residential construction is expected to grow by approximately 10 percent. Construction in other sectors is also expected to experience a faint revival. There may also be an increase in infrastructure projects.

In Belgium the market is expected to stabilize at a low level. It is thought, however, that civil construction projects will improve.

VBI's German sales company Partek Verbin, which operates in the Ruhr area, will endeavour in association with Partek Brespa to influence architects' and building engineers' attitudes in order to increase market share of hollow-core slabs in Germany. It is at a low level compared with Holland, where hollow-core slabs hold considerable market share.

PARTEK BRESPA

Partek Brespa, whose production plant is situated in Schneverdingen in northern Germany, produces and sells prestressed hollow-core slabs for the German market. The company's most important customer group consists of building and construction firms.

Markets

Construction in Germany remained lively. The hollow-core slab industry succeeded in increasing market share slightly. Partek Brespa's sales exceeded 500,000 m² for the first time, and the company maintained its position as the leading supplier. The new sales office in Berlin reinforced Partek Brespa's presence in the important eastern region of the country.

The plant's capacity has been increased and the equipment modernized.

Prospects for 1995

Demand is expected to be satisfactory in 1995. The economy in general should continue to grow, and construction is expected to carry on at the present high level. Residential construction could reach its peak in 1995, at the same time as non-residential construction also starts a slow recovery.

PARTEK CONCRETE ENGINEERING

PCE supplies precast concrete technology to the concrete industry and contractors throughout the world.

The flagship product, the PCE floor element technology, has a global market share exceeding 40 percent. PCE's trademarks include Elematic, Parma and Induco for machines and production lines, and Betemi for shotcreted circular columns. Much of the sales volume is generated from plants delivered on the turn-key principle. The most important of PCE's competitors operate from western Europe and the USA.

Markets

For PCE the most important event of 1994 was the award of the Sertolovo contract. The contract for the delivery of a precast concrete plant and technology to the St. Petersburg area is worth some DEM 75 million and is due for completion in 1996.

In South Korea PCE received its seventh order for a precast concrete element plant for housing production. The customer this time was Hansung Co., Ltd. The transactions in Korea have strengthened PCE's position on the Asian market.

The company's research and development has concentrated on flooring technology, partly in cooperation with VBI, a Partek subsidiary in Holland, and partly with Eastern Partek, an associated company in Singapore.

A quality system that emphasizes the importance of customer satisfaction and corresponds to ISO 9001 requirements was introduced.

Prospects for 1995

The market is expected to develop rather favourably. Volumes are growing quickly. Many new technologies are coming onto the market as a result of research and development work - but in a situation of increasing competition PCE's position is strong.

PARTEK CONCRETE DEVELOPMENT

Partek Concrete Development (PCD) started its operations at the beginning of 1994. The company is responsible for the continuation of projects that relate to materials and production technology and which were under way in Partek's precast concrete companies.

One of the key projects was Casting

Unit 2000, which exploits the hollow-core slab know-how of the various units in order to develop a new generation of production technology. The aim of the project is to maintain the competitiveness of the most important product of Partek's precast concrete units. PCD also participates in developing the transmission of data on production and design know-how between the units.

EASTERN PARTEK

The Eastern Partek Group (45%) is a joint-venture company of Partek and a Singaporean company, the NatSteel Group. Eastern Partek companies combine their locally-based construction skills with new industrial solutions and highly developed precast concrete technology. Eastern Partek invests in quality, customer service and technical assistance in projects from design to implementation.

Eastern Partek Pte Ltd (Eastern Partek) improved its sales and result. Both the Precast Concrete unit as well as the Plasters and Mortars unit increased their sales.

At the beginning of 1994, Eastern Partek became a 25% shareholder of National Cement Industries Pte Ltd, whose business activities involve ready-mix concrete production and importing cement. In the last quarter of 1994 Partek Concrete Pacific, whose operations were narrowly-based, was merged with Eastern Partek.

New products on the market

Eastern Partek secured the first order for bathroom modules from the Housing Development Board. The production will take place at the Eastern Partek (Malaysia) plant in Malaysia under a licensing agreement from Parma Oy, an associated company of Partek.

New to the market was the lightweight Paroc panel, which aroused great interest among customers.

Prospects for 1995

A great deal of activity is expected on the Singapore housing market in 1995. As the emphasis will be on design and structural implementation, Eastern Partek will have a clear competitive edge. The company will be able to offer its own design and structural services.

The prospects for 1995 look good in Malaysia as well, as demand will stay high.

EUROC (25%)

The Euroc group concentrates on the production of mineral-based building materials and distribution of building materials mainly in the Baltic and North Sea Regions.

Euroc is registered in Malmö, Sweden. Its operations are grouped into seven business areas: Cement International, Cement Nordic, Concrete and Aggregates, Concrete Products, Masonry Products, Plasterboard and Building Materials Distribution. The group's net sales were FIM 9018 million (1993: 7719). The result after financial items was FIM 589 million (1993: 174).

The Euroc group has included the Finnish-based building products operations that were acquired from Partek and Metra in 1993. Partek and Metra then owned 25 percent of Euroc's shares jointly. Once Partek had acquired Metra's holding in November 1994, it became a 25 percent shareholder in the Nordic countries' biggest building products company.

In the Balance Sheet Partek's holding in Euroc is entered as FIM 866 million while the quoted value of the shares at the end of the financial period was FIM 1136 million. Euroc's result has been included in Partek's consolidated accounts under the equity method (12.5% for 10 months and 25% for 2 months, a total of FIM 63.2 million). Partek is represented on Euroc's Board of Directors by Christoffer Taxell and Björn Mattsson.

The Norwegian Aker group owns jointly with Euroc the Cement International business area, which comprises production in Great Britain and the USA and considerable trading operations chiefly in Africa.

In spite of the continuing poor situation on their domestic market, Euroc improved its result considerably compared with 1993. The merger of the Finnish operations with Euroc has been highly successful. The effects of the synergy have been seen more quickly and noticeably than was expected. Their contribution was about FIM 88 million, i.e. almost twice as big as was forecast at the time of the acquisition. All the Finnish operations improved their result as the market has revived.

Delivery volumes have increased and prices risen in several other of Euroc's main markets such as Great Britain, the Benelux countries and the United States. Euroc's deliveries to markets outside Sweden accounted for 72 percent of net sales. Exports from Sweden totalled FIM 361 million and from Finland FIM 79 million.

Finnish companies accounted for FIM 1507 million of Euroc's entire net sales, i.e. 16 percent.

Increased volumes, higher prices, enhanced cost effectiveness and the effects of synergy with Finnish companies will, according to forecasts, improve the operating profit in 1995. If Euroc's cash flow remains at a high level under the present structure in 1995 as well, the group's debt will be reduced and the financial situation will show a further improvement. Compared with the 1994 result, which was FIM 496 million after taking into account non-recurring items, the result is expected to improve by between 15 and 25%.

OTHER BUSINESS ACTIVITIES

Other Business Activities include those activities that in operational or geographical terms lie outside Partek's strategic orientation.

PARTEK NORTH AMERICA

Partek North America produces and markets rock wool based insulation for industrial, commercial and horticultural purposes. The company has production units in Canada and the USA. In 1994 net sales totalled FIM 118 million and the staff numbered 238.

Partek North America made considerable improvements in 1994. Although net sales fell by FIM 20 million from the 1993 level the gross profit improved.

Operations are, however, still running at a loss. The strong measures that have already been started will have to be seen through to a conclusion if the problems are to be solved. The organization has been modernized. The heavy balance sheet has been slimmed down and financial costs reduced. The structural changes have yet to be decided in full.

PARTEK MORIN

Partek Morin's product concept includes hollow-core slabs, structural elements, high-quality facades in addition to bridges and tunnel elements. The company's net sales for 1994 were FIM 168 million and it employed 411 people. The result deteriorated again and was a heavy loss. Partek Morin has production plants at three localities in France.

The French construction market has contracted considerably since 1991, and there is a great deal of overcapacity in the sector.

The most significant projects completed in 1994 were the Christian Dior plant in Orleans, the tunnel cladding for the D2 metro line in Paris, the refreshment centre on the A 71 motorway and the technical university at Beziers. The biggest uncompleted project is the new main office for Air France for which Partek Morin will supply the facade.

It seems that the market will show a slight revival in 1995, but competition will still be strong.

UNITED TILES (50%)

United Tiles produces and markets glazed and unglazed ceramic floor and wall tiles for residential and commercial buildings in select market areas and segments via independent distribution and sales companies.

In 1994 the company's net sales were FIM 904 million and it employed 1,216 people. United Tiles consists of Nuove Ceramiche Ricchetti in Italy, Klingenberg Dekoramik in Germany, Partek Höganäs Byggkeramik in Sweden and Pukkila in Finland. There are marketing and sales companies in Denmark, Norway, USA, France and Belgium.

A-RAKENNUMIES

A-Rakennusmies Oy, which leases machines and equipment to builders, has been able to make a considerable improvement in its result. In 1994 the result was a profit of FIM 2 million compared with a significant loss in the previous year. Rationalization continued, and in the summer of 1994 A-Rakennusmies Oy acquired the machine-leasing business operations of Julius Tallberg Oy Ab. Partek's holding in A-Rakennusmies Oy was reduced in the same connection from 37 to 27 percent.

REAL ESTATE ADMINISTRATION

Real Estate Administration administers, leases and sells off real estate that is no longer included in Partek's industrial operations. Supply far outweighs demand and competition is tough. During 1994 real estate to the value of FIM 53 million was divested. A considerable portion of this is made up of employee accommodation and plant sites that are no longer needed. The result for the year was a loss.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

GENERAL

The economic trend in the Group's markets was a favourable one during the financial period. Housing construction in many countries remained at a low level, however, especially in Finland, Sweden and France. On the other hand, demand for heavy trucks increased; these are of great importance for the sales of Cargotec's cargo-handling equipment. As far as the markets for lime, lime products and industrial minerals were concerned, the trend was favourable.

At the end of the year Partek exercised its option to buy Metra out of the company that was set up when the majority of the mineral-based building materials industry in Finland was merged with Euroc in 1993. Partek now owns 25 percent of Euroc.

Group sales were somewhat lower than in the preceding year. The Group's result after financial items improved by FIM 450 million to FIM 41 million. All three business areas improved their result to show a profit. Euroc also improved its profit considerably. All those

operations which either by their very nature or by reason of their geographical situation lie outside the Group's core activities are included in this year's financial statements under the heading of Other Business Activities. This group was a significant loss-maker.

The issue of convertible subordinated bonds and a share issue resulted in just over an additional FIM 420 million in new equity.

NET SALES

The Group's net sales reached FIM 6 166 (1993: 6 610) million. They achieved their budget target level but fell by 7 percent compared with 1993. The corresponding figures for 1993, however, include approx. FIM 375 million earned from activities which no longer form part of Partek's operations after structural reorganisation. Net sales for 1993 also include the sale of most of Partek's real estate holdings for FIM 260 million.

On the domestic market net sales shrank by 32 percent as a result of Group

structural changes while other markets reported an increase of 2 percent. In the Nordic countries however, net sales fell though they increased in other markets. Foreign sales increased its share somewhat and amounted to 81 percent of total net sales. Partek's dependence on domestic construction has been considerably reduced in recent years.

Minerals. This business area includes lime and mineral products for industry, the environment and agriculture.

Net sales in 1994 amounted to FIM 917 (1993: 850) million and were 8 percent higher than the previous year. Both Nordkalk's and Industrial Minerals' sales improved. Budget expectations were exceeded and sales were markedly better than in 1993.

Cargotec. This business area includes mainly equipment for cargo-handling such as knuckleboom cranes, forestry cranes, interchangeable demountables and waste handling systems. The products are marketed partly through Cargotec's own sales companies in a number of countries and partly through importers.

NET SALES

	1994		1993		Change %
	FIM million	%	FIM million	%	
BY MARKET					
Finland	1 142.6	18.5	1 682.3	25.5	- 32.1
Other Nordic countries	1 326.3	21.5	1 363.5	20.6	- 2.7
Other EU countries	2 696.6	43.7	2 640.2	39.9	2.1
Other European countries	365.5	5.9	309.2	4.7	18.2
USA and Canada	285.0	4.6	262.5	4.0	8.6
Other countries	350.2	5.7	352.1	5.3	- 0.5
Total	6 166.3	100.0	6 609.8	100.0	- 6.7
BY BUSINESS AREA					
Minerals	917.0	14.7	849.9	12.7	7.9
Cargotec	1 976.6	31.8	1 853.9	27.8	6.6
Building Products	2 921.8	47.0	3 157.5	47.2	- 9.3
Other Business Activities	322.4	5.2	754.6	11.3	- 57.3
Other units	81.3	1.3	75.6	1.1	8.0
Inter-Group sales	- 52.9		- 81.8		
Total	6 166.3	100.0	6 609.8	100.0	- 6.7
of which:					
Finland	1 142.6	18.5	1 682.3	25.5	- 32.1
Export from Finland	791.0		616.9		28.2
Foreign invoicing	5 023.7	81.5	4 927.5	74.5	2.0

In Europe sales of heavy trucks rose by 15 percent. This is of particular significance for HIAB, which after several years of weak demand has now strengthened its position for knuckleboom cranes in a number of markets. Sales of forestry cranes improved strongly. Also Load & Waste Handling reported an increase in sales.

Order flows improved, especially towards year-end. Likewise order stocks at the turn of the year were larger than a year earlier. Net sales rose to FIM 1 977 (1993: 1 854) million and increased by 7 percent compared with the previous year.

Building Products. This business area manufactures and markets, on the one hand, rock wool, rock wool products and the technology for the production thereof, on the other, precast concrete and precast concrete technology.

Net sales amounted to FIM 2 922 (1993: 3 157) million, a decline of 8 percent compared with the preceding year in consequence of changes in Group structure.

Demand for building insulation materials in Finland and Sweden, which has fallen sharply in recent years, continued to remain at a low level during the financial year. However, demand for technical insulation materials and lightweight panels increased. Exports from the Nordic

countries to Central Europe, Russia and the Baltic countries rose significantly.

Trends in the construction industry are reflected in the demand for precast concrete. In our biggest markets this demand declined in Finland, grew somewhat in Norway and continued to be strong in the Netherlands as far as our principal product, precast concrete flooring, was concerned. Order stocks increased and were about 20 percent larger at year-end than the previous year. Order flows also improved.

Euroc. Partek owns a quarter of Euroc, whose principal activities are the manufacture and marketing of cement and other mineral-based building materials, above all, in northern Europe. Euroc and Aker together own Scancem, which has significant international cement activities, including production and trading in cement.

To **Other Business Activities** have been transferred Partek's real estate administration, the subsidiaries Partek North America and Partek Morin and the associated companies A-Rakennusmies and United Tiles.

RESULT

Major steps have been taken in recent years to adapt Partek's operations to

falling demand. Group structure has changed. The costs for further restructuring and reorganisation are entered in the year's Income Statement partly under operating costs and partly under extraordinary costs.

The negative trend in result and profitability was reversed in 1993. During the past year this encouraging trend has been further strengthened.

Operating profit for 1994 amounted to FIM 231 (1993: 4) million. Profit after financial items and expenses was FIM 41 (1993: -407) million, in other words 0.4 (1993: -6) percent of net sales.

A provision of FIM 200 million has been made as an extraordinary expense to cover the estimated cost of restructuring the insulation operations of Partek North America and the French precast concrete company Partek Morin. Of this sum just over half has been used to write off fixed assets in both companies. The value of Partek's holding in Polar Yhtymä Oy has been depreciated by FIM 29 million and a provision of FIM 15 million has been made for a tax dispute resulting from turning certain of the Group's activities into limited companies. Both these sums are also entered as extraordinary expenses for the year.

Partek's net result after allowing for extraordinary expenses and taxes

amounted to FIM -193 (1993: -393) million.

Return on capital employed improved but nevertheless continued to be unsatisfactory, amounting to 6.1 (1993: 0.2) percent. Return on equity after taxes and after allowing for changes in deferred tax liability was 3.7 (1993: -19.8) percent. Earnings per share after taxes and after allowing for changes in deferred tax liability was FIM 1.43 (1993: -11.09).

Return on capital employed for the different business areas is now approaching the long-term budget targets. That the return on capital employed for the whole Group continues to be far from satisfactory is primarily due to Other Business Activities, which have provided only weak or no return. The provisions made in the financial statements give support to continuing re-structuring measures.

Minerals. Operating profit improved compared with the previous year and amounted to FIM 132 (1993: 93) million. Minerals' profit improved as a result of strengthening demand and the reorganisation measures undertaken.

Cargotec. Operating profit improved over the preceding year and reached FIM 137 (1993: 60) million. Knuckleboom cranes and forestry cranes reported improvements in profit and profitability for all divisions was good.

Building Products. Operating prof-

it was better than the previous year and amounted to FIM 170 (1993: 75) million. All divisions were able to report an improved result, mainly owing to rationalisation and strengthening demand. Associated companies recorded a better result than the year before.

Euroc. Euroc has been included in Partek's consolidated financial statements in accordance with the equity method. Partek's share of Euroc's profit amounts to FIM 63 million. In the Balance Sheet Partek's holding in Euroc is entered as FIM 866 million; the quoted value of the shares at the end of the financial period was FIM 1 136 million.

Euroc's profit improved strongly and amounted after financial items and minority interests to SEK 871 (1993: 240) million. One of the reasons for this improvement was the merging with Finnish operations. Increased volumes of supplies, improved prices, reduced costs and a major capital gain are further factors that had a favourable impact on Euroc's profit.

Other Business Activities. Operating profit for Partek North America improved but weakened in the case of Partek Morin. Both, together with Partek's real estate administration, were loss-making. Operating losses amounted to FIM 104 (1993: 171) million. Partek's associated company A-Rakenusmies improved its result but the level still remains unsatisfactory. The same is also true of United Tiles.

LIQUIDITY AND EQUITY/ASSETS RATIO

Special attention was directed during the financial period towards improving the Group's liquidity and equity/assets ratio. During the year there was an issue of convertible subordinated bonds, bonds with warrants, and a rights issue. By means of these measures the Group's equity increased by FIM 423 million.

The convertible subordinated bonds amount to FIM 167.8 million. Following the rights issue made in the late autumn, these bonds can be converted into

2 104 326 shares, representing an increase in share capital of FIM 21 043 260. The bonds with warrants amount to FIM 1.5 million and gives subscription rights, after the new issue, to 315 652 shares, increasing the company's share capital by FIM 3 156 520. The conversion/subscription price is FIM 79.75 and FIM 77.07 per share respectively. A more detailed account of the conditions for the convertible subordinated bonds and bonds with warrants are to be found on page 49.

During the period Nov. 30–Dec. 30, 1994, a rights issue was made whereby shareholders could subscribe to one new share for six old ones at a price of FIM 46.00 per share. This meant that Partek was able to increase its share capital by FIM 55 million to FIM 385 million. The number of shares increased from 5.5 million to 38.5 million. This increase in share capital was not registered until after the financial period had expired; the increase has, however, been taken into account when calculating key indicators.

The Board of Directors has been given the authority to further increase Partek's share capital up to November 21, 1995 by a maximum of FIM 38 million by means of a new issue of shares and also by means of convertible bonds or bonds with warrants in one or more issues.

The task of selling assets that fall outside Partek's core operations continued throughout the year and will also continue during the current year. Likewise concerted efforts are being made to reduce the working capital used by the different divisions. This work has already borne fruit and has liberated considerable quantities of capital.

Interest-bearing loans decreased by some FIM 0.2 billion and by year-end they amounted to FIM 3.0 billion. Total liabilities decreased by FIM 0.3 billion. The quick ratio at the end of the financial period was 0.68 (1993: 0.71) and the current ratio 0.94 (1993: 1.07).

Loans in foreign currencies have been taken as a hedge against the effects

exerted by exchange-rate fluctuations on investment in the form of Partek's equity when foreign subsidiaries have been acquired or their equity increased.

At the close of the financial period Partek's equity/assets ratio was 28.0 (1993: 25.0) percent and excluding the convertible subordinated bonds 25.2 percent. Net financial expenses including the share in associated companies were FIM 190 (1993: 411) million. Net interest payments amounted to 3.7 (1993: 4.8) percent of net sales.

SHARES AND SHAREHOLDERS

Trading on the Helsinki Stock Exchange during the year was lively. The upward swing in prices that began in 1992 continued during 1993 and also the greater part of 1994. The HEX index for December rose to 1847, which was 17 percent higher than in December 1993.

The price of Partek's shares was better than the average. The adjusted price rose from FIM 47.65 at the end of 1993 to FIM 60.00 at the end of 1994, in other words by 26 percent. The price at which Partek's shares were traded during the year was highest in May, when it reached FIM 81.79 and lowest in January, when it was FIM 47.55.

Partek shares were traded during the year on the Helsinki Exchange to a value of FIM 414.8 (1993: 237) million. The adjusted number of shares traded totalled FIM 6.3 (1993: 6.1) million, representing 18 (1993: 17) percent of the entire stock.

The number of shareholders at year-end was 12 060 (1993: 11 958).

Earnings per share after tax and after allowing for the change in deferred taxes was FIM 1.43 (1993: -11.09). The P/E ratio was 42 (1993: negative).

No dividend was distributed for the years 1992 and 1993 because of the large losses made by the Group. While the result for 1994 is not satisfactory, the trend is nonetheless in the right direction and is expected to continue during 1995. The Board of Directors therefore pro-

poses to the Annual General Meeting that a small dividend, FIM 0.60 per share, totalling FIM 23.1 million, be paid for 1994.

The strengthening of the Group's equity/assets ratio is now being given high priority. The intention for the future is that the dividend should be a reasonable portion of the earnings per share.

CHANGES IN OWNERSHIP STRUCTURE

On May 17, the Norwegian company Aker a.s acquired privately the Rettig and Myllykoski groups' shareholdings in Partek. Aker purchased a total of 8 888 208 shares or 26.9 percent of the total stock of Partek at a price of FIM 89.50 per share.

Aker is quoted on the stock exchange in Oslo and also on the SEAQ International in London. Aker's operations cover two main areas: cement and cement-based building materials, and oil and gas technology. In 1994 the company's sales amounted to approx. NOK 16.6 billion, of which approx. NOK 6.5 billion was accounted for by building materials.

SHAREHOLDERS' AGREEMENT

Simultaneously with Aker's acquisition of its holding in Partek, a shareholders agreement regarding the right of pre-emption, which will apply to the shares owned by the parties concerned at the time of the making of the agreement, was concluded between Aker, Åbo Akademi University Foundation, the Sampo Insurance Group and the Pension-Varma pension company. Agreement was also reached on representation on Partek's Board. The signatories' aggregate holding in Partek amounted to 52.1 percent.

BOARD OF DIRECTORS

As a consequence of the sale of their Partek shares, the representatives of the Rettig and Myllykoski groups Thor Björn Lundqvist and Fredrik Björnberg

resigned from Partek's Board of Directors. During the year Nils G. Grotenfelt and Kauko Kaasila, both long-serving members, left Partek's Board. Partek extends its heart-felt gratitude to them for the expertise that they brought to the Board over the years and for the interest and commitment they have shown Partek.

The number of Board members was increased by one to nine and is now made up of the following: Carl Olof Tallgren, chairman, Sakari T. Lehto, vice-chairman, Jan Ekberg, Cato A. Holmsen, Jouko K. Leskinen, Björn Mattsson, Paavo Pitkänen, Tom Ruud and Christoffer Taxell.

STRUCTURAL CHANGES

During the years 1992-1993 major changes were made in Partek's structure, above all to its domestic mineral-based building materials operations. This reorganisation continued during the financial year when Partek exercised its option to acquire Metra's half of the jointly owned company Partek Metra Oy Ab. This company owns the shares in Euroc AB, received when Partek Cement Ab and Lohja Oy Ab were transferred to Euroc's ownership in 1993. The company through which Partek owns 25 percent of the equity and voting rights of Euroc is now called Partek Byggprodukter Ab.

INVESTMENT

Investment increased during the year but the increase was due entirely to the acquisition of Metra's holding of the jointly owned shares in Euroc. Altogether the sum of FIM 581 (1993: 159) million was invested and distributed between different assets as follows:

(FIM million)	1994	1993
Buildings and constructions	15.6	20.0
Machinery and equipment	116.5	98.3
Shares and participations	396.2	10.6
Other	52.3	29.6
Total	580.6	158.5

Distribution by geographical region was as follows:

(FIM million)	1994	1993
Finland	86.0	52.9
Other Nordic countries	452.9	39.0
Other EU countries	37.2	54.9
USA and Canada	3.7	11.1
Other regions	0.7	0.6
Total	580.6	158.4

PERSONNEL

The average number of employees during the year was 8 128 (1993: 9 428). At year-end the total was 8 133 compared with 8 094 a year earlier. The number of employees increased slightly during the year as a result of better use of capacity.

PROSPECTS FOR 1995

Activity in the construction field is expected to remain at a low level during 1995 in Finland and Sweden. In Norway, Denmark, the Netherlands, Belgium, Germany and France it will either continue unchanged or increase. Sales of trucks are expected to increase further. Trends in the export industries in Finland and Sweden promise continuing buoyant demand for lime and industrial minerals.

The structural and adaptive measures taken by Partek in recent years and the improved economic situation should make it possible for the Group to better its result in 1995. If the major losses in Other Business Activities can be radically reduced or even eliminated entirely, then there exist possibilities of an even greater improvement in the Group's result. However, during the first four months of the year Partek's result will be weak.

PROPOSAL TO THE ANNUAL GENERAL MEETING

Group non-restricted equity according to the Balance Sheet amounted to FIM 442.3 million on December 31, 1994, after allowing for a net loss of FIM 193.9 million for the financial period. During 1995, FIM 5.8 million must be transferred from non-restricted equity to restricted equity.

The **Parent Company's** non-restricted equity according to the Balance Sheet was FIM 682 209 782.69 on December 31, 1994. Of this

– undistributed profit from previous years	647 626 217.89
– net loss for the financial period	– 113 071 420.88
	<u>534 554 797.01</u>

The Board proposes that the above amount be distributed as follows:

– a dividend of FIM 0.60 per share be distributed for 1994	23 100 000.00
– to be carried forward	511 454 797.01
	<u>534 554 797.01</u>

Further details of the Partek Group's and the Parent Company's result and financial position are to be found in the Income Statements and Balance Sheets, Source and Application of Funds and Notes to the Accounts on pages 29-47.

Pargas, 2 March 1995

Carl Olof Tallgren
Chairman

Sakari T. Lehto
Vice-chairman

Jan Ekberg

Cato A. Holmsen

Jouko K. Leskinen

Björn Mattsson

Paavo Pitkänen

Tom Ruud

Christoffer Taxell
President

CONSOLIDATED INCOME STATEMENT JANUARY 1 - DECEMBER 31, 1994

	1994		1993	
	FIM million	%	FIM million	%
NET SALES	6 166.3	100.0	6 609.8	100.0
Cost of goods sold	- 4 739.2	- 76.9	- 5 287.1	- 80.0
GROSS PROFIT	1 427.1	23.1	1 322.6	20.0
Selling and marketing costs	- 569.9		- 664.1	
Research and development costs	- 123.2		- 125.9	
Administration expenses	- 451.3		- 515.6	
Other operating expenses	- 115.4		- 193.3	
Other operating income	64.3		180.5	
	<hr/>		<hr/>	
	- 1 195.6	- 19.4	- 1 318.5	- 19.9
OPERATING PROFIT (notes 2, 3 and 4)	231.5	3.8	4.1	0.1
FINANCIAL ITEMS				
Share in associated companies (note 5)	50.1		- 47.6	
Dividend income	0.2		1.3	
Interest income on long-term investments	8.0		3.2	
Other interest income	31.1		51.2	
Interest expenses	- 256.8		- 369.1	
Other financial expenses (note 6)	- 19.8		- 47.7	
Value adjustment of investments	- 3.2		- 2.6	
	<hr/>		<hr/>	
	- 190.4	- 3.1	- 411.4	- 6.2
PROFIT/LOSS AFTER FINANCIAL ITEMS	41.1	0.7	- 407.3	- 6.2
EXTRAORDINARY ITEMS				
Expenses (note 7)	- 243.7	- 4.0	- 26.6	- 0.4
PROFIT/LOSS BEFORE TAXATION AND MINORITY SHARE	- 202.6	- 3.3	- 433.9	- 6.6
Direct taxes for the year	- 46.5		- 38.0	
Change in deferred tax	69.6		81.4	
Minority share	- 14.7		- 2.1	
NET PROFIT/LOSS FOR THE PERIOD	- 193.9	- 3.1	- 392.5	- 5.9

CONSOLIDATED BALANCE SHEET

	31.12.1994		31.12.1993	
	FIM million	%	FIM million	%
ASSETS				
FIXED ASSETS				
Intangible assets (note 8)				
Goodwill	117.5		152.3	
Other capitalised expenditure	40.4		50.1	
	157.9	2.4	202.4	3.1
Tangible assets (note 8)				
Mineral deposits and land	598.8		607.6	
Buildings and constructions	816.8		960.7	
Machinery and equipment	877.1		1 119.4	
Other tangible assets	71.3		89.4	
Advance payments and construction in progress	11.0		23.2	
	2 375.1	36.0	2 800.4	42.8
Investments (note 9)				
Shares in associated companies (note 10)	1 146.8		634.6	
Other shares and participations	104.8		116.6	
Long-term receivables (note 11)	203.7		217.2	
Other investments	29.7		27.5	
	1 485.1	22.5	995.9	15.2
Fixed assets, total	4 018.1	61.0	3 998.7	61.1
CURRENT ASSETS				
Inventories				
Materials and supplies	313.0		307.1	
Finished and semi-finished products	478.9		604.2	
Advance payments	3.5		4.4	
	795.4	12.1	915.6	14.0
Receivables (note 11)				
Accounts receivable	981.9		898.8	
Loans receivable	137.1		76.6	
Prepayment and accrued income	128.4		93.9	
Other receivables	69.9		174.7	
	1 317.4	20.0	1 244.0	19.0
Liquid assets				
Shares and participations	5.0		11.1	
Cash on hand and in banks	454.3		371.5	
	459.2	7.0	382.6	5.8
Current assets, total	2 572.0	39.0	2 542.3	38.9
ASSETS, TOTAL	6 590.1	100.0	6 540.9	100.0
PLEDGED ASSETS (note 20)	766.9		847.7	

	31.12.1994		31.12.1993	
	FIM million	%	FIM million	%
LIABILITIES AND EQUITY				
SHAREHOLDERS' EQUITY (not 12)				
RESTRICTED EQUITY				
Ordinary share capital	330.0		330.0	
Share issue 1994	230.6		–	
Capital reserve	332.4		332.4	
Revaluation reserve	36.7		36.8	
Other restricted equity	27.5		138.4	
	957.2	14.5	837.7	12.8
Convertible subordinated bonds	167.8	2.5	–	
NON-RESTRICTED EQUITY				
Equity share of untaxed reserves (note 13)	223.4		421.8	
Other non-restricted equity	636.2		733.6	
Net profit/loss for the financial year	– 193.9		– 392.5	
	665.7	10.1	762.9	11.7
Shareholders' equity, total	1 790.7	27.2	1 600.6	24.5
MINORITY INTEREST				
Total	54.0	0.8	35.4	0.5
PROVISIONS (note 14)				
Provisions	273.7	4.2	144.2	2.2
LIABILITIES				
LONG-TERM (note 15)				
Debentures and bonds with warrants (note 16)	101.5		250.0	
Loans from financial institutions	899.3		1 221.9	
Pension fund loans	581.2		624.3	
Other interest bearing debts	60.3		79.5	
Deferred tax liabilities	86.5		157.3	
Other interest-free debts	16.8		50.0	
	1 745.6	26.5	2 383.0	36.4
SHORT-TERM (notes 17, 18)				
Loans from financial institutions	227.4		231.8	
Pension fund loans	35.7		34.3	
Other interest bearing debts	1 094.4		757.5	
Advances received	118.2		96.9	
Accounts payable	576.9		490.1	
Accrued expenses and prepaid income	441.4		436.3	
Other interest-free debts	231.9		330.9	
	2 726.0	41.4	2 377.8	36.4
Total liabilities	4 471.6	67.9	4 760.8	72.8
TOTAL LIABILITES AND EQUITY				
	6 590.1	100.0	6 540.9	100.0
CONTINGENT LIABILITIES (note 20)				
	586.9		1 070.5	

GROUP SOURCE AND APPLICATION OF FUNDS JANUARY 1 - DECEMBER 31, 1994

(FIM million)	1994	1993
FUNDS GENERATED FROM OPERATIONS		
Net sales	6 166.3	6 609.5
Operating expenses	– 5 934.8	– 6 605.4
Operating profit before depreciation	231.5	4.1
Depreciation and value adjustments not affecting cash flow	480.7	466.4
Financial items	– 190.4	– 411.4
Extraordinary items	– 243.7	– 26.6
Less profit/loss on sale of fixed assets	– 23.9	– 97.2
Direct taxes for the year	– 46.5	– 38.0
Total	207.7	– 102.7
CHANGE IN WORKING CAPITAL		
Inventories (+ =decrease)	120.2	213.7
Short-term receivables (– = increase)	– 73.4	184.4
Short-term payables (+ = increase)	11.5	– 412.7
Total	58.3	– 14.6
NET FUNDS GENERATED FROM OPERATIONS	266.0	– 117.3
NET INVESTMENT		
Investment	– 580.6	– 158.5
Sale of fixed assets	55.7	295.9
Other changes	238.5	529.8
Total	– 286.4	667.2
FINANCIAL SURPLUS/DEFICIT	– 20.4	549.9
EXTERNAL FINANCING		
Equity:		
Share issue	230.6	
Convertible subordinated bonds	167.8	
Minority interest	3.9	5.0
Translation differences and other changes	– 15.2	– 63.1
Short- and long-term loans:		
New loans	364.8	141.9
Repayment on loans	– 342.0	– 380.4
Other changes	– 326.3	– 533.5
Other financing:		
Long-term receivables (+ = decrease)	13.5	191.1
Total	97.1	– 639.0
CHANGE IN LIQUID ASSETS	76.6	– 89.1

Loans, fixed assets and working capital belonging to subsidiaries acquired or sold during the year are included in the change of each item.

**INCOME STATEMENT
PARENT COMPANY
JANUARY 1 - DECEMBER 31, 1994**

	1994	1993
(FIM million)		
NET SALES	73.6	37.3
Costs of goods sold	<u>- 17.8</u>	- 12.4
GROSS PROFIT	55.8	24.9
Selling and marketing costs	- 7.4	- 7.7
Research and development costs	- 2.2	- 2.0
Administration expenses	- 89.2	- 89.7
Other operating expenses	- 35.4	- 227.9
Other operating income	<u>24.4</u>	41.7
	- 109.7	- 285.6
OPERATING PROFIT/ LOSS (notes 2, 3 and 4)	- 53.9	- 260.7
FINANCIAL ITEMS (note 19)		
Dividend income	51.1	65.7
Interest income on long-term investments	21.8	55.7
Other interest income	29.8	49.5
Interest expenses	- 159.9	- 207.2
Other financial expenses (note 6)	84.4	- 25.0
Value adjustment of investment	<u>- 2.6</u>	3.2
	24.6	- 57.9
PROFIT/LOSS AFTER FINANCIAL ITEMS	- 29.3	- 318.6
EXTRAORDINARY ITEMS		
Expenses (note 7)	- 444.9	- 48.5
Received Group contribution (note 5)	<u>116.0</u>	232.0
	- 328.9	183.5
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXATION	- 358.2	- 135.1
Appropriations		
Depreciation less than plan	41.8	20.2
Transfers from untaxed reserves	200.1	38.0
Direct taxes	<u>3.2</u>	0.6
NET PROFIT/LOSS FOR THE PERIOD	- 113.1	- 76.3

**SOURCE AND
APPLICATION OF FUNDS
PARENT COMPANY
JANUARY 1 - DECEMBER 31, 1994**

	1994	1993
(FIM million)		
FUNDS GENERATED FROM OPERATIONS		
Net sales	73.6	37.3
Operating expenses	<u>- 127.5</u>	- 298.0
Operating profit/loss	- 53.9	- 260.7
Depreciation and value adjustments	417.5	234.4
Financial income and expenses	24.6	- 57.9
Extraordinary income and expenses	- 328.9	183.5
Taxes	3.2	0.6
Profit on sale of fixed assets and loss on mergers	<u>35.2</u>	2.4
	97.8	102.3
CHANGE IN WORKING CAPITAL		
Inventories (- increase)	- 5.1	-
Short-term receivables (- increase)	- 32.4	240.0
Short-term interest-free debts (- decrease)	<u>- 40.1</u>	- 332.1
	- 77.5	- 92.1
NET FUNDS GENERATED FROM OPERATIONS	20.3	10.2
NET INVESTMENT		
Investment in other fixed assets	- 738.6	- 861.6
Sale of other fixed assets	<u>163.3</u>	330.0
	- 575.3	- 531.6
FINANCIAL DEFICIT/SURPLUS	- 555.0	- 521.4
EXTERNAL FINANCING		
Equity:		
Share issue	230.6	-
Convertible subordinated bonds	167.8	-
Short- and long-term liabilities:		
New loans	438.5	373.6
Repayment on loans	- 380.9	- 260.8
Other financing:		
Long-term receivables	<u>162.8</u>	417.0
	618.8	529.8
CHANGE IN LIQUID ASSETS	63.8	8.5

BALANCE SHEET, PARENT COMPANY DECEMBER 31, 1994

	1994	%	1993	%		1994	%	1993	%
ASSETS	MFIM		MFIM		LIABILITIES AND EQUITY	MFIM		MFIM	
FIXED ASSETS					SHAREHOLDERS' EQUITY (note 12)				
Intangible assets (note 8)					Restricted equity				
Other capitalised expenditure	21.3		22.9		Ordinary share capital	330.0		330.0	
	<u>21.3</u>	0.5	<u>22.9</u>	0.5	Share issue 1994	230.6		-	
Tangible assets (note 8)					Capital reserve	332.4		332.4	
Mineral deposits and land	261.4		251.2		Revaluation reserve	<u>36.3</u>		<u>36.3</u>	
Buildings and constructions	258.5		286.6			929.4	21.0	698.8	16.0
Machinery and equipment	10.1		7.2		Convertible subordinated bonds	167.8	3.8	-	
Other tangible assets	<u>3.5</u>		<u>4.5</u>		Non-restricted equity				
	<u>533.5</u>	<u>12.1</u>	<u>549.5</u>	<u>12.6</u>	Contingency reserve	147.7		147.7	
Investments					Other non-restricted equity	647.6		724.0	
Shares and participations (note 9)					Net result for the financial year	<u>- 113.1</u>		<u>- 76.3</u>	
Subsidiaries	2 452.3		1 943.7			682.2	15.4	795.3	18.2
Associated companies (note 10)	66.6		416.0		Shareholders' equity, total	<u>1 779.4</u>	<u>40.2</u>	<u>1 494.0</u>	<u>34.3</u>
Other shares and participations	88.6		102.5		UNTAXED RESERVES AND PROVISIONS				
Long-term receivables (note 11)	409.6		575.8		Accumulated excess depreciation (note 13)	141.1		177.9	
Other investments	<u>23.4</u>		<u>20.0</u>		Reserves (note 13)				
	<u>3 040.5</u>	<u>68.7</u>	<u>3 058.0</u>	<u>70.1</u>	Acquisition reserve	-		199.5	
Fixed assets, total	<u>3 595.3</u>	<u>81.2</u>	<u>3 630.4</u>	<u>83.2</u>	Other reserves	1.0		1.6	
CURRENT ASSETS					Provisions (note 14)	<u>45.3</u>		<u>43.0</u>	
Inventories					Untaxed reserves and provisions, total	187.5	4.2	422.0	9.7
Finished and semi-finished products	5.1	0.1	-		LIABILITIES				
Receivables (note 11)					Long-term (note 15)				
Accounts receivable	25.0		7.6		Debentures and bonds with warrants (note 16)	101.5		100.0	
Loans receivable	411.0		329.2		Loans from financial institutions	512.9		702.6	
Prepayments and accrued income	81.5		32.6		Pension fund loans	372.3		385.4	
Other receivables	<u>202.7</u>		<u>318.4</u>		Other interest-bearing debts	3.3		4.4	
	<u>720.2</u>	<u>16.3</u>	<u>687.8</u>	<u>15.8</u>	Interest-free debts	<u>2.7</u>		<u>-</u>	
Liquid assets						992.6	22.4	1 192.4	27.3
Shares and participations	4.8		9.0		Short-term (notes 17, 18)				
Cash on hand and in banks	<u>102.1</u>		<u>34.1</u>		Loans from financial institutions	466.5		335.2	
	<u>106.8</u>	<u>2.4</u>	<u>43.1</u>	<u>1.0</u>	Pension fund loans	28.1		29.0	
Current assets, total	<u>832.1</u>	<u>18.8</u>	<u>730.9</u>	<u>16.8</u>	Other interest-bearing debts	846.8		719.8	
					Accounts payable	9.6		4.6	
					Accrued expenses and prepaid income	82.4		55.6	
					Other interest-free debts	<u>34.4</u>		<u>108.6</u>	
						1 467.8	33.2	1 252.9	28.7
ASSETS, TOTAL	<u>4 427.3</u>	<u>100.0</u>	<u>4 361.3</u>	<u>100.0</u>	Total liabilities	<u>2 460.4</u>	<u>55.6</u>	<u>2 445.3</u>	<u>56.1</u>
PLEDGED ASSETS (note 20)	<u>19.9</u>		<u>106.8</u>		TOTAL LIABILITIES AND EQUITY	<u>4 427.3</u>	<u>100.0</u>	<u>4 361.3</u>	<u>100.0</u>
					CONTINGENT LIABILITIES (note 20)	<u>1 540.6</u>		<u>2 265.3</u>	

NOTES TO THE ACCOUNTS

NOTE 1

ACCOUNTING PRINCIPLES

The year reviewed covers the months January–December. The year 1991 covered the months March–December and earlier years the months March–February.

(A) BASIS OF ACCOUNTS

The Consolidated Financial Statements, the Parent Company's accounts and the accounts of Finnish subsidiaries have been drawn up in accordance with legislation and current regulations in Finland. Foreign subsidiaries' accounts have been adjusted to conform to accounting practice in Finland.

(B) CONSOLIDATION PRINCIPLES

The Consolidated Financial Statements cover the parent company Partek Oy Ab and all companies in Finland and abroad in which the parent company controlled, directly or indirectly, more than fifty percent of the shares or participations at the end of the financial year. The Consolidated Balance Sheet has been drawn up in accordance with the direct acquisition method.

Companies acquired during the year have been included in the Group Income Statement from the date of their acquisition. Companies sold during the year are included in the Consolidated Income Statement up to the date of their sale.

Associated companies have been consolidated in accordance with the equity method.

In drawing up the Consolidated Financial Statements internal transactions have been eliminated.

(C) GOODWILL

Goodwill, i.e. the difference between the acquisition value of shares and the current value of net assets in the acquired company, is entered as a fixed asset in the Consolidated Balance Sheet and is written off systematically on the basis of its economic life. In no case has this life exceeded ten years.

Possible untaxed reserves in the acquired company at the time of acquisition are divided in accordance with earlier practice between an equity share and deferred taxes according to current tax rates.

(D) INVESTMENTS EVALUATION

Investments classified as fixed assets have been entered at their acquisition value less possible depreciation to take into account the actual decrease in worth.

Investments in securities classified as current assets are valued at the lowest of either their acquisition or market value.

SALES

When an investment has been sold, the difference between the net sales price and the book value is entered in the Income Statement.

SUBSIDIARIES

Investments in subsidiary companies are recorded in the Parent Company's accounts in accordance with the above policy for the evaluation of long-term assets. For Consolidated Financial Statements the principles of consolidation in paragraph B are applied.

A list of the most important subsidiary companies is included in Note 9.

ASSOCIATED COMPANIES

Investments in associated companies are shown in the Parent Company's Balance Sheet in accordance with the above principles for long-term fixed assets. In the Consolidated Financial Statements associated companies are recorded in accordance with the equity method.

A list of the most important associated companies are shown in Note 9.

(E) FOREIGN CURRENCIES TRANSACTIONS

Transactions in foreign currencies are translated in the currency used in the Financial Statements on the basis of the exchange rate applying on the day of the transaction. Liquid assets and debts in foreign currencies have been translated into the currency used in the Financial Statements according to the central bank's exchange rate on the last day of the financial period.

TRANSLATION OF FINANCIAL STATEMENTS

Foreign subsidiaries are considered to operate independently and do not therefore constitute an integrated part of the Parent Company's operations. As a direct result of this foreign subsidiaries'

assets and liabilities are translated at the central bank's exchange rates on the last day of the financial period while income and expenditure are translated at an average exchange rate for the whole of the period under review. Differences arising from this translation are entered under equity.

EQUITY HEDGING

In order to minimise the effects of translation in the Consolidated Financial Statements loans are recorded in the same currency as the foreign subsidiaries' equity. Exchange-rate differences resulting from these loans are offset against translation differences resulting from translating the foreign subsidiaries' balance sheets.

(F) TAXES

Tax liabilities are calculated on the profit before tax and permanent differences between taxable and recorded profit are taken into account. Tax on differences because items have been recorded and taxed in different periods are included in the Balance Sheet as deferred taxes. Tax claims that may be offset against possible future approved losses are not taken into account until realised.

Deferred taxes are calculated on the basis of tax rates for the following year or, in cases where these are not known, for the the financial period.

(G) INVENTORY

Inventory has been valued at either the direct acquisition value or net realisable value, whichever is lowest. The first-in first-out principle has been used in valuing inventory. When calculating the value of semi-finished and finished goods account has also been taken not only of the direct acquisition cost but also a reasonable portion of indirect costs and depreciation associated with production.

(H) TANGIBLE FIXED ASSETS

Land, mineral deposits, factories, machinery and other equipment are entered according to their historic acquisition cost with the exception of certain land in Finland, the value of which has been appreciated in certain Group companies, especially the Parent Company. An economic life has been estimated for assets and on the basis of this linear depreciation according to plan has been carried out. In the case of mineral deposits,

however, net worth depreciation has been applied.

The amount of depreciation is based on the following economic life of assets:

- Goodwill 5 - 10 years
- Other capitalised expenditure 3 - 17 years
- Buildings and constructions 15 - 40 years
- Machinery and inventory 3 - 25 years
- Other material assets 5 - 10 years

LEASING

Fixed assets - especially transport vehicles - are to a limited extent leased. In accordance with accounting practice in Finland these fall outside the scope of the Balance Sheet while leasing fees are charged against the Income Statement. Leasing charges on the basis of existing leasing agreements are shown in Note 20.

(I) INCOME RECOGNITION

Net sales include invoiced sums after allowing for indirect taxes and discounts given. Income from long-term project deliveries is recognised on the basis of the degree of completion while for other projects it is recorded on final delivery.

(J) RESEARCH AND DEVELOPMENT

The costs of research and development are entered during the year in which they are incurred.

(K) CONTRIBUTIONS AND SUPPORT

Contributions and support are recorded only when there is great possibility of their being received. They are entered so that they match the costs they are designed to compensate.

(L) PENSION ARRANGEMENTS

Pension costs are recorded as pensions are earned. In the Parent Company and Finnish subsidiaries responsibility for pensions is covered by means of insurance.

(M) MINORITY INTERESTS

Minority shares in profits are entered as their share of the profit after tax. In the Balance Sheet minority interests are recorded together with any possible capital portion of untaxed reserves.

(N) RESERVES

Legislation in Finland and certain other countries permits companies to set aside a part of their untaxed profits in different reserves to cover future costs and losses. Both in Finland and Sweden these have

to be shown separately in the company's accounts as a separate item in the Balance Sheet, Reserves and Untaxed Reserves. In Finland these are divided into two categories: "provisions" and "reserves".

Changes during the year in provisions are included in the Income Statement as an adjustment to operating costs while changes in voluntary reserves are entered as appropriations.

The provisions remain in the Consolidated Financial Statements as a separate item while reserves are divided into components:

- deferred taxes, included under long-term liabilities
- equity share, included under non-restricted equity

(O) PROFITABILITY

The business area reviews report the results of operations in the form of operating profit after depreciation and profitability in the form of return on capital employed. These are based on the business areas' individual results and the capital they have employed. Consequently, they differ somewhat from the results and key ratios that could have been achieved by a complete distribution and debiting of common costs and common capital.

DEFINITIONS

Unless indicated otherwise, the following definitions have been used to calculate profitability and other key ratios:

Capital employed: Balance Sheet total less interest-free short-term liabilities.

Adjusted equity: Shareholders' equity as shown in the Balance Sheet, minority interests in subsidiaries' equity.

Return on capital employed: Profit after financial items plus financial expenses and net exchange-rate losses as a percentage of average capital employed.

Return on total capital before taxes: Profit after financial items plus financial expenses and net exchange-rate losses as a percentage of average total capital.

Return on equity after taxes: Profit after financial items and taxes plus the change in deferred taxes as a percentage of average total equity.

Interest cover: Operating profit plus financial income divided by interest expenses.

Quick ratio: Liquid assets less advances paid divided by short-term liabilities less advances received.

Current ratio: Total current assets divided by short-term liabilities.

Equity to total assets ratio: Adjusted equity as a percentage of total assets.

Internal financing ratio: Funds from operations as shown in the Source and Application of Funds as a percentage of net investment.

Dividend/profit: Dividend paid as a percentage of profit after financial items, taxes and minority interests.

Balance Sheet share value: Shareholders' equity divided by the number of shares at the end of the financial period.

Earnings per share: Profit after financial items less minority interests and taxes divided by the average number of shares.

P/E ratio: Market price per share at the end of the financial period divided by earnings per share.

Yield: Proposed dividend per share as a percentage of the market price at the end of the financial period.

EXCHANGE RATES

Country	Currency	Year end rates		Average rates	
		Dec. 31, 1994	Dec. 31, 1993	1994	1993
Belgium	BEF	0.1490	0.1596	0.1561	0.1649
Canada	CAD	3.3780	4.3340	3.8277	4.4106
Denmark	DKK	0.7794	0.8519	0.8207	0.8794
France	FRF	0.8873	0.9757	0.9404	1.0037
Germany	DEM	3.0615	3.3250	3.2162	3.4470
Great Britain	GBP	7.4090	8.5120	7.9859	8.5353
Italy	ITL	0.0029	0.0033	0.0032	0.0036
Japan	JPY	0.0476	0.0516	0.0511	0.0514
Netherlands	NLG	2.7337	2.9722	2.8681	3.0687
Norway	NOK	0.7014	0.7661	0.7393	0.8018
Spain	ESP	0.0360	0.0403	0.0390	0.0447
Sweden	SEK	0.6358	0.6845	0.6761	0.7258
USA	USD	4.7432	5.7685	5.2240	5.6964

NOTE 2 WAGES AND SALARIES

(FIM million)	Group		Parent Company	
	1994	1993	1994	1993
WAGES AND SALARIES				
Salaries, wages and fringe benefits to Board Members and Managing Directors	34.3	36.8	1.7	1.6
To others	1 266.6	1 352.1	29.9	14.6
Bonus to Board Members and Managing Directors	2.5	1.6	–	–
Total	1 303.3	1 390.5	31.6	16.2
OTHER PAYROLL COSTS				
Pensions and pension premiums	120.8	145.2	6.9	6.7
Other payroll costs	181.7	288.9	4.7	1.7
Total	302.4	434.1	11.6	8.5
TOTAL	1 605.8	1 824.6	43.1	24.7

The President of the Parent Company and other members of the Executive Board are entitled to retire at the age of 60 while heads of divisions and persons in similar posts are entitled to retire at 62.

NOTE 3 DEPRECIATION

(FIM million)	Group		Parent Company	
	1994	1993	1994	1993
DEPRECIATION BY FUNCTION				
Production	246.2	273.2	11.0	10.5
Distribution and marketing	17.0	20.6	0.1	0.2
Research and development	4.1	8.1	–	–
Administration	29.6	45.1	11.6	12.1
Other operating expenses				
Goodwill	31.7	33.8	–	
Depreciation according to plan	328.7	380.8	22.8	22.8
Extra depreciation	152.0	28.9	394.7	223.2
Total	480.7	409.7	417.4	246.0
DEPRECIATION ACCORDING TO PLAN				
Goodwill	31.7	33.8	–	–
Other long-term expenditure	11.7	14.5	3.4	3.3
Land and mineral deposits	7.7	5.9	–	–
Building and constructions	64.8	63.2	15.5	14.9
Machinery and equipment	190.9	239.2	2.8	3.4
Other tangible assets	21.9	24.1	1.1	1.1
Total	328.7	380.8	22.8	22.8
BOOK DEPRECIATION				
(incl. reduction in Investment and Acquisition Reserves)				
Goodwill	31.7	33.8	–	–
Other long-term expenditure	13.6	11.8	1.7	1.6
Land and mineral deposits	11.7	4.0	–	–
Building and constructions	39.1	57.6	– 20.1	0.0
Machinery and equipment	290.5	176.8	– 1.6	0.0
Other tangible assets	22.3	23.7	1.0	1.1
Securities and investments	34.0	27.0	394.7	223.2
Total	442.9	334.7	375.7	225.8
DEPRECIATION LESS THAN PLAN	37.8	75.0	41.8	20.2

NOTE 4 OTHER OPERATING ITEMS

(FIM million)	Group		Parent Company	
	1994	1993	1994	1993
INCOME				
Rents	8.1	5.2	4.3	2.0
Profit on sale of fixed assets	35.9	127.0	20.0	21.7
Other income	20.3	48.3	0.0	18.1
Total	64.3	180.5	24.4	41.7
EXPENSES				
Taxes on real estate	2.8	3.9	1.8	1.7
Depreciation on goodwill	31.7	33.8	–	–
Depreciation of shares	–	0.0	2.6	175.3
Depreciation on receivables	–	4.4	0.0	0.0
Loss on sale of fixed assets	12.0	29.8	4.7	24.1
Redundancy pay	0.5	7.5	–	–
Depreciation on fixed assets	13.0	5.2	–	–
Other restructuring costs	29.9	70.7	13.6	17.0
Other expenses	25.5	38.0	12.7	9.9
Total	115.4	193.3	35.4	227.9

NOTE 5 SHARE IN PROFIT/LOSS OF ASSOCIATED COMPANIES

(FIM million)	Share of equity %	Profit after tax	Share of	Share of
			profit after tax 1994	profit after tax 1993
A-Rakennusmies Oy	27.0	2.2	0.0	– 8.1
Lohja Oy Ab, Sept. 1.92–Aug. 31.93			–	– 24.8
NordCarb Oy	30.0	1.1	0.3	– 1.8
Parma Oy*), May 1.93–	50.0	4.9	1.7	– 3.3
Partek Betonila Oy Ab, Sept. 1.93–	50.0	12.5	– 4.9	– 11.5
Partek Cement Ab, Jan. 1–Aug. 31.93			–	8.2
Partek Metra Oy Ab*), Sept. 1.93–Oct. 31.1994	50.0	69.3	34.7	2.4
Roctex Oy Ab	50.0	– 7.4	– 3.7	– 2.0
Other associated companies in Finland			0.6	0.8
Controladora Accionaria Y Administrativa S.A. de C.v., Mexico	45.0	1.0	0.5	1.8
Eastern Concrete Pte Ltd, Singapore Jan. 1.93– Jan. 1.94			–	1.7
Eastern Partek Pte Ltd, Singapore	45.0	16.5	7.4	2.8
Euroc AB, Sverige, Nov. 1.94–	25.0	119.5	28.5	–
Hiab Kanglim Co Ltd, Republic of Korea	45.0	– 6.4	– 2.9	– 4.9
Rockwool Ecoprim AB, Sweden	50.0	1.4	0.7	0.3
Steinullarverksmidjan H/F, Iceland	27.7	0.5	0.1	– 1.1
United Tiles AB, Sweden	50.0	– 26.3	– 13.2	– 7.9
Other associated companies			0.2	– 0.1
Total			50.1	– 47.6

*) Owned by the Parent Company

NOTE 6 OTHER FINANCIAL ITEMS

(FIM million)	1994	Group 1993	Parent Company 1994	1993
EXCHANGE RATE DIFFERENCES ON LOANS				
Exchange rate gains	266.9	245.1	274.5	57.5
Exchange rate losses	- 270.4	- 283.6	- 180.8	- 79.1
Total exchange rate differences	- 3.5	- 38.5	93.8	- 21.6
OTHER FINANCIAL INCOME AND EXPENSES				
Other financial income	4.1	3.4	-	-
Other financial expenses	- 20.4	- 12.7	- 9.4	- 3.4
Total	- 19.8	- 47.7	84.4	- 25.0

NOTE 7 EXTRAORDINARY ITEMS

(FIM million)	1994	Group 1993	Parent Company 1994	1993
EXPENSES				
Depreciation of shares in subsidiaries			360.2	-
Depreciation of other shares	28.9	26.6	28.9	48.5
Merger loss			49.4	-
Provision for restructuring costs and depreciation on fixed assets	200.0	-	3.0	-
Provision for tax dispute	14.9	-	3.4	-
Total	243.8	26.6	444.9	48.5

NOTE 8 FIXED ASSETS

(FIM million)	Group 31.12.1994	31.12.1993
GOODWILL		
Acquisition value Jan. 1	424.3	442.7
+ Increase during the year	6.9	0.0
- Decrease during the year	- 26.3	- 18.4
Acquisition value Dec. 31	404.9	424.3
- Accumulated depreciation	- 287.4	- 272.1
Residual value Dec. 31	117.5	152.3

(FIM million)	Group		Parent Company	
	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1993
OTHER CAPITALISED EXPENDITURE				
Acquisition value Jan. 1	122.8	154.4	46.0	48.2
+ Investment	5.6	4.4	2.3	1.0
+ Other increase	0.4	0.5	0.1	–
– Decrease	– 13.7	– 36.4	– 6.4	– 3.2
Acquisition value Dec. 31	115.2	122.8	41.9	46.0
– Accumulated depreciation according to plan	– 74.9	– 72.8	– 20.6	– 23.1
Residual value Dec. 31	40.3	50.0	21.3	22.9
Accumulated depreciation in excess of plan				
– Partek's interest	– 11.0	– 12.8	– 12.3	– 14.0
Net book value Dec. 31	29.3	37.2	9.0	8.9
LAND AND MINERAL DEPOSITS				
Acquisition value Jan. 1	407.6	520.0	21.2	22.5
+ Investment	25.2	2.6	13.4	0.4
+ Other increase	4.1	0.0	– 1.1	0.0
– Decrease	– 31.4	– 114.9	0.0	– 1.7
Acquisition value Dec. 31	405.6	407.6	33.4	21.2
+ Appreciation	228.9	231.0	228.6	230.6
– Accumulated depreciation according to plan	– 35.7	– 1.0	– 0.6	– 0.6
Residual value Dec. 31	598.8	607.6	261.4	251.2
In Finland:				
Taxable value	109.4	103.4	74.3	76.2
Residual value	289.4	292.7	261.4	251.2
BUILDINGS AND CONSTRUCTIONS				
Acquisition value Jan. 1	1 549.4	1 898.2	384.0	379.9
+ Investment	15.6	20.0	8.1	0.0
+ Other increase	3.9	6.4	0.2	4.2
– Decrease	– 139.5	– 375.1	– 26.5	– 0.2
Acquisition value Dec. 31	1 429.5	1 549.4	365.7	384.0
+ Appreciation	–	–	–	–
– Accumulated depreciation according to plan	– 612.7	– 588.7	– 107.3	– 97.5
Residual value Dec. 31	816.8	960.7	258.5	286.6
Accumulated depreciation in excess of plan				
– Partek's interest	– 139.6	– 159.4	– 125.0	– 160.6
– Minority interest	– 3.7	– 2.7		
– Eliminated on company acquisition	– 6.5	– 16.2		
Net book value Dec. 31	667.0	782.3	133.5	126.0
In Finland:				
Taxable value	353.3	386.5	240.4	238.2
Residual value	378.7	433.2	258.5	286.6
MACHINERY AND EQUIPMENT				
Acquisition value Jan. 1	2 665.8	3 078.0	23.4	20.4
+ Investment	116.5	98.3	1.7	0.5
+ Other increase	10.2	0.2	5.8	3.6
– Decrease	– 228.3	– 510.7	– 5.8	– 1.0
Acquisition value Dec. 31	2 564.3	2 665.8	25.2	23.4
– Accumulated depreciation according to plan	– 1 687.1	– 1 546.4	– 15.1	– 16.2
Residual value Dec. 31	877.1	1 119.4	10.1	7.2
Accumulated depreciation in excess of plan				
– Partek's interest	– 130.6	– 119.6	– 3.8	– 3.2
– Minority interest	– 2.4	– 1.6		
– Eliminated on company acquisition	– 0.5	– 6.4		
Net book value Dec. 31	743.6	991.9	6.3	4.0

(FIM million)	Group		Parent Company	
	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1993
OTHER TANGIBLE ASSETS				
Acquisition value Jan. 1	219.4	226.9	24.8	24.5
+ Investment	7.2	4.8	0.1	0.0
+ Other increase	3.6	4.9	0.0	0.5
- Decrease	- 26.6	- 17.2	- 7.7	- 0.1
Acquisition value Dec. 31	203.5	219.4	17.3	24.8
- Accumulated depreciation according to plan	- 132.2	- 130.0	- 13.7	- 20.3
Residual value Dec. 31	71.3	89.4	3.5	4.5
Accumulated depreciation in excess of plan				
- Partek's interest	- 0.1	- 0.2	- 0.1	- 0.1
Net book value Dec. 31	71.1	89.2	3.5	4.4
CONSTRUCTION IN PROGRESS				
Acquisition value Jan. 1	22.0	41.4	0.0	5.5
+ Investment	7.4	17.8	0.0	0.0
+ Other increase	0.0	0.3	-	-
- Decrease	- 21.2	- 37.6	0.0	- 5.5
Acquisition value Dec. 31	8.1	22.0	0.0	0.0
SHARES AND PARTICIPATIONS, SUBSIDIARIES				
Acquisition value Jan. 1			2 207.1	1 895.8
+ Investment			397.8	10.1
+ Other increase			634.5	310.5
- Decrease			- 162.6	- 9.3
Acquisition value Dec. 31			3 076.9	2 207.1
- Accumulated extraordinary depreciation			- 624.6	- 263.4
Net book value Dec. 31			2 452.3	1 943.7
In Finland:				
Taxable value			2 174.1	1 345.1
Residual value			2 452.3	1 943.7
SHARES AND PARTICIPATIONS, ASSOCIATED COMPANIES				
Acquisition value Jan. 1	782.5	613.4	416.0	251.0
+ Investment	329.9	5.5	0.0	0.1
+ Other increase	112.0	573.3	2.3	525.7
- Decrease	- 10.8	- 409.7	- 350.1	- 360.6
Acquisition value Dec. 31	1 276.6	782.5	68.2	416.0
- Depreciation and adjusted share of equity	- 129.7	- 147.9	- 1.6	0.0
Net book value Dec. 31	1 146.8	634.6	66.6	416.0
In Finland:				
Taxable value	936.3	505.2	20.5	416.0
Residual value	1 073.9	416.0	68.2	416.0
SHARES AND PARTICIPATIONS, OTHERS				
Acquisition value	168.0	309.6	151.6	143.4
+ Investment	3.3	5.1	0.0	5.1
+ Other increase	26.8	15.5	22.4	11.6
- Decrease	- 11.5	- 162.2	- 4.5	- 8.5
Acquisition value Dec. 31	186.5	168.0	169.5	151.6
- Accumulated extraordinary depreciation	- 81.7	- 51.4	- 81.0	- 49.1
Residual value Dec. 31	104.8	116.6	88.6	102.5
In Finland:				
Taxable value	48.3	72.1	44.0	68.0
Residual value	93.7	102.5	88.6	102.5

NOTE 9 SHARES AND PARTICIPATIONS AS PER DEC. 31, 1994*

	Group holdings		Nominal value		Book value	
	No. of shares	%	Currency	1000	Group FIM 1 000	Parent Company FIM 1 000
ASSOCIATED COMPANIES:						
In Finland						
A-Rakennusmies Oy, Helsinki	5 000	27.0	FIM	5 000	30 000	
NordCarb Oy Ab, Helsinki	5 400	30.0	FIM	5 400	5 400	
Parma Oy, Forssa	12 000	50.0	FIM	12 000	60 000	60 000
Partek Betonila Oy Ab, Pargas	100 000	50.0	FIM	100 000	100 000	
Roctex Oy Ab, Pargas	2 000	50.0	FIM	2 000	4 000	
Other domestic companies (7)					6 685	6 627
In other countries						
Controladora Accionaria Y						
Administrativa S.A. de C.V., Mexico	460	46.0	MXP	4 483	1 577	
Eastern Partek Pte Ltd, Singapore	12 973 905	45.0	SGD	12 974	17 064	
Euroc AB, Sweden	11 834 126	25.0	SEK	295 853	853 240	
Hiab-Kanglim Co Ltd, Rep. of Korea	62 550	45.0	KRW	625 500	0	
Rockwool Ecoprim AB, Sweden	25 000	50.0	SEK	2 500	3 179	
Steinullarverksmidjan H/F, Iceland	587 522	27.7	ISK	58 752	2 836	
United Tiles AB, Sweden	100 000	50.0	SEK	10 000	113 363	
Other foreign companies(4)					1 328	
Adjusted share of equity					- 51 833	
Associated companies, total					1 146 840	66 627
OTHER COMPANIES:						
In Finland						
Oy Investa Ab, Helsinki	187 500	2.5	FIM	3 750	5 000	5 000
Polar-Yhtymä Oy, Helsinki	4 811 527	9.4	FIM	48 115	67 378	67 378
Sampo Insurance Company Limited, Helsinki	52 422	0.0	FIM	1 048	11 281	8 909
Viljavuuspalvelu Oy, Helsinki	6 490	13.0	FIM	649	605	
Real Estate companies (11)					3 355	2 421
Telephone shares and participations (18)					2 028	1 620
Other domestic companies (55)					3 737	3 249
In other countries						
Lana di Roccia S.P.A., Italy	195 902	19.9	ITL	1 959 020	3 152	
Verdalskalk A/S, Norway	30	10.0	NOK	3 000	2 717	
Other foreign companies (30)					5 577	
Other companies, total					104 831	88 577
HOLDINGS IN SUBSIDIARIES						
In Finland						
Focolift Oy Ab, Perniö	3 000	100.0	FIM	3 000	3 000	
Oy Green Arrow Securities Ltd, Pargas	1 020 000	100.0	FIM	51 000	55 617	55 617
Loglift Oy Ab, Salo	1 711 900	90.1	FIM	17 119	32 454	
Multilift Oy, Raisio	1 080	100.0	FIM	10 800	28 550	
Nordkalk Oy Ab, Pargas	31 000	100.0	FIM	31 000	31 000	31 000
Nummi Oy Ab, Perniö	6 000	100.0	FIM	6 000	6 000	
Parastek Oy Ab, Pargas	100 000	100.0	FIM	10 000	10 000	10 000
Parcomp Oy Ab, Pargas	10	100.0	FIM	1 000	1 008	1 008
Parlease Oy Ab, Pargas	5 000	100.0	FIM	5 000	5 000	5 000
Paroc Oy Ab, Pargas	100 000	100.0	FIM	100 000	87 740	
Partek Byggprodukter Ab, Pargas	300 000	100.0	FIM	300 000	742 710	742 710
Partek Cargotec Oy, Pargas	65 000	100.0	FIM	65 000	57 523	
Partek Concrete Oy Ab, Helsinki	550 000	100.0	FIM	550 000	400 000	400 000
Partek Concrete Development Oy Ab, Pargas	3 000	100.0	FIM	3 000	3 000	
Partek Concrete Engineering Oy Ab, Toijala	27 000	100.0	FIM	27 000	27 000	
Partek Industrial Minerals Oy Ab, Pargas	50 000	100.0	FIM	50 000	50 000	50 000
Suomen Karbonaatti Oy, Lappeenranta	12 495	51.0	FIM	12 495	21 278	
Real Estate companies (16)					20 278	13 172
Other domestic subsidiaries (31)					49 400	20 687
In other countries						
Burg Vastgoed en Marketing B.V, Netherlands	175 000	100.0	NLG	175 000	77 277	
Cargotec (UK) Ltd, Great Britain	60 000	100.0	GBP	60	24 720	
Green Arrow Insurance Ltd, Great Britain	500 000	100.0	USD	500	8 649	
Hiab AB, Sweden	2 140 000	100.0	SEK	107 000	97 483	
Jungers Verkstads AB, Sweden	28 000	100.0	SEK	14 000	6 358	
Norba AB, Sweden	104 000	100.0	SEK	13 000	8 469	
Partek Cargotec AB, Sweden	1 000 000	100.0	SEK	100 000	231 673	
Partek Concrete International B.V., Netherlands	67 000	100.0	NLG	67 000	167 194	
Partek Finance N.V., Belgium	240 252	100.0	BEF	2 402 520	474 613	455 536
Partek Insulation AB, Sweden	599 500	100.0	SEK	59 950	306 567	
Partek Insulations Ltd, Canada	22 345	100.0	CAD	44 690	17 845	17 845
Partek Morin S.A., France	200 000	100.0	FRF	20 000	0	
Partek North America Inc, USA		100.0	USD	110 400	92 316	92 316
Partek Sverige AB, Sweden	2 300 000	100.0	SEK	230 000	550 999	550 999
Rockwool AB, Sweden	500 000	100.0	SEK	50 000	114 444	
Spenn-Gruppen A.S, Norway	8 100	90.0	NOK	8 100	106 215	
Other foreign subsidiaries (107)					1 305 143	6 415
Parent Company's total holdings in subsidiaries						2 452 305

* Full details of shares in subsidiaries and other companies are included in the official Annual Accounts.

NOTE 10 SHARE OF EQUITY IN ASSOCIATED COMPANIES

	Share of equity %	1994 FIM million	1993 FIM million
A-Rakennusmies Oy, Helsinki	27.0	5.1	4.4
NordCarb Oy Ab, Helsinki	30.0	3.9	3.6
Parma Oy, Forssa *)	50.0	58.7	56.7
Partek Betonila Oy Ab, Pargas	50.0	55.1	48.8
Partek Metra Oy Ab, Helsinki*)		-	351.0
Roctex Oy Ab, Pargas	50.0	0.0	1.9
Other associated companies in Finland		0.9	3.8
Controladora Accionaria Y Administrativa S.A. de C.V., Mexico	45.0	5.5	4.9
Eastern Concrete Pte Ltd, Singapore		-	4.4
Eastern Partek Pte Ltd, Singapore	45.0	42.0	28.0
Euroc AB, Sweden	25.0	865.8	-
Hiab-Kanglim Co Ltd, Republic of Korea	45.0	0.0	-1.0
Rockwool Ecoprim AB, Sverige	50.0	4.2	3.9
Steinullarverksmidjan H/F, Iceland	27.7	3.0	3.1
United Tiles AB, Sweden	50.0	101.4	87.3
Other associated companies		1.3	0.7

*) Owned by the Parent Company

NOTE 11 LONG- AND SHORT-TERM RECEIVABLES

(FIM million)	Group Dec. 31, 1994	Group Dec. 31, 1993	Parent Company Dec. 31, 1994	Parent Company Dec. 31, 1993
BOARD OF DIRECTORS AND EXECUTIVE BOARD				
Long-term loans	0.3	0.5	0.3	0.5
Short-term loans	0.1	0.1	0.1	0.1
Total	0.4	0.6	0.4	0.6
OTHER PERSONNEL				
Long-term loans	9.6	10.8	8.6	9.4
Short-term loans	3.7	2.4	3.5	2.3
Total	13.3	13.3	12.1	11.7
SUBSIDIARIES				
Long-term loans			266.2	438.9
Short-term loans			303.8	279.8
Accounts receivable			19.8	4.1
Prepayments and accrued income			20.0	19.7
Other short-term receivables			196.8	237.6
Total			806.6	980.0
ASSOCIATED COMPANIES				
Long-term loans	142.4	45.4	97.1	0.7
Short-term loans	111.1	2.4	103.5	0.9
Accounts receivable	15.6	8.0	3.9	1.6
Prepayments and accrued income	11.9	0.6	0.1	0.0
Other short-term receivables	4.4	78.0	3.2	77.9
Total	285.4	134.4	207.9	81.1
OTHERS				
Long-term loans	51.3	160.4	37.4	126.4
Short-term loans	22.3	71.8	0.0	46.9
Accounts receivable	966.4	890.8	1.4	1.9
Prepayments and accrued income	116.4	93.3	61.4	12.9
Other short-term receivables	65.6	96.7	2.6	2.0
Total	1 222.0	1 313.0	102.8	190.1
LONG-TERM RECEIVABLES				
Board of Directors and Executive Board	0.3	0.5	0.3	0.5
Other personnel	9.6	10.8	8.6	9.4
Subsidiaries			266.2	438.9
Associated companies	142.4	45.4	97.1	0.7
Others	51.3	160.4	37.4	126.4
Total	203.7	217.2	409.6	575.8
SHORT-TERM RECEIVABLES				
Board of Directors and Executive Board	0.1	0.1	0.1	0.1
Other personnel	3.7	2.4	3.5	2.3
Subsidiaries			540.4	541.2
Associated companies	142.9	88.9	110.8	80.4
Others	1 170.7	1 152.6	65.4	63.7
Total	1 317.4	1 244.0	720.2	687.8

NOTE 12 CHANGE IN SHAREHOLDERS' EQUITY

(FIM million)	Total	Restricted equity			Non-restricted equity		
		Share capital	Capital reserve	Revaluation reserve	Other restricted	Share in untaxed reserves	Other non-restricted equity
GROUP							
January 1, 1994	1 600.6	330.0	332.4	36.8	138.4	421.8	341.1
Share issue 1994	230.6				230.6		
Convertible subordinated bonds	167.8				167.8		
Translation differences	- 15.2				- 104.1	- 0.2	89.1
Transfer of change in equity share	-					- 198.1	198.1
Other changes	0.8			- 0.2	- 6.8	- 0.1	7.9
Net result for the financial year	- 193.9						- 193.9
December 31, 1994	1 790.7	330.0	332.4	36.7	426.0	223.4	442.2
N.B. In accordance with current legislation for certain foreign subsidiaries FIM 5.8 million should be transferred from non-restricted equity to restricted equity.							
PARENT COMPANY							
January 1, 1994	1 494.0	330.0	332.4	36.3	-	-	795.3
Share issue 1994	230.6				230.6		
Convertible subordinated bonds	167.8				167.8		
Net result for the financial year	- 113.1						- 113.1
December 31, 1994	1 779.4	330.0	332.4	36.3	398.4	-	682.2

NOTE 13 UNTAXED RESERVES

(FIM million)	31.12.1994	Increases	Decreases	31.12.1993
GROUP, PARTEK'S SHARE				
Accumulated depreciation in excess of plan	281.1	69.8	- 107.8	319.1
Operating reserve	6.7	-	- 1.2	7.9
Acquisition reserve	-	13.4	- 237.9	224.4
Other reserves	9.4	0.6	- 2.1	10.9
Total	297.2	83.9	- 349.0	562.4
of which				
Equity share	223.4	62.1	- 260.5	421.8
Deferred taxes	73.8	21.7	- 88.5	140.6
In deferred taxes are also included:				
Deferred taxes in respect of minority interest in untaxed reserves	2.2	0.4	- 0.1	1.9
Deferred taxes on untaxed reserves where the equity share has been eliminated when calculating the acquisition cost	10.5	0.0	- 4.2	14.7
Deferred taxes total	86.5	22.1	- 92.8	157.3
PARENT COMPANY				
Accumulated depreciation in excess of plan	141.1		- 36.8	177.9
Acquisition reserve	-		- 199.5	199.5
Other reserves	1.0		- 0.6	1.6
Total	142.1		- 236.9	379.0

NOTE 14 PROVISIONS

(FIM million)	Group		Parent Company	
	1994	1993	1994	1993
For project deliveries and claims	69.0	48.5	11.5	19.1
For reorganisation of operations in North America and France	93.6	-	3.0	-
For divestment of real estate business and reorganisation of other operations	94.6	86.8	23.8	22.8
Others	16.5	8.9	7.1	1.1
Total	273.7	144.2	45.3	43.0

NOTE 15 LONG-TERM LIABILITIES

Long-term liabilities are loans taken by individual Group companies in the corresponding country's currency and loans taken in some

other currency. Most of the loans in other currencies have been taken to minimise the effects of exchange rate fluctuations on foreign

subsidiaries' equity. The principal currencies in question are shown below.

(FIM million)		Group Dec. 31, 1994	Dec. 31, 1993
Local currencies of which in FIM 726.1 (861.4) million.		1 309.9	1 680.7
Other currencies			
Belgium	BEF	67.8	74.6
Denmark	DKK	20.8	34.2
France	FRF	20.1	34.3
Germany	DEM	85.4	161.4
Great Britain	GBP	14.8	17.0
Netherlands	NLG	236.8	333.0
Norway	NOK	70.1	77.0
Sweden	SEK	58.3	73.5
USA	USD	147.5	205.2
ECU-loans	XEU	53.7	59.6
Other		-	6.3
Total		2 085.4	2 756.9
Loan repayments 1995		- 339.8	-373.9
Long-term liabilities, total		1 745.6	2 383.0

Long-term liabilities to be repaid according to the following schedule:

	In Balance Sheet	Years 2 - 5	After 5 years
GROUP:			
Debentures and bonds with warrants	101.5	101.5	-
Loans from financial institutions	899.5	708.8	190.5
Pension loans	581.2	122.0	459.2
Other interest-bearing loans	60.3	10.9	49.4
Deferred taxes	86.5	-	86.5
Other interest-free loans	16.8	2.7	14.1
Total	1 745.6	945.9	799.7
PARENT COMPANY:			
Debentures and bonds with warrants	101.5	101.5	-
Loans from financial institutions	512.9	443.6	69.3
Pension loans	372.3	93.8	278.5
Other interest-bearing loans	3.3	2.8	0.5
Total	989.9	641.7	348.2

NOTE 16 DEBENTURES AND BONDS WITH WARRANTS

Company/ issue	Interest rate %	Term	Long-term liabilities MFIM
Partek Corporation			
Debentures, FIM 100 million, fixed rates	11.0	1993/1998	100.0
Bonds with warrants, FIM 1.5 million, floating rates	6.17	1994/1998	1.5
Total on December 31, 1994			101.5

NOTE 17 SHORT-TERM INTEREST-BEARING LIABILITIES

(FIM million)	Group		Parent Company	
	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1993
Repayment on long-term loans	339.8	373.9	145.0	162.1
Subsidiaries			568.8	705.3
Associated companies	6.0	7.3	0.8	3.2
Other short-term debts	1 011.9	642.3	626.9	213.4
Total	1 357.6	1 023.5	1 341.5	1 084.1

NOTE 18 SHORT-TERM INTEREST-FREE LIABILITIES

(FIM million)	Group		Parent Company	
	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1994	Dec. 31, 1993
SUBSIDIARIES				
Accounts payable			3.4	1.5
Accrued expenses and prepaid income			21.6	5.2
Other interest-free debts			17.7	98.3
Total			42.7	105.0
ASSOCIATED COMPANIES				
Accounts payable	3.1	0.8	0.2	0.0
Accrued expenses and prepaid income	15.7	0.2	0.0	0.0
Other interest-free debts	4.8	17.3	4.8	4.3
Total	23.6	18.3	5.0	4.4
OTHERS				
Accounts payable	573.8	489.3	5.9	3.1
Advances received	118.2	96.9	-	-
Accrued expenses and prepaid income	425.7	436.1	60.9	50.4
Other interest-free debts	227.1	313.5	11.9	6.0
Total	1 344.9	1 336.0	78.7	59.5

NOTE 19 INTERNAL DIVIDENDS, INTEREST INCOME AND EXPENSES

(Mmk)	Parent Company	
	1994	1993
Dividends from Group companies	51.1	65.1
Dividends from others	0.0	0.6
Interest income from Group companies	43.8	94.3
Interest income from others	7.9	11.0
Interest expenses to Group companies	37.7	43.7
Interest expenses to others	122.2	163.6

NOTE 20 PLEDGED ASSETS, CONTINGENT LIABILITIES AND LEASING AGREEMENTS

(FIM million)	Group		Parent Company	
	Dec. 31, 1994	Dec. 31, 1994	Dec. 31, 1994	Dec. 31, 1994
PLEDGED ASSETS				
Security for own debts				
Real estate mortgages	472.6	563.1	19.6	96.6
Other mortgages	273.7	257.7	-	-
Other pledges	20.2	16.7	-	-
Security for others' debts				
Real estate mortgages	0.4	10.2	0.4	10.2
Total	766.9	847.7	19.9	106.8
CONTINGENT LIABILITIES				
Security for others' debts				
Guarantees				
for subsidiaries			1 230.2	1 422.9
for associated companies	331.1	380.5	306.7	357.4
for management	-	-	-	-
for others	66.9	512.4	3.8	485.0
Discounted bills	47.8	43.2	-	-
Other contingent liabilities	141.1	134.4	-	-
Total	586.9	1 070.5	1 540.6	2 265.3
LEASING AGREEMENTS				
In accordance with current leasing agreements leasing charges during the coming five years will amount to:				
1995	35.2		1.5	
1996	29.2		1.1	
1997	24.6		0.5	
1998	17.4		0.0	
1999 or later	22.1		0.0	
Total	128.5		3.1	

NOTE 21 SEGMENT DATA

	Net Sales		Operating Profit	
	1994	1993	1994	1993
BY BUSINESS AREA				
Minerals	917.0	849.9	132.2	93.2
Cargotec	1 979.6	1 853.9	136.6	60.3
Building Products	2 921.8	3 157.5	170.3	75.0
Other business activities	322.4	754.7	- 103.6	- 171.3
Others	81.3	75.5	- 103.9	- 53.2
Inter-Group sales	- 52.9	- 81.8		
Total	6 166.6	6 609.8	231.5	4.1

BY GEOGRAPHICAL AREA				
Finland	1 142.6	1 754.2	115.5	32.8
Other Nordic countries	1 326.3	1 662.9	85.8	20.5
Other EU countries	2 696.6	2 440.4	62.9	34.9
Other European countries	365.5	241.1	1.5	- 3.8
USA and Canada	285.0	184.1	- 44.0	- 92.5
Other countries	350.2	344.9	9.9	12.3
Total	6 166.6	6 609.8	231.5	4.1

	Average personnel		Payroll costs	
BY BUSINESS AREA				
Minerals	1 001	1 129	173.3	186.2
Cargotec	2 278	2 302	459.7	460.2
Building Products	3 983	5 053	783.4	956.6
Other business activities	647	765	128.2	151.6
Others	219	179	61.2	70.0
Total	8 128	9 428	1 605.8	1 824.6

BY GEOGRAPHICAL AREA				
Finland	2 510	3 389	464.9	544.6
Other Nordic countries	2 381	2 549	416.2	516.6
Other EU countries	2 895	3 045	645.2	675.4
USA and Canada	280	352	62.8	68.9
Other countries	62	93	16.7	19.2
Total	8 128	9 428	1 605.8	1 824.6

	Investments	
BY BUSINESS AREA		
Minerals	45.3	39.9
Cargotec	27.7	25.2
Building Products	70.4	60.3
Other business activities	6.8	24.8
Others	430.4	8.3
Total	580.6	158.5

BY GEOGRAPHICAL AREA		
Finland	86.0	52.9
Other Nordic countries	452.9	39.0
Other EU countries	37.2	54.9
Other European countries	0.5	0.0
USA and Canada	3.7	11.1
Other countries	0.2	0.6
Total	580.6	158.5

AUDITORS' REPORT

To the shareholders of Partek Corporation

We have audited the accounts, the accounting records and the administration by the Board of Directors and the Managing Director of Partek Corporation for the year ended 31 December 1994. The accounts prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the accounts. Based on our audit we express our opinion on these accounts and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies' Act.

In our opinion, the accounts have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of accounts in Finland. The accounts give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies' Act.

We have acquainted ourselves with the interim reports made public by the company during the year. It is our understanding that the interim financial statements have been prepared in accordance with the rules and regulations governing the preparation of such statements in Finland.

Pargas, 28 March 1995

Eric Haglund
Authorized Public Accountant

Thor Nyroos
Authorized Public Accountant

Juhani Kolehmainen

SHARES AND SHAREHOLDERS

EQUITY

Partek's registered share capital on 31 December 1994 amounted to FIM 330 million distributed between 33 million shares with a nominal value of FIM 10. The rights issue made between 30 November and 30 December 1994 raised share capital to FIM 385 million and the number of shares to 38.5 million. The increase in share capital was registered on 1 February 1995. The company's minimum share capital is FIM 175 million and its maximum share capital FIM 700 million. Within these limits share capital can be raised or reduced without any change to the Articles of Association.

All shares are free and each share carries one vote and gives the same right to dividend.

The shares are quoted on the Helsinki Stock Exchange.

CONVERTIBLE

SUBORDINATED BONDS 1994

On 25 April 1994 Partek's Board of Directors decided, in accordance with the authority given it by the Annual General Meeting of 21 April 1994, to issue convertible subordinated bonds directed to the public. The bonds are subordinated and will count as equity. They have no expiry date and no guarantee or warranty has been given for the bonds. The receivables resulting from the bonds have a lesser right than the company's other obligations. The nominal value of the bonds totals FIM 167 280 000 and the

conversion price adjusted for the share issue is FIM 79.75 from 30 November 1994. Conversion can be made each year during the period 2 January–30 November. By conversion of all the bonds the company's share capital after the new issue in 1994 can be raised by a maximum of FIM 21 043 260 and the number of shares by a maximum of 2 104 326, which corresponds to 5.47 percent of all shares and voting rights. The bonds attract a fixed annual interest payable within the limits of the distributable funds before payment of dividend.

Up to 31 December 1994 no bonds had been converted. The convertible bonds are quoted on the Helsinki Stock Exchange.

BONDS WITH WARRANTS 1994

Partek's Extraordinary General Meeting of 14 June 1994 decided to issue bonds with warrants intended as an incentive to senior management within the Group including the president. These bonds disapply shareholders' pre-emptive right to subscription. The nominal value of the bonds is FIM 1 500 000. The adjusted price for one share that can be subscribed to by means of the warrant is FIM 77.07. Subscription to these bonds with warrants can raise the company's share capital by a maximum of FIM 3 156 520 and the number of shares by 315 650, representing 0.82 percent of all shares and voting rights.

THE BOARD'S AUTHORITY

At an Extraordinary General Meeting held on 21 November 1994 the Board of Directors was authorised for a year calculated from the date of the Extraordinary General Meeting to raise the company's share capital by means of a new issue of shares, to take up convertible bonds or bonds with warrants in Finnish marks on one or more occasions. In accordance with this authorisation Partek's share capital can be raised by a maximum of FIM 38 million. The Board has the authority to determine the conditions of any such issue and loan provided that the interests of existing shareholders are not neglected when the subscription and conversion price are fixed. The shareholders' pre-emptive right may be dis-applied in the event of any increase in equity or issue of convertible bonds or bonds with warrants.

SHAREHOLDERS' AGREEMENT

A shareholders' agreement was concluded on 17 May 1994 between Aker, Åbo Akademi University Foundation, the Sampo Insurance Group and the Varma pensions company. The agreement provides for a pre-emptive in respect of each shareholder's holding at the time of the agreement and for representation by the shareholders on the Partek Board of Directors. The aggregate shareholding of the parties to the agreement amounted at year-end to 51.3 percent.

SHARE ISSUES SINCE 1989

Type of issue	Subscription period	Subscription ratio	Price/share, FIM	Number of new shares	New share capital, FIM
Split	June 19–Aug. 31, 1989	From 100 FIM to 10 FIM			
Bonus issue	June 19–Aug. 31, 1989	5:1		5 000 000	300 000 000
Rights issue	June 19–Aug. 31, 1989	10:1	100.00	2 500 000	325 000 000
Issue to the personnel	June 19–Aug. 23, 1989		135.00	500 000	330 000 000
Share issue	Nov. 30–Dec. 30, 1994	6:1	46.00	5 500 000	385 000 000
Convertible subordinated bonds	May 6–May 13, 1994	Public issue	83.91	max. 2 000 000	
Change from Nov. 30, 1994			79.75	2 104 326	
Bonds with warrants	June 20–July 1, 1994	Issue to management	81.09	max. 300 000	
Change from Nov. 30, 1994			77.07	315 652	

DISTRIBUTION OF SHARES

By size of holding, December 31, 1994

Shares per holder	Shareholders		Shares	
	No.	%	No.	% ¹⁾
1 – 1000	9 647	80.0	2 754 246	7.2
1001 – 5000	2 000	16.6	4 093 190	10.6
5001 – 10000	226	1.9	1 552 378	4.0
10001 – 50000	140	1.2	2 782 248	7.2
50001 –	47	0.4	26 108 392	67.8
Others			1 209 546	3.1
Total	12 060	100.0	38 500 000	100.0

¹⁾ Percentage of total number of shares and voting rights

By shareholding, %

	Dec. 31, 1994	Dec. 31, 1993
Private individuals	21.0	26.4
Associations and trusts	20.2	22.8
Companies	32.7	29.0
Insurance companies	17.0	15.5
Investment funds	4.3	3.0
Banks, financial institutions	0.2	0.8
State, local authorities and religious communities	1.4	1.6
Others	3.1	0.8
Total	100.0	100.0

LARGEST SHAREHOLDERS

	Dec. 31, 1994 No.	Dec. 31, 1993 % ¹⁾	Dec. 31, 1993 % ¹⁾
Aker a.s	10 479 776	27.2	–
Åbo Akademi University Foundation	4 057 123	10.5	11.6
Sampo Group			
Teollisuusvakuutus Oy	1 591 466		
Jälleenvakuutusosakeyhtiö Patria	959 174		
Vakuutusosakeyhtiö Eläke-Sampo	515 925		
Vakuutusosakeyhtiö Sampo	270 000		
Otso Keskeytysvakuutus Oy	118 363		
Keskinäinen vakuutusyhtiö Kaleva	94 442		
Suomen Vakuutus Oy	46 304		
	3 681 762	9.6	9.6
Pension-Varma			
Pension-Varma mutual insurance company	1 368 731		
Nova Henkivakuutusosakeyhtiö	175 661		
	1 544 392	4.0	4.0
Eläkesäätiö Polaris r.s.	466 666	1.2	1.2
Stiftelsen Martha och Albin Löfgrens Understödsfond r.s.	438 242	1.1	1.6
Oy TPL Optiot Ab	430 000	1.1	1.0
Alfred Berg Finland mutual fund	401 283	1.0	0.4
Samfundet Folkhälsan i Svenska Finland	334 487	0.9	0.9
Evli-Select mutual fund	326 500	0.8	–
Total	22 160 231	57.6	31.3

¹⁾ Percentage of total number of shares and voting rights.

Members of the Board of Directors and the Executive Board owned 19,125 shares or 0.05 (0.09) percent of the total number of shares and voting rights. Members of the Executive Board also held bonds with warrants which entitle them to subscribe to 153 882 shares or 0.4 percent of the total number of shares and voting rights.

	1994	1993	1992	1991	1990/91
Share capital and shares					
Share capital, FIM million	385.0 ¹⁾	330.0	330.0	330.0	330.0
Market value, FIM million	2 310.0	1 653.3	1 092.3	1 386.0	2 277.0
No. of shares, adjusted, 1000's					
Total at the end of the year	38 500 ¹⁾	34 700	34 700	34 700	34 700
After conversion and subscription	40 920				
Average number of shares	34 710	34 700	34 700	34 700 ²⁾	34 700
After conversion and subscription	36 262				
Earnings per share, adjusted, FIM					
2)					
After financial items, taxation and the change in deferred taxes	1.43	- 11.09	- 13.15	- 4.20	3.35
After conversion and subscription	1.65				
P/E ratio	42.0	neg	neg	neg	19.6
Dividend					
Total, FIM million	21.3 ³⁾	-	-	36.3 ¹⁾	52.8
Dividend per share, adjusted, FIM	0.60 ³⁾	-	-	1.05 ¹⁾	1.60
Yield, %	1.0	-	-	2.6	2.3
Dividend/profit, %	42.8	-	-	neg.	47.1
Share value (FIM per share) at year-end					
Nominal value	10.00	10.00	10.00	10.00	10.00
Value adjusted for issues					
Equity excluding convertible subordinated bonds	42.74	46.12	58.11	68.95	77.70
Equity after conversion and subscription	45.16				
Market price, Helsinki Stock Exchange					
at the end of the period	60.00	47.65	31.48	39.94	65.62
as an average during the period	65.80	39.01	35.63	70.11	106.24
highest	81.79	48.50	58.96	86.45	133.14
lowest	47.55	23.87	19.97	40.04	75.61
Shares traded					
2)					
Total, FIM million	414.8	236.6	76.5	87.5	132.6
No. of shares, adjusted for issues, 1000's	6 304	6 066	2 146	1 248	1 248
Shares traded as % of total number of shares	18.2	17.5	6.2	3.6	3.6
NUMBER OF SHAREHOLDERS	12 060	11 958	13 744	13 700	13 625

¹⁾ Of which FIM 330.0 million (33.0 million shares) were registered at the end of the year

²⁾ March 1–Dec. 31, 1991; previous periods March 1–Feb. 28

³⁾ Board's proposal
Definitions p. 35

FIVE - YEAR REVIEW

		1994	1993	1992	1991*	1990/91
FROM INCOME STATEMENT						
Net sales	FIM million	6 166.3	6 609.8	6 627.5	7 547.5	8 668.7
change	%	- 6.7	- 0.3	- 12.2	- 12.9	+ 12.6
foreign sales	%	81.5	74.5	73.5	62.8	58.4
Operating profit	FIM million	231.5	4.1	- 132.4	14.5	356.2
% of net sales	%	3.8	0.1	- 2.0	0.2	4.1
Profit after financial items	FIM million	41.1	- 407.3	- 559.0	- 237.3	148.6
% of net sales	%	0.7	- 6.2	- 8.4	- 3.3	1.7
Profit before appropriations and tax	FIM million	- 202.6	- 433.9	- 567.6	- 212.3	170.3
Net profit for the financial year	FIM million	- 193.9	- 392.5	- 442.7	- 13.5 ¹⁾	3.4
FROM BALANCE SHEET						
Fixed assets	FIM million	4 018.1	3 998.7	5 027.9	4 506.2	4 545.8
Inventories	FIM million	795.4	915.6	1 129.3	1 175.9	1 339.0
Financial assets	FIM million	1 776.6	1 626.6	1 900.1	2 239.2	2 118.2
Restricted equity						
incl. conv. sub. bonds	FIM million	1 125.0	837.7	814.1	745.8	731.9
Non-restricted equity	FIM million	665.7	762.9	1 201.5	690.4	738.3
Minority interest	FIM million	54.0	35.4	29.8	55.4	61.5
Provisions	FIM million	273.7	144.2	66.5	1 378.8	1 623.6
Long-term liabilities	FIM million	1 745.6	2 383.0	3 120.2	2 418.3	2 056.6
Short-term liabilities	FIM million	2 726.0	2 377.8	2 825.2	2 632.6	2 791.0
Balance sheet total	FIM million	6 590.1	6 540.9	8 057.3	7 921.3	8 003.1
Capital employed	FIM million	5 221.6	5 186.4	6 290.4	6 267.8	6 311.3
FROM STATEMENT OF SOURCE AND APPLICATIONS OF FUNDS						
Funds generated from operations	FIM million	207.7	- 102.7	- 223.0	9.9	308.5
Change in working capital	FIM million	58.3	- 14.6	397.2	83.1	- 213.2
Net investment	FIM million	- 286.4	667.2	- 461.0	202.1	931.6
Loans less repayments	FIM million	- 303.5	- 772.0	554.6	241.7	776.9
Change in liquid assets	FIM million	76.6	- 89.1	2.4	153.3	- 105.3
PROFITABILITY						
Return on capital employed	%	6.1	0.2	- 1.7	4.7	8.6
Return on total capital	%	4.3	0.2	- 1.3	3.7	6.6
Return on equity						
after allowance for tax	%	3.7	- 19.8	- 20.0	- 6.8	4.1
after taxes paid	%	- 0.3	- 21.8	- 22.6	- 10.2	1.6
OTHER RATIOS						
Interest cover	times	1.2	0.2	0.1	0.8	1.7
Quick ratio	times	0.68	0.71	0.86	0.89	0.80
Current ratio	times	1.09	1.07	1.20	1.30	1.24
Equity to total assets	%	28.0	25.0	25.4	31.8	34.3
Per employee						
Net sales	FIM 1 000	759	701	600	550	557
Value added	FIM 1 000	285	234	216	194	206
Wages and salaries	FIM 1 000	198	194	179	159	154
Profit after financial items	FIM 1 000	5	- 43	- 51	- 18	10
Dividends	FIM 1 000	3	-	-	3 ¹⁾	4

Note: The figures for 1992–1994 are based on the new accounting standards; the previous years have not been revised.

^{*)} Proforma Jan. 1–Dec. 31, Previous financial periods March 1–Feb. 28

¹⁾ March 1–Dec. 31, 1991

STOCK EXCHANGE RELEASE SUMMARY 1994

March 2

Report on Financial Result: Net sales for 1993 remained at approximately the same level as in 1992 and was 6,610 million. Operating profit increased by FIM 136 million, compared with 1992, and was FIM 4 million. The result after financial items rose to FIM -407 million, compared to FIM -559 million in 1992. Of the three business areas, Minerals and Cargotec showed a profit after financial items. Restructuring of the building materials industry continued in 1993. Through their jointly owned company, Partek and Metra became owners of Euroc AB with a 25% shareholding.

April 5

The Board of Directors proposes that the April 21 annual general meeting of shareholders gives the Board authorization to decide on the launch of convertible bonds or bonds with warrants denominated in FIM or other currencies in one or more issues. Based on the authorization, the share capital of the Company can be increased by a maximum amount of FIM 20 million. Approval was given to the Board's proposal to delete from the Articles of Association, the section which limits a placed issue of shares to a nominal value of FIM 20 million.

April 22

The Board of Directors was authorized to decide on the issue of convertible bonds or bonds with warrants at the annual general meeting on April 21. On the basis of the authorization, the share capital can be increased by a maximum of FIM 20 million. A decision was made at the meeting that the company would not distribute a dividend for 1993.

Partek decided to increase the number of members of the board of directors by one. Nils G. Grotenfelt asked to resign from the board. C.O. Tallgren and Thor Björn Lundqvist retired by rotation and were re-elected to the board for the next three years. Jouko K. Leskinen and Jan Ekberg were elected as new members. The proposal by the Board of Directors (see Apr. 5) to amend the Articles of Association was approved in the first hearing.

April 25

The Board of Directors decided on April 25, based on the authorization given by the annual general meeting of shareholders on April 21, to approve the launch of convertible subordinated bonds. The bonds will be offered for subscription to both the Company's shareholders and the public, disapplying shareholders' pre-emptive right to subscription, from May 6 to May 13, 1994.

May 18

The Norwegian group Aker a.s has acquired 26.9% of Partek's shares. The sellers are the Rettig and Myllykoski groups. Aker, Åbo Akademi University Foundation, the Sampo

Group and Pension-Varma (joint ownership 52.1%) have made a shareholders' agreement concerning the mutual right of pre-emption and representation on the Board of Directors. A similar agreement has been made between the Finnish partners. They also intend to recommend that the provisions relating to the restriction of voting rights be removed from Partek's Articles of Association at a general meeting.

May 19

The Board of Directors has today called for an extraordinary general meeting of shareholders on June 14. At the meeting they will propose the launch of bonds with warrants in the amount of FIM 1.5 million to be directed to the Partek Group management. The Board of Directors proposes further that approval be given in the second and final hearing to delete from the Articles of Association, the section limiting a placed issue of shares (see April 5, and April 22).

June 15

At the extraordinary general meeting of shareholders on June 14, Tom Ruud, President & CEO of Aker a.s, Cato A. Holmsen, President of Aker's Cement and Building Materials Division, and Paavo Pitkänen, Managing Director of Pension-Varma were elected to Partek's Board of Directors. Fredrik Björnberg, Thor Björn Lundqvist and Kauko Kaasila asked to resign from the Board. At the second and final hearing, approval was given to the Board's proposal to delete from the Articles of Association, the section limiting a placed issue of shares (see May 19). The launch of bonds with warrants to the management was approved.

Approval was given at the first hearing to the following amendments: that the company name be changed to Partek Oy Ab, that it be possible to elect to the Board of Directors a person who is not a shareholder, that the restriction limiting voting rights to one fifth of the combined total of shares represented at a general meeting be deleted.

Christoffer Taxell, President & CEO stated at the meeting that the result for the first four months of the year is a loss of FIM 50 million after financial items. This is an improvement of more than FIM 145 million compared with the corresponding period for 1993.

The new Board of Directors decided to re-elect C.O. Tallgren as chairman and Sakari T. Lehto as vice-chairman. The Chairman of the Board stated that Partek continues to operate in the business areas Minerals, Building Products and Cargotec.

June 28

Interim report January 1 - April 30, 1994: The result after financial items showed a clear improvement and was a loss of FIM 50 million during the first four months of the year. Net sales totalled FIM 1.9 billion. The operating profit is expected to have improved further at the year end.

August 31

The extraordinary general meeting of shareholders on August 30 confirmed in the second and final hearing the amendments to the Articles of Association, that the clause restricting voting rights at a general meeting be deleted (see June 15), that the company's name be changed to Partek Oy Ab and that a person who is not a shareholder may be elected to the company's Board of Directors.

September 26

Oy Partek Ab's new name, Partek Oy Ab will be officially registered as of Sept. 28.

October 24

Interim report January 1 - August 31, 1994: The result after financial items during the first eight months of the year showed a great improvement and was a loss of FIM 27 million. The profit for the second third of the year was FIM 23 million. Net sales totalled FIM 3.9 billion. The operating profit is expected to improve by the end of the year.

November 8

The Board of Directors will propose to the annual general meeting to increase the company's share capital with a rights issue. The aim is to raise FIM 250 million in new capital. The Board will also ask for authority to increase the share capital by means of a rights issue and/or by issuing convertible bonds or bonds with warrants to a total of FIM 38 million. Partek's objective is to provide the basis for taking advantage of its share option in Partek Metra Oy Ab.

November 14

Partek will acquire Metra's 50% holding in their jointly owned company, Partek Metra Oy Ab which will become a fully-owned Partek subsidiary. The transaction price is FIM 430 million. In addition, Partek will take from Metra responsibility for over FIM 90 million worth of receivables from Euroc. Therefore, 25% of Euroc will come under Partek's direct ownership.

November 21

An extraordinary general meeting of shareholders decided on Nov. 21 to increase the company's share capital with a rights issue by a minimum of 1 and a maximum of 5 500 000 shares at a subscription price of FIM 46. The Board of Directors was also given authority for the period of one year to increase share capital by a maximum of FIM 38 million. The rate of conversion for the convertible subordinated bonds will be amended from November 30, 1994.

December 15

On Dec. 14, Partek paid the redemption price for Metra's 50% share in Partek Metra Oy Ab. Following this transaction, the total purchase value of Partek's holding in Euroc corresponds to an average rate of SEK 108.

BELGIUM

HIAB-FOCO SA/NV,
Wauthier-Braine
Paroc Insulation NV,
Wilrijk (Antwerpen)
Partek Beton, Zaventem
Partek Ergon NV, Lier

CANADA

Partek Insulations Ltd.,
Sarnia (Ontario)

DENMARK

HIAB Export A/S; Humlebaek, Lem
Norba A/S, Karlstrup
Partek Dainovo A/S, Espergaerde

ESTONIA

E Betoonelement AS*;
Harku, Tamsalu
AS Paroc Eesti, Tallinn
Parmek AS*, Tallinn

FINLAND

A-Rakennusmies Oy*, Helsinki
Focolift Oy Ab, Perniö
Loglift Oy Ab, Salo
Multilift Oy, Raisio
Nordkalk Oy Ab; Pargas,
Lappeenranta, Tytyri, Louhi,
Siikainen, Vampula, Vimpeli, Sibbo
Nummi Oy Ab; Perniö, Porvoo
Parastek Oy Ab, Helsinki
Parma Oy*, Forssa
Paroc Oy Ab; Lappeenranta, Pargas,
Oulu
Partek Oy Ab, Head Office, Pargas
Partek Betonila Oy Ab*; Nummela,
Hyrylä, Muijala, Hämeenlinna, Turku,
Kangasala, Ylöjärvi, Nastola, Kurikka,
Oulu
Partek Concrete Development Oy
Ab; Nummela, Pargas
Partek Concrete Engineering
(PCE) Oy Ab, Toijala
Partek Industrial Minerals Ltd.;
Lappeenranta, Virkkala, Kimito,
Haapaluoma, Nilsiä
Roctex Oy Ab*, Pargas
Timmec Nosturit Oy Ab, Salo

FRANCE

HIAB-FOCO S.A., Trappes-Cedex
Partek Morin S.A.; Boran-sur-Oise,
Gilly-sur-Loire, Montereau

GERMANY

HIAB-MULTILIFT GmbH,
Langenhagen
Loglift Jonsered GmbH,
Offenburg-Zunsweier
Paroc Dämmstoffe GmbH; Weyhe,
Bremen-Brinkum
Partek Brespa GmbH, Schneverdingen
Partek Verbin Baufertigteile GmbH,
Duisburg
PCE Partek Concrete Engineering
GmbH, Nidda

JAPAN

HIAB Ltd., Yokohama

REPUBLIC OF KOREA

HIAB Co. Ltd., Seoul

LATVIA

SIA Paroc Latvija, Riga

LITHUANIA

Paroc Lietuva, Vilnius

MALAYSIA

Eastern Partek (Malaysia)
SDN BHD*, Kuala Lumpur

MEXICO

HIAB-FOCO S.A. de C.V.*,
Naucalpan de Juarez

NETHERLANDS

HIAB BV, Meppel
HIAB ACCESSORIES BV, Meppel
LeeBur Containersystemen BV,
Bladel
Schokbeton BV, Zwijndrecht
Spanbeton BV,
Koudekerk aan den Rijn
VBI Verenigde Bouwprodukten
Industrie BV; Huissen, Oss,
Oostermeer, Weert, Weurt, Drachten

NORWAY

HIAB-FOCO A/S, Oslo
Spenn-Gruppen; Hønefoss,
Trondheim, Hjørungavåg, Verdal,
Blomsterdalen, Sandnes

POLAND

HIAB POLSKA Sp. Zo.o., Kobyłka

RUSSIA

A/O Extruder, Moscow
A/O Mospart*, Moscow
Parastek Oy Ab, Moscow
A/O Partek Beton, Moscow
AO Partek Ecomax;
Moscow, St. Petersburg

SINGAPORE

Eastern Partek Pte Ltd.*
Partek Cargotec Pte Ltd.

SPAIN

HIAB-VALMAN S.A.;
Torrejon de Ardoz (Madrid), Zaragoza

SWEDEN

Euroc AB*, Malmö
HIAB AB; Hudiksvall, Södertälje
HIAB Forest AB, Hudiksvall
Jungers Verkstads AB,
Västra Frölunda
Norba AB, Blomstermåla
NordKalk Kalcium AB; Malmö,
Köping, Hässleholm, Orsa,
Uddagården (Falköping)
NordKalk Storugns AB,
Storugns (Lärbro)
Partek Cargotec AB, Stockholm
Partek Sverige AB, Stockholm
Partek Insulation AB, Skövde
Rockwool AB; Skövde, Hässleholm,
Hällekis
Timtek Skogskranar AB, Södertälje
United Tiles AB*, Bromma

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Cargotec (UK) Ltd.; Shrewsbury,
Ellesmere
Ecomax Acoustics Ltd.,
Buckinghamshire
Paroc Panel System UK Ltd.*,
Merseyside

USA

Cargotec Inc, Swanton (Ohio)
Partek Insulations Inc.,
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Kari Heinistö, Chief Financial Officer

Group Administration

Timo Vuorio,
Administration and Personnel
Olav Uppgård, Finance, Treasury
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