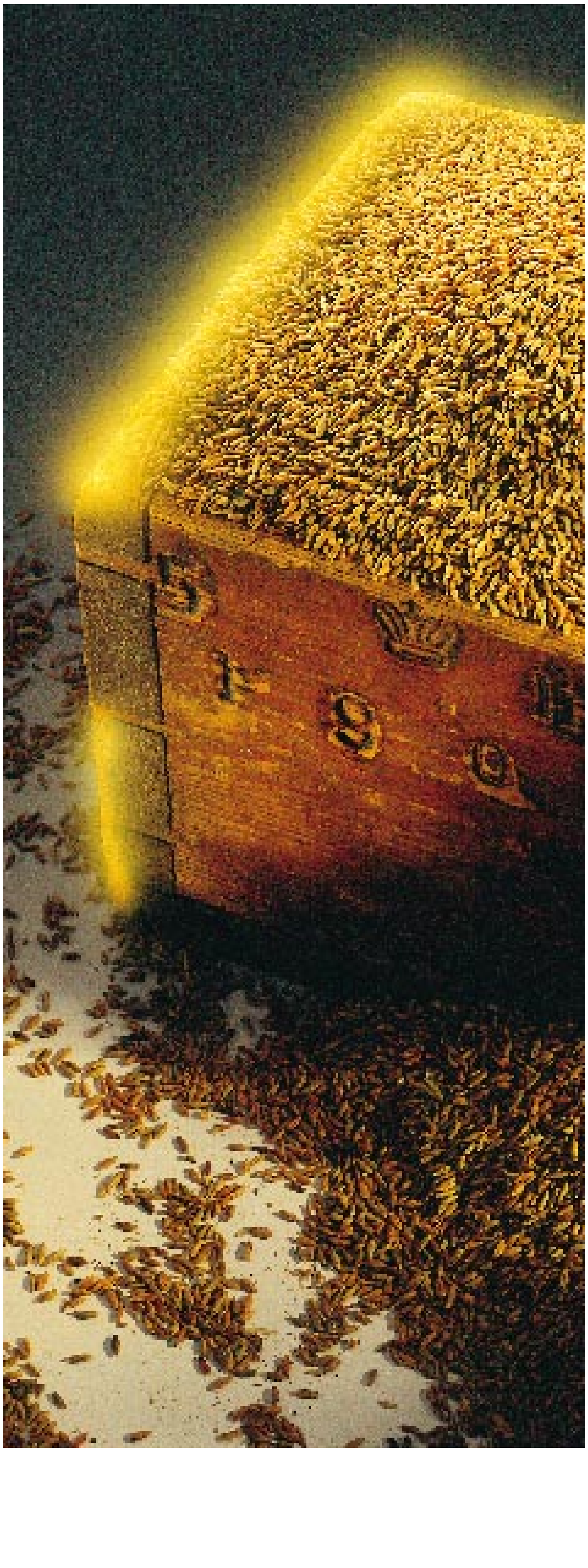
ANNUAL REPORT

CULTOR 1995



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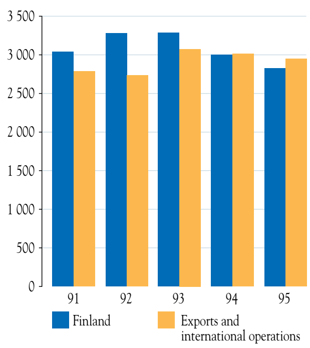
KEY FIGURES

	1995 1.1. - 31.12.	1994 1.1.-31.12.	1993 1.12. - 30.11.	1992 1.12. - 30.11.
Net sales, FIM million	5 767	6 016	6 359	6 015
International sales, FIM million	2 943	3 015	3 075	2 734
Operating profit, FIM million	513	505	531	415
Profit after financial items, FIM million	491	467	421	302
Profit before taxes, FIM million	482	445	382	262
Earnings/share, FIM	14.91	14.84	14.75	10.81
Cash flow/share, FIM	27.32	28.20	27.72	23.53
Dividend/share, FIM	5.00 *	4.50	2.50	1.80
Return on investment, ROI, %	16.1	15.5	14.8	12.0
Return on equity, ROE, %	13.9	15.7	15.3	10.3
Balance sheet total, FIM million	5 364	5 374	5 962	6 315
Equity-to-assets ratio, %	51.7	47.4	37.3	41.4
Average personnel	5 227	5 304	5 159	5 640
Personnel at the year end	5 156	4 857	4 962	5 539

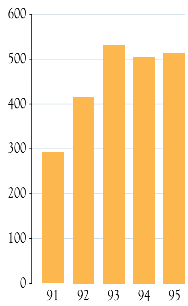
* Board proposal

Key ratios and statistics of 1992 are not fully comparable with the figures of 1993-1995.
Income statements of 1992 and 1993 are consolidated with exchange rates of the balance sheet date.
Income statements of 1994 and 1995 are consolidated with average exchange rates of the periods.

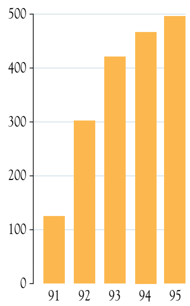
NET SALES, FIM MILLION



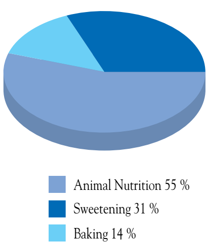
OPERATING PROFIT, FIM MILLION



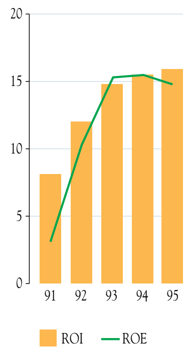
PROFIT AFTER FINANCIAL ITEMS, FIM MILLION



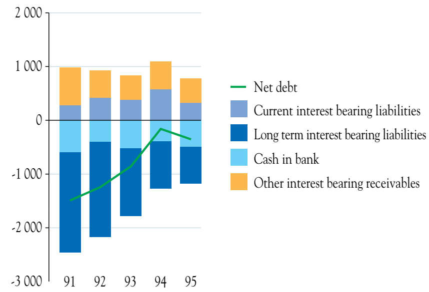
SALES BY BUSINESS AREA, %



RETURN ON INVESTMENT AND EQUITY, ROI AND ROE %



FINANCIAL STATUS, FIM MILLION



READY FOR A QUANTUM LEAP

"I consider it quite possible that our Group could double the net sales by the end of the decade."

For five consecutive years, Cultor has improved on the previous year's financial result. At the same time, the Group's businesses have entered a greatly changed operating environment, and this has called for a major overhaul of structures and operating procedures.

When Finland became a member of the European Union at the beginning of 1995, especially those businesses primarily geared to the domestic market, experienced an essential change in their operating framework.

The development of the Cultor Group in the 1990s has been a strategy-driven process, at the beginning of which a foundation for new growth was laid through cost-cutting and arrangements in the Group structure. Today, all of Cultor's businesses are in one way or another in the vanguard of their respective fields. All of them are pursuing the mid- or short-term objective of achieving pre-eminence in their sectors.

POISED FOR GROWTH

In arriving at its strategic decisions, Cultor has evolved to the stage where it stands on the threshold of strong growth. In looking at the years 1996-2000, I would say that we are about to make a Quantum Leap. A change will be apparent already in 1996, with the consolidated figures of the Food Science Group, acquired in December 1995, as well as with the proportionate consolidation of our joint venture, Genencor. I consider it quite possible that our Group could double the net sales by the end of the decade.

An even, relatively unchanged operating environment gives a company the possibility of reaching a reasonable level of earnings, provided that it concentrates on the cost structure and productivity. The earnings obtained in this way are nevertheless sustainable only in a static operating environment.

Permanent value creation is possible only by increasing competence and by means of a motivated personnel that develops continuously. By learning to pinpoint customers' needs and by seeing how to operate better, we are able to create growing amounts of value for our customers' products. I am convinced that investing in the value process is as significant as investments in the production processes, and that it is an essential factor in Cultor's present stage of development.

1996 will be for us a year of consolidation and a phase of steady, somewhat slower earnings growth. It will create a basis for the next period of rapid growth in earnings.

A PREMIUM ON EXPERTISE

The purchase of Food Science Group was a major acquisition. The selection of the food ingredients business as the focus of our Group's expansion alongside the feed ingredients is implementing our long-term strategy. It shifts the focus of our business operations to high-value food and feed products, and thus strengthens our positions in those markets and fields in which we have critical expertise and have long played a leading role.

We have had our own production operations on the US market since 1981, when the production of special sweeteners at the facility in Thomson, Illinois, started. We have also built up experience since 1990 through our joint venture Genencor International with the American company Eastman Chemicals. In the food ingredients field we are a major force worldwide thanks to our proprietary high technology and process know-how. We are a pioneer or the worldwide market leader in many products.

A STRONG EQUITY RATIO

Our financial position is healthy. We had prepared for coming acquisitions by strengthening our equity ratio over the past years to 52 percent. The Food Science acquisition will lower it now, but it will still remain at a reasonable level of almost 40 percent.

The acquisition was financed from our cash resources and through a temporary bank loan.

In February 1996, we signed with an international banking syndication a USD 270 million syndicated revolving credit facility, of which part was used to finance the acquisition. During the spring of 1996, a private placement issue is planned in the United States. The amount of the issue will be somewhat below USD 200 million and it will be used in its entirety to finance the Food Science acquisition.

RISK MANAGEMENT UNDER SCRUTINY

In spite of our strengths, we are directing particular attention to the risks which our new business division will involve. Our reporting and risk management system has been developed over many years to meet the needs of fast changes in the operating situation. I am convinced that it will fulfill its demanding task in helping us to avoid risks and as a support to continuous and fast decision-making.

TWO MAINSTAYS

Our Group's businesses form a balanced duality that is underpinned by our sugar, feed and bakery businesses, which provide a steady cash flow. They are managed from Finland and operate mainly on the markets in the Baltic Rim.

Food and feed ingredients, the fish feed business and the enzyme industry, which have been defined as growth businesses, operate on global markets and are headquartered in the United States, Great Britain and Sweden. In the years ahead, these businesses will grow to occupy a predominant share of Cultor's net sales and profits, and the most prominent feature of the Group's profile will be operations based on top quality and biotechnology specialization in the nutrition field. Cultor will thus offer its customers unique value added in its products and services.

The 1995 financial result was good and exceeded our expectations. The appreciation of the Finnish markka lowered both net sales and the operating profit. A further factor that lowered the net sales figure was the reductions in raw materials prices owing to the membership in the European Union. Cultor passed these reductions on to the customers in full in the form of lower prices. Nonetheless, the operational result and the profit after financial items exceeded the comparable result for the 1994 fiscal year.

The number of our foreign shareholders grew to 50.7 percent during 1995. The growth was steady and continuous, and indicates the confidence of professional institutional investors in Cultor as an investment opportunity.

DIVIDEND PAYOUT: ONE THIRD OF THE PROFIT

One of our key objectives is to ensure the correct value of Cultor's share for its owners, and this also involves a shareholder-friendly dividend policy. The dividend payout proposal of the Board of Directors to the Annual General Meeting is to distribute as dividends one third of the per-share profit for the fiscal year. In coming years, too, we shall strive to maintain this level of dividends.

I hope that in addition to our institutional investors, there will be, among our owners, a further strengthening in the number of private Finnish investors. The proportion of our shareholders which they represent constitutes the same kind of desirable balance as do the cash flow and growth sectors of our business operations.

In defining our new organizational structure, we have focused our attention on the main value-creating processes. In addition to the shareholder value, we place a special emphasis on the competence, the customer orientation and the implementation of sustainable development in all our operations. I know that our entire personnel is committed to realizing these value processes.

"Permanent value creation is possible only by achieving increases in competence and by means of a motivated personnel that develops continuously."

I wish to thank our customers and suppliers for their good cooperation, which enables all of us to achieve success together. I am grateful to our personnel for the good job they have done and to our shareholders for their reliance on us. I feel confident that the strategies we have selected will guide the Cultor Group's development in the right direction by virtue of the concerted commitment of all our stakeholders.

Björn Mattsson
President & CEO

CULTOR IS

A NUTRITION EXPERT

Cultor is engaged in the nutrition sector worldwide. Technological expertise is the factor behind the success of Cultor's products and services. The Group's principal products are sugar, specialty sweeteners, flavors, food ingredients, bread, as well as fish and animal feeds, feed ingredients, feed supplements and enzymes. The main raw materials are sugar beet, grain and fish meals and oils. Cultor stands for high-quality products that are manufactured in a cost-efficient manner from natural raw materials, making use of the most advanced food processing technology. Cultor is one of the world's leading companies in its chosen areas.

A PIONEER

The Cultor Group comprises 11 divisions grouped into the following sectors: Cultor Nutrition, Cultor Food Science, Cultor Baking, Cultor Feed Ingredients. The fifth sector is Genencor International, of which Cultor owns 50%. In addition, the Group has research and development units that develop key technologies. Cultor's long-term investment in research and development has introduced to the market significant new products and applications that have enabled the development and improvement of food products and animal nutrition.

CULTOR GROUP STRUCTURE 1995

BUSINESS AREA
ANIMAL NUTRITION

Tom Weymarn

Suomen Rehu

Svenska Foder

Ewos

Feed Ingredients

BUSINESS AREA
SWEETENING

Håkan Laurén

Finnsugar

Xyrofin

Flavoring

BUSINESS AREA
BAKING

Juha Järvinen

Vaasa Bakeries

Vaasamills

OTHER BUSINESS OPERATIONS

Technology Center

Genencor International

President & CEO
Björn Mattsson

Finance
Filip Frankenhaeuser

Public Affairs
Esko Lindstedt

Legal Affairs
Juha Kurkinen

CORPORATE STAFF

Human Resources
Riitta Vasara

Eastern Trade
Theo van Assendelft

Real Estate
Olavi Hernelahti

INTERNATIONAL

Exports and international operations account for over half of Cultor's invoicing. The Group operates in all the world's main markets, and it has production units in 14 countries. Cultor Group's personnel at the end of 1995 amounted to 5,156, of whom 3,648 were employed in the EU countries and thereof 3,046 in Finland. The number of personnel outside the EU was 1,508.

Since the beginning of February 1996, Food Science Group, a global operation manufacturing food ingredients that was purchased from Pfizer Inc., has been a part of the Cultor Group. The net sales of the acquired unit in 1995 totalled about FIM 1.4 billion. This together with a relative part of Genencor's revenue would have raised Cultor's net sales for 1995 to about FIM 7.6 billion.

A LISTED COMPANY

The shares of Cultor Ltd., the parent company of the Cultor Group, are quoted on the Helsinki Stock Exchange, where the company's predecessor Finnish Sugar Company Ltd. was listed since 1919. The company's name was changed to Cultor in 1989. There are two series of shares, and shareholders numbered 11,566 at the end of 1995. Foreign owners held 50.7% of the shares and 43.2% of the voting rights. Since 1987, Cultor has had an ADR-program (American Depository Receipt) in the United States.

CULTOR GROUP STRUCTURE 1996

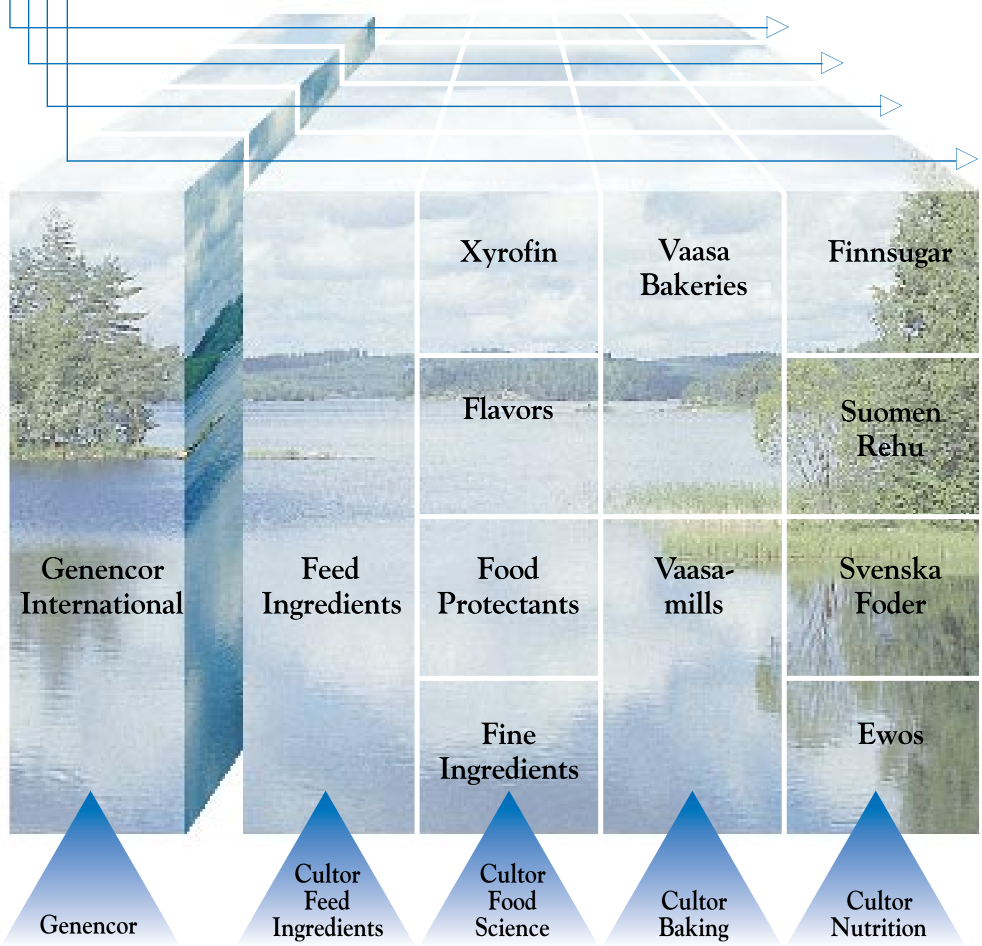
VALUE PROCESS RESPONSIBILITY

Shareholder value, *Filip Frankenhaeuser*

Customer Orientation, *Juha Järvinen*

Sustainable Development, *Juha Kurkinen*

Competence, *Tom Weymarn*



EXECUTIVE COMMITTEE

Björn Mattsson (chairman)

Tom Weymarn

Richard Cooper

Filip Frankenhaeuser

Juha Järvinen

Juha Kurkinen

Håkan Laurén

Esko Lindstedt

CORPORATE STAFF

Finance
Filip Frankenhaeuser

Legal
Juha Kurkinen

Trade Policy
Esko Lindstedt

Corporate Communications
Raija Kariola

Cultor Technology Center
Matti Leisola

Human Resources
Riitta Vasara

New Markets
Theo van Assendelft

Real Estate
Olavi Hernelahti

Technology
(vacant)

CAPITAL STOCK AND SHARES

CAPITAL STOCK

According to the Articles of Association of Cultor Ltd., the company's minimum capital stock is FIM 252,000,000 and the maximum is FIM 1,008,000,000. The company's paid up and registered capital stock on December 31, 1995 was FIM 276,570,000.

SHARE SERIES

The par value of Cultor Ltd.'s shares is FIM 12. As of December 31, 1995, the capital stock was divided into two series of shares as follows:

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

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

The total number of shareholders registered under the book entry system at the end of the fiscal year was 11,566. Foreign shareholders held 50.7% of the shares of Cultor Ltd. and 43.2% of the voting rights.

BOARD AUTHORIZATION

On April 6, 1995, the Annual General Meeting authorized the Board of Directors to increase the capital and/or an issue of convertible bonds and/or bonds with warrants. The number of shares in Series I, nominal value of FIM 12, which are issued in one or more rights issues and/or which are exchanged for convertible bonds and/or subscribed for against warrants may be no more than FIM 2,000,000, that is, their total face value may not exceed FIM 24,000,000, and the maximum number of shares in Series II is 2,000,000, that is, their total value may not exceed FIM 24,000,000. The warrant is effective for one year from the date of the Annual General Meeting of Shareholders. As a justification for deviating from the shareholder's shares, directly or indirectly, for the financing of acquisitions, for the feasibility of cooperation arrangements, or when other economic reasons of major importance so require. The authorization was not exercised.

OWNERSHIPS

Shares owned by members of the Board of Directors, the President and Executive Vice President number 1,143 and represent 9,675 votes. Shares owned by the President, Executive Vice President and other members of the Corporate Management number 2,930 and represent 28,580 votes. In addition the members of Corporate Management own a convertible bond loan taken in 1992 in value of FIM 177,000 of the share capital. Authorization granted by the Board of Directors was not exercised. Detailed settlement of the Group Management's convertible bond loan is to be found on page 49 with the Financial Statements. The number of shares owned by the personnel fund has increased. At the end of 1995 it was 80,200 and represents 802,000 votes.

STOCK EXCHANGE QUOTATIONS

Cultor Ltd. shares are listed on the Helsinki Stock Exchange. The ISIN codes according to the international system of numbering listed shares are:

Series I	FI0009002844
Series II	FI0009002869

The shares of Cultor Ltd. joined the book-entry system on 22 October 1993. At the end of the fiscal period, 99.86% of the shares had been registered under the book-entry system.

Shares held in trust accounted for 35.2% of Cultor Ltd.'s capital stock as at December 31, 1994, and 20.7% of the voting rights.

Share Capital, FIM million	1995	1994	1993	1992	1991
Share capital and shares	276.57	276.57	276.57	276.57	276.57
Series I restricted	-	-	-	153.63	153.63
unrestricted	182.16	182.16	182.16	28.53	28.53
Series II restricted	-	-	-	38.03	38.03
unrestricted	94.41	94.41	94.41	56.38	56.38
Market capitalization, FIM million	4,148.55	2,950.08	3,218.78	1,823.73	1,075.15

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

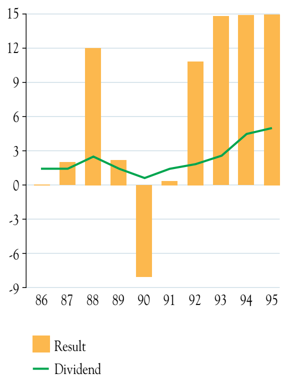
Number of shares, million	23.05	23.05	23.05	23.05	23.05
Series I restricted	-	-	-	12.80	12.80
unrestricted	15.18	15.18	15.18	2.38	2.38
Series II restricted	-	-	-	3.17	3.17
unrestricted	7.87	7.87	7.87	4.70	4.70
Corrected average number of shares	23.00	23.00	23.00	23.00	23.00

Earnings and Dividend					
Dividend, FIM million	115.24*	103.71	57.62	41.49	33.19
Earnings/share, FIM	14.91	14.84	14.75	10.81	0.35
Earnings/share, incl. warrant bonds	14.71	14.63			
Dividend/share, FIM	5.00*	4.50	2.50	1.80	1.44
Dividend/result, %	33.53	30.32	16.95	16.86	203.92
Dividends, %					
Series I	2.78	3.52	1.79	2.20	2.58
Series II restricted	-	-	-	2.52	5.24
Series II unrestricted	2.78	3.52	1.80	2.40	4.80
P/E-ratio					
Series I	12.07	8.62	9.49	7.59	157.66
Series II restricted	-	-	-	6.61	77.70
Series II unrestricted	12.07	8.62	9.42	6.94	84.76
Shareholder's equity/share, FIM	108.52	99.45	86.91	107.08	100.45

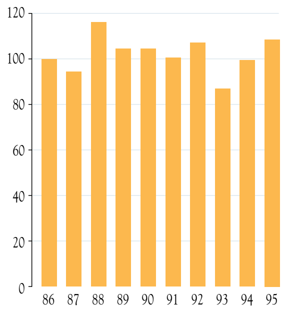
Earnings/share includes results in associated companies. Calculation formulas on page 59.

* Board proposal. A share-issue adjusted figure is not given separately because no share issues took place during the period.

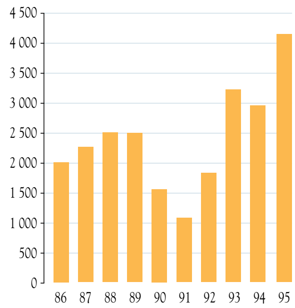
EARNINGS AND DIVIDEND/ SHARE, FIM



EQUITY/SHARE, FIM



MARKET CAPITALIZATION, FIM MILLION



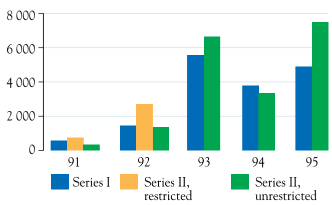
Value of shares, FIM			1995	1994	1993	1992	1991
Nominal value			12.00	12.00	12.00	12.00	12.00
Adjusted	Series I		180.00	128.00	140.00	82.00	55.80
quotation	Series II	restricted	-	-	-	71.50	27.50
		unrestricted	180.00	128.00	139.00	75.00	30.00
Exchange	Series I	at end of fiscal year	180.00	128.00	140.00	82.00	55.80
quotation		average	148.82	143.95	120.95	58.27	71.30
		taxation value	125.00	90.00	99.00	56.00	32.00
	Series II	restricted					
		at end of fiscal year	-	-	-	71.50	27.50
		average	-	-	73.20	48.36	27.38
		taxation value	-	-	-	52.00	20.00
	Series II	unrestricted					
		at end of fiscal year	180.00	128.00	139.00	75.00	30.00
		average	147.64	142.51	111.82	51.43	38.93
		taxation value	125.00	90.00	98.00	53.00	21.00

Trading volume			1995	1994	1993	1992	1991
Average trading volume/trading day							
Series I		number	19,647	15,017	22,144	5,818	2,262
		FIM	2,971,999	2,161,693	2,678,352	338,998	161,288
Series II	restricted	number	-	-	10,948	10,853	2,973
		FIM	-	-	63,854	524,809	81,385
Series II	unrestricted	number	30,117	13,369	26,471	5,452	1,394
		FIM	4,678,928	1,905,180	2,959,860	280,377	54,278
Trading volume 1995, FIM million			1,905	1,021	1,431	285	74
Turnover of shares, (1 000 shares)							
Series I			4,892	3,769	5,558	1,449	561
Series II	restricted		-	-	-	2,702	737
	unrestricted		7,499	3,356	6,644	1,357	346
Shareholders, number			11,566	12,819	12,736	16,797	16,629

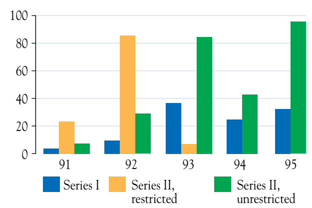
Shareholders

Shares		Number	% of shareholders	% of shares	% of votes
1	- 30	2,667	23.1	0.2	0.2
31	- 100	4,030	34.8	1.2	1.3
101	- 500	3,434	29.7	3.5	4.0
501	- 1 000	771	6.7	2.4	2.7
1 001	- 5 000	528	4.6	4.6	5.3
5 001	- 10 000	61	0.5	1.9	2.1
Over	10 000	75	0.7	86,0	84,4
		11,566	100.0	99.9	99.9
Shares not in the book-entry system				0.1	0.2
Total			100.0	100.0	100.0

TRADING VOLUME, 1 000



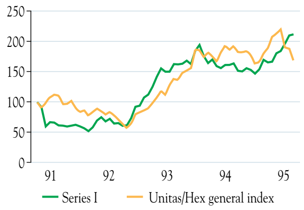
TRADING, %



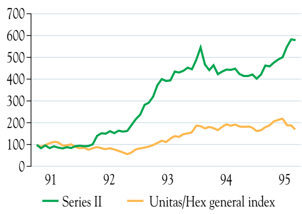
20 MAJOR SHAREHOLDERS ON DECEMBER 29, 1995

Shareholders	Number of shares Series I	Series II	total	% of total shares	Votes	% of total votes
Groupe Sucrier S.A.	2 157 600	2 400	2 160 000	9,37	21 578 400	13.51
Finasucre S.A.	1 100 000		1 100 000	4,77	11 000 000	6.89
SOPAGRI	220 000		220 000	0,95	2 200 000	1.38
Soreas S.A.	89 446		89 446	0,39	894 460	0.56
1. Finasucre S.A.	**3 567 046**	**2 400**	**3 569 446**	**15,49**	**35 672 860**	**22.34**
Turengin Juurikkaantuottajat Oy	807 645		807 645	3,50	8 076 450	5.06
Naantalin Juurikkaantuottajat Oy	540 162		540 162	2,34	5 401 620	3.38
Salon Juurikkaantuottajat Oy	499 838		499 838	2,17	4 998 380	3.13
Central Union of Agricult. Prod. and Forest Owners	441 299		441 299	1,91	4 412 990	2.76
Svenska Lantbruksproducenternas Centralförbund	8 146		8 146	0,04	81 460	0.05
Foundation of Central Union of Agricultural Prod.	7 588		7 588	0,03	75 880	0.05
2. Producer's Organizations	**2 304 678**		**2 304 678**	**10,00**	**23 046 780**	**14.43**
Pension-Varma Mutual Insurance Company	1 316 402		1 316 402	5,71	13 164 020	8.24
Nova Life Insurance Co. Ltd.	310 368		310 368	1,35	3 103 680	1.94
3. Pension Varma	**1 626 770**		**1 626 770**	**7,06**	**16 267 700**	**10.19**
Industrial Insurance Company Ltd.	670 000	157 984	827 984	3,59	6 857 984	4.30
Sampo Insurance Company	110 000	40 000	150 000	0,65	1 140 000	0.71
Kaleva Mutual Life Insurance Company	50 000	100 000	150 000	0,65	600 000	0.38
Loss of Profits Insurance Company Ltd.		25 000	25 000	0,11	25 000	0.02
4. Sampo Group	**830 000**	**322 984**	**1 152 984**	**5,00**	**8 622 984**	**5.40**
Ilmarinen Pension Insurance Company		435 000	435 000	1,89	435 000	0.27
Suomi Mutual Life Insurance Company		140 000	140 000	0,61	140 000	0.09
Salama Life Insurance Company	1 400	31 300	32 700	0,14	45 300	0.03
5. Pohjola Group	**1 400**	**606 300**	**607 700**	**2,64**	**620 300**	**0.39**
6. Polaris Pension Fund	**375 000**	**75 000**	**450 000**	**1,95**	**3 825 000**	**2.40**
Tapiola Mutual Insurance Company	143 000		143 000	0,62	1 430 000	0.90
Tapiola Mutual Pension Insurance Company	44 200	9 000	53 200	0,23	451 000	0.28
Tapiola Mutual Life Insurance Company	20 000		20 000	0,09	200 000	0.13
7. Tapiola Group	**187 200**	**9 000**	**196 200**	**0,85**	**2 081 000**	**1.18**
OE Pension Fund of the Co-operative Banks	51 800	100 600	152 400	0,66	618 600	0.39
OES Pension Foundation of the Co-operative Banks		35 400	35 400	0,15	35 400	0.02
8. OKOBANK Pension Fund	**51 800**	**136 000**	**187 800**	**0,81**	**654 000**	**0.41**
9. Instrumentariumin Pension Fund	**155 000**		**155 000**	**0,67**	**1 550 000**	**0.97**
10. SYP-Invest Oy		**155 000**	**155 000**	**0,67**	**155 000**	**0.10**
11. Kasvu SYP Mutual Fund	**146 000**		**146 000**	**0,63**	**1 460 000**	**0.91**
12. Municipality Pension Fund		**144 200**	**144 200**	**0,63**	**144 200**	**0.09**
13. Alfred Berg Finland Mutual Fund	**79 700**	**22 450**	**102 150**	**0,44**	**819 450**	**0.51**
14. Cultor Group Personnel Fund	**80 200**		**80 200**	**0,35**	**802 000**	**0.50**
15. William and Ester Otsakorpi Fund	**65 000**	**5 000**	**70 000**	**0,30**	**655 000**	**0.41**
16. Blomberg Anne-Sofie	**55 297**	**2 950**	**58 247**	**0,25**	**555 920**	**0.35**
17. Investment Fund Kansallis Kasvu	**46 400**		**46 400**	**0,20**	**464 000**	**0.29**
18. Bonsdorff Veikko Olavi		**33 801**	**33 801**	**0,15**	**33 801**	**0.02**
19. Foundation of Åbo Akademi		**33 200**	**33 200**	**0,14**	**33 200**	**0.02**
20. Foundation of Technology	**19 992**	**12 038**	**32 030**	**0,14**	**211 958**	**0.13**
Shares held in trust (100 major shareholders)	2 779 191	5 326 383	8 105 574		33 118 293	

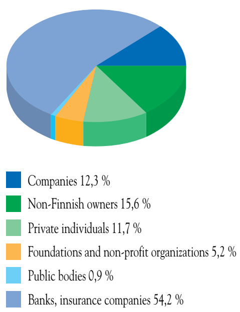
Price Development, Series I



Price Development, Series II



Distribution of Shares



CORPORATE RELEASES

7 April 1995

7 April 1995

17 January 1995
Ten years of ORS production in Cultor. The product is a mix of glucose and three different salts. UNICEF, in particular, uses it for treating acute diarrhoea in developing countries.

6 February 1995
Cultor's subsidiary Xyrofin Oy, Kotka, received an ISO 9002 certificate granted by Lloyd's Register Quality Assurance Ltd. in Great Britain.

14 February 1995
The earnings per share for the twelve month period that ended in November was FIM 15.36 (FIM 14.75). The earnings per share for the 13-month fiscal year was FIM 16.01. The proposed amount for a dividend is FIM 4.50 (FIM 2.50). The results for 1994 were the best ever in Cultor and can be considered good.

14 February 1995
Cultor has decided to invest approximately FIM 10 million in the production of yeast-based savoury flavors in 1995. Mr. Mattsson estimates the total amount of Cultor's investments to grow to FIM 450 million.

23 February 1995
Ewos has made the largest contract ever in Norway on the delivery of fish feed. Within two years, the Leroy Quality Group shall purchase 40,000 tons of salmon feed. The total value of the deliveries is nearly FIM 300 million.

7 March 1995
Cultor confirms the preliminary information of 14 February as the financial statement.

9 March 1995
Cultor has completed two major investments in Scotland. The Ewos Technology Centre functions as the international research and development center of Ewos. A new modern fish feed plant will double the production capacity of Ewos in Scotland.

16 March 1995
Cultor acquires the market leader of the fish feed industry in Chile. Cultor has bought 73% of the shares in Mainstream Salmones y Alimentos. The net sales of the company were FIM 170 million in 1994. The purchase price is approximately FIM 100 million.

30 March 1995
Ewos Aqua A.S. and Norwegian Stolt Sea Farm, one of the world's leading producers of salmon, have signed an extensive partnering contract. The companies have agreed on close cooperation in the development of fish feed, feeding and fish quality.

6 April 1995
Investment in the improvement of the quality of fish meals. Cultor has founded a joint venture with equal ownership in Chile by the name of Pacific Fisheries A.S., with the aim to acquire two fishing vessels for Chilean waters. The vessels will fish raw material for Pacific Protein S.A., Cultor's fish meals plant in Chile.

6 April 1995
The Cultor Ltd. Annual General Meeting: the financial accounts have been confirmed, the management has been discharged from liability, the agreed dividend per share is FIM 4.50, the Board of Directors has been authorized to raise the share capital, changes made to the Articles of Association are mainly of a technical nature, a decision was made to apply the profit sharing system of the personnel fund.

7 April 1995
A joint venture for Suomen Rehu in Latvia: Cultor has founded a joint venture by the name of SIA Baltic Feed with the Latvian feed company Straume. The joint venture will build a factory for the production of premixes in the Tukums area in Latvia.

12 April 1995
Finland's import quota in the European Union Sugar Regime will be increased as of the beginning of 1996. The import quota will increase by 20,000 tons. For Cultor, the increase brings growth in the amount of raw material as well as improves the utilization level of its sugar refineries.

19 April 1995
The world's enzyme markets have been stabilized through business acquisitions. Genencor International Inc., of which Cultor owns 50%, has signed an agreement-in-principle with Royal Gist-brocades N.V., operating in the field of enzymes. The transaction will reinforce Cultor's influence as an expert in biotechnology.

25 May 1995
In 1994, Cultor's fiscal year was from November to November, but was changed to a calendar year in 1995. Comparative figures for the first trimester of 1994 are published.

31 May 1995
Interim report 1 January - 30 April 1995. The financial performance of the Cultor Group continued

as expected. The Group's profit after financial items was the same as that of the year before, FIM 98 million. The net sales declined by 11% and were FIM 1 727 million. The operating profit was FIM 102 million. The earnings per share were FIM 2.86.

6 June 1995
Cultor has sold 21.5% of the Rintekno Oy share capital to Neste Oy. After the divestment, Cultor owns 7% of the share capital.

27 June 1995
All beet sugar plants will continue their operations: the Board of Directors of Finnsugar Ltd. has decided to continue the production of beet sugar with the current production structure in the plants in Salo, Turenki and Säkylä. If external production conditions change, the matter will be re-evaluated.

14 August 1995
We have received information stating that AB Fortos, a Volvo subsidiary, has sold the Cultor shares in its possession (10% of Cultor's shares) for the price of FIM 150.50 each. The shares will be transferred to several buyers.

20 September 1995
Cultor has expanded its xylose plant in Thomson, USA, to produce xylitol as well. The value of the investment is FIM 110 million.

28 September 1995
Cultor comparative numbers are published for the period of 8 months/1994 for comparing them with those of the new fiscal year.

4 October 1995
Cultarom, Cultor's new business unit, launched its industrial production in Nastola. The unit is the only producer of savoury flavors in Northern Europe. The technology used has been developed in Cultor's Technology Centre through the application of enzyme and separation technology.

5 October 1995
Interim report 1 January - 31 August 1995. The profit after financial items was FIM 24 million better than the year before, amounting to FIM 336 million. The earnings per share improved and were FIM 10.24. The Group's equity ratio rose to 51.6%.

5 October 1995
Finasucre S.A., the largest shareholder in Cultor, has announced that it has purchased 126,246 shares of Cultor Series I, and it now owns 15.49% of the shares and 20.04% of the votes in Cultor.

24 October 1995
Cultor Oy and Pfizer Inc, of the USA, have signed a letter of intent according to which Cultor shall have the exclusive rights to negotiate the acquisition of Pfizer's Food Science Group. The negotiations are estimated to continue until the end of 1995.


20 Sept. 1995

27 October 1995
Cultor has agreed on the construction of a xylose plant in conjunction with the Lenzing AG plant in Austria. The value of the investment is approximately FIM 300 million, and the investment is included in the FIM 500 million investment program for increasing production of specialty sweeteners, published at the end of 1994. The production at the Xyrofin plant in Austria is expected to begin in 1997.


4 Oct. 1995

28 November 1995
Genencor International Inc., owned 50-50 by Cultor and Eastman Chemical Co., has signed a letter of intent with Solvay S.A., of Belgium, on a transaction in which Genencor will acquire the industrial enzyme business operations of Solvay. The companies expect to complete the transaction in the spring of 1996.


27 Oct. 1995

14 December 1995
Suspension of trading of Cultor's shares: Cultor has asked the Helsinki Stock Exchange, on 14 December, not to start quoting Cultor's shares until further notice. The expected corporate release is related to Cultor's negotiations with Pfizer Inc.

14 December 1995
Cultor and Pfizer Inc. have signed an agreement according to which Cultor will acquire the business operations of Pfizer's Food Science Group. The total price will be USD 352.5 million (approximately FIM 1.5 billion), and the acquisition will be closed by the end of January 1996.

29 January 1996
The terms of the acquisition agreement with Pfizer have been met, and Food Science Group will be consolidated to the Cultor Group as of 29 January 1996.

31 January 1996
Cultor has agreed with the Elanto Cooperative Society that Elanto's Helsinki bakery with personnel will be transferred to the Vaasa Bakeries. The acquisition provides Vaasa Bakeries with the required additional capacity in the Helsinki area.

The world's wild fish catches stagnate while simultaneously farmed fish takes increasing shares of the growing fish consumption. Today approximately 15 % of the global fish consumed relates to farmed fish. The corresponding figure for farmed salmon adds up to 37 %. Approximately one half of all farmed salmon is produced in Norway, the second most important country being Chile with a 20 % market share. Most of (80 %) Norwegian salmon is exported to EU while the markets for Chilean salmon are in USA and Japan.

The markets for farmed salmon grew with ~20 % in 1995. Salmon prices are declining, which increase salmon demand compared to alternatives such as broilers and meat. The trend within salmon farming is towards fewer and larger units operating worldwide. The fish feed share of salmon farmers cost structure is substantial and will increase in importance over time. The challenge of the feed supplier is to continuously improve the performance of its products considering availability and prices of raw materials as well as their impact on the environment.

Ewos is the world's second largest producer of fish feed. The products are sold in 15 countries mainly to salmon and trout farmers. The Ewos operations include fish feed production plants in 7 countries and salmon farming joint-ventures in Canada and Chile.

ANIMAL NUTRITION

The key success factors of Animal Nutrition are understanding animal metabolism and the research work related to it.

Tom Weymarn

Suomen Rehu is the leading industrial feed company in Finland. The Division also operates a feed supplement business in the Nordic Region, the Baltic Rim countries and Russia.

Svenska Foder is a trader of grain and plant cultivation products as well as a producer and marketer of compound feeds in Sweden.

Ewos is the technology leader and the world's second largest producer of salmon feed with production facilities in 7 countries.

Feed Ingredients include feed enzymes (Finnfeeds International), betaine (Finnsugar Bioproducts) and fish meal and fish oils (Pacific Protein).

FUTURE PROSPECTS

The markets for industrial feed in Finland grew in 1995 and the growth is expected to continue. The growth potential of Swedish agriculture relates primarily to grain farming. In the long run hygienic standard and quality of our products as well as the competitiveness of the entire meat and milk value chains become key success factors of the industrial feed business.The feed supplement operations of Suomen Rehu represent additional growth opportunities especially in Eastern Europe through our factories in Poland and Latvia.

Demand for farmed salmon will, in the coming years, continue to grow and Ewos aims to grow with the market. The future direction of Ewos R&D is determined by raw material prices, the need to broaden formulation base and environmental aspects.

Enzyme use in feed formulation is increasing while betaine applications become more

KEY FIGURES

	1995	1994
Net sales, FIM million	3 249	3 352
Exports and international operations	2 154	2 165
Operating profit, FIM million	206	186
RONA, % *	15.0	14.3
Investments, FIM million	275	104
Personnel on average	1 663	1 367

* Calculation formulas on page 59

NET SALES

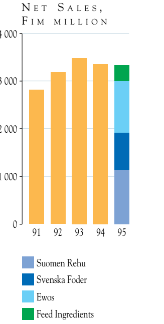
Divisions, FIM million	1995	1994
Suomen Rehu	1 150	1 253
Svenska Foder	764	883
Ewos	1 070	918
Feed Ingredients	341	351
Internal invoicing	-76	-53
Total	3 249	3 352

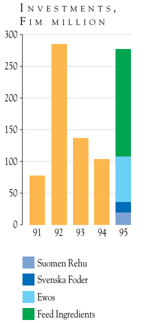
INVESTMENTS AND PERSONNEL

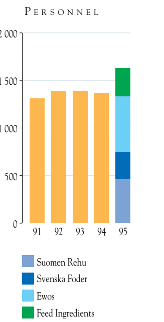
Divisions, FIM million	1995	1994	1995 personnel
Suomen Rehu	21	12	469
Svenska Foder	16	5	285
Ewos	69	61	585
Feed Ingredients	169	26	324
Total	275	104	1 663

NET SALES BY MARKET AREA

Market area, FIM million	1995	1994
Finland	1 095	1 187
EU	1 179	1 302
Other countries	975	863
Total	3 249	3 352







versatile, offering Cultor Feed Ingredients major growth opportunities on global markets where initially our products have a strong competitive edge. Our fish meal operations in Chile will benefit from attractive fish meal and fish oil prices that are expected to remain high during the coming years.

SUOMEN REHU

Suomen Rehu is the largest producer and marketer of animal feeds in Finland with a market share of 54 % and production exceeding 650,000 tonnes in 1995. Suomen Rehu operates as well a feed supplement business in the Baltic Rim countries with local manufacturing in Finland, Sweden, Poland and Latvia.

The market for industrial feeds in Finland grew by ~10 % in 1995. The market growth is primarily explained by an increased consumption of pig and poultry meat boosted by a substantial drop in meat prices when Finland joined the CAP of the EU.

The market position of Suomen Rehu has improved thanks to a good balance in pricing and customer perceived quality. The competitive edge has been accomplished through successful cost cutting programs. Today Suomen Rehu runs three compound feed factories in Finland, all of which are currently operating close to the maximum capacity.

In feed supplements, the targeted structure with sales and production units in all countries surrounding the Baltic Sea fell into place. This structure represents a platform for significant sales growth in Poland and Latvia as well as in Russia, Belarus and Ukraine.

The emphasis of Suomen Rehu has been in activities improving the hygienic quality of the entire food value chain. The ISO 9001 quality system used throughout the Suomen Rehu operations has improved the quality of products and efficiency of services. A production model for quality meat was developed in close cooperation with the domestic meat processing industries. With the help of this model, provisions have been created for branded consumer products where the entire value chain is controlled to fulfill most stringent quality criteria. As a part of this program, an environmentally friendly non-antibiotic animal feed range was launched.

The earnings of Suomen Rehu in 1995 improved compared to the previous year.

SVENSKA FODER

Svenska Foder is an integrated trading and manufacturing company with local co-ops as main competitors. The Svenska Foder feed production amounted to about 350.000 tons in 1995, and the trading assortment comprises grain, seed, fertilizers and plant protection utilities.

The CAP of the EU improved the feasibility of grain farming in Sweden. A decline in the area of set-aside land will further increase grain areals. Out of the different animal farming segments only broiler production has grown. The other segments of the market stagnate and face increased competition from abroad. As a consequence a concentration into bigger and fewer farms is occuring. The farmers are becoming more educated requiring more professionalism from their suppliers.

Svenska Foder has adopted a strategy with selectively chosen and focused areas of activity. Within the chosen segments, the market shares stay within the range of 25 - 35 %. The performance has been strengthened by focusing operations on core businesses. Central functions are decentralized and the salespeople are organized in self-steering teams with profit accountability. In order to improve efficiency and reduce capital employed in inventories the Svenska Foder distribution set up is more and more based on direct deliveries from the central stock.

The livestock feed business is a bulk commodity business dependent on high volumes in order to achieve a critical mass. Improved hygienic quality in the total integrated food production chain is another fundamental success factor. TQM (Total Quality Management) is a standard tool of Svenska Foder and the aim is to progress in the quality improvement project to an ISO 9001 certificate during 1996.

The earnings of Svenska Foder in 1995 improved compared to the previous year.

EWOS

Production of farmed salmon grew by ~20 % in 1995. At the end of the year, the salmon prices started to fall sharply polarising competition among salmon farming countries. In December, the EU introduced minimum prices for salmon imported from Norway. Simultaneously the Norwegian salmon farmers decided on a feeding ban aiming at eliminating a part of the oversupply. Both actions are expected to influence the market situation during the first part of 1996 as well. Salmon farming concentrates on fewer and bigger global operations favouring feed producers like Ewos capable of offering global supply and services.

The Ewos market position continues to improve on most of its home markets. On top of that, the acquisition of 70 % in Mainstream Salmones y Alimentos - one of the leading nonintegrated fish feed suppliers in Chile - created a strong platform for Ewos on this important and rapidly growing market as well. To meet the demand, new production lines were taken into use in Norway and Scotland, while the poultry feed business in Western Canada was relinguished. In 1995, the Ewos sales volume added up to 250,000 tons.

The Ewos basic strategy is to grow with the fish farming industry, using a combination of technology and a customer service package in order to provide high performing products with increased value to the customer. The price of feed is directly related to the basic fish feed raw materials (fish meal / fish oil) that during 1995 were scarce. It became increasingly difficult to pass over the price from raw materials to end products, eroding the margins of feed suppliers. Consequently, the Ewos earnings in 1995 were lower than those in the previous year.

FEED INGREDIENTS

Finnfeeds International (FFI) is the world's leading supplier and developer of feed enzymes. Feed enzymes are natural products which improve the nutritional value of animal feed by enabling animals to digest the feed more effectively and to extract more energy and protein from a given amount of feed. As a result, the enzymes improve efficiency in meat and egg production.

Growth in the feed enzyme market was approximately 20 % in 1995. The negative factor was the short supply and high price of wheat outside Europe. Within the EU, on the other hand, feed enzyme penetration grew in wheatbased feed formulations. FFI's sales in 1995 grew roughly in line with the market growth, and the overall market share thus stayed around 50 %. Customer reach was significantly enhanced by sales and marketing infrastructure investments in China, Latin America and Russia. Competence development within FFI is built around securing a leading research / IP position and an ability to commercialise and provide innovative applications. The ISO 9001 quality system used throughout the FFI operations will be expanded to include an Environment Management System as well.

In Finnsugar Bioproducts' main market - animal nutrition - betaine usage is increasingly moving towards applications emphasising betaine's specific unique properties. Sales developed well in the Asia Pacific region. Good growth was experienced in the sales to fish feed applications and fermentation industry as well. Key customers in the field of cosmetic applications have launched new products with betaine as an important component.

The demand for fish meal and fish oil, especially related to aquaculture applications, was strong throughout 1995. Prices increased and helped to improve the profitability of Pacific Protein. The fishing fleet renewal process made good progress, and the capital expenditure program carried out in the plant increased efficiency in production and the quality of fish meal produced. Simultaneously, air pollution from the plant has been significantly reduced and there is a program for resolving most of the waste water problems as well.

The earnings of Feed Ingredients in 1995 stayed at the previous year's level.

SWEETENING

Apart from being sweet energy, sugar also has an effect on the qualities and combination of tastes of food products in many ways. In addition to giving taste to foods, it also affects their perceptible properties, such as the texture, keeping quality and mouthfeel.
Xylitol, lactitol, sorbitol and maltitol, all produced from natural raw materials, are polyols or sugar alcohols. Xylitol even prevents tooth decay.
Fructose, or fruit sugar, is produced by separating fructose and glucose from ordinary sugar. Fructose is found naturally in almost all berries, fruit and vegetables. The good and rich taste of fructose brings out the natural flavors of berries and fruit e.g.
The sweet flavors of Flavoring give taste to the products of the dairy, juice, and soft drink industries.
Cultarom's savoury flavors are utilized by food industries.

"The marketing and competition environment of the EU has challenged us to create new operational policies and product applications that serve our customers."

Håkan Laurén

Finnsugar Division manufactures sugar products using domestic sugar beet, starch and imported raw cane sugar as raw materials. The Division comprises the marketing unit Finnsugar and production plants Sucros Ltd., Neson Ltd. and Porkkala Sugar Refinery Ltd.

Xyrofin Division is engaged in producing and marketing specialty sweeteners made of natural raw materials. The Division's head office is located in England, and it has production plants in Finland, in the United States and one under construction in Austria.

Flavoring Division develops, produces and markets flavors, flavor compounds, and flavor enhancers. The Division comprises Flavoring AB in Sweden and Cultarom in Finland.

Finnsugar Development is Cultor's internal development unit in charge of developing the production technologies connected to Cultor's technical expertise.

OUTLOOK FOR THE FUTURE

Finland's sugar production was joined, with transition regulations, into the European Union's Sugar Regime on January 1, 1995. The transition period terminated at the end of September after which we have acted according to the Sugar Regime of the EU. The impact of the accession on our business operations has been what we expected. Some of the forecasted encumbering of the result will carry over to 1996. The present Sugar Regime with its quotas and regulations will be valid until 2001, and will provide the framework for the sugar operations in the years between.

The growth in demand for xylitol and lactitol in Xyrofin's specialty sweeteners market is

KEY FIGURES

	1995	1994
Net sales, FIM million	1 816	1 770
Exports and international operations	727	601
Operating profit, FIM million	256	293
RONA, % *	20.1	24.8
Investments, FIM million	111	127
Personnel on average	1 171	1 216

*Calculation on formulas on page 59

NET SALES

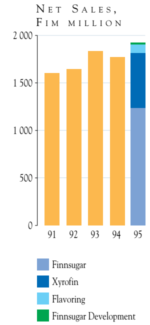
Divisions, FIM million	1995	1994
Finnsugar	1 237	1 198
Xyrofin	580	569
Flavoring	55	61
Finnsugar Development	15	30
Internal invoicing	-71	-88
Total	1 816	1 770

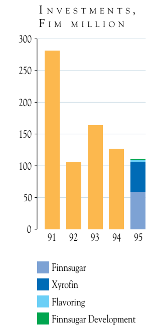
INVESTMENTS AND PERSONNEL

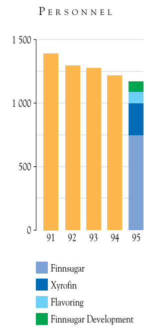
Divisions, FIM million	1995	1994	1995 personnel
Finnsugar	59	32	748
Xyrofin	45	91	314
Flavoring	5	2	60
Finnsugar Development	2	2	49
Total	111	127	1 171

NET SALES BY MARKET AREA

Market area, FIM million	1995	1994
Finland	1 089	1 170
EU	428	418
Other countries	299	182
Total	1 816	1 770







expected to continue. Our xylose plant in Austria, now under construction, will start its operation in the fall of 1997 and will provide the required additional capacity to meet the growing demand.

The impact of the EU's Sugar Regime on the fructose operations corresponded to our estimates, but above all, the demand from outside the EU exceeded the expectations. In the fructose market, our operational strategy is to secure our strong position in the chosen product segments.

The product range of the Flavoring Division was expanded. The products of the Cultarom plant, which started operation in the fall of 1995, will benefit from the international trend which directs the demand towards flavors made of natural ingredients.

FINNSUGAR

The EU's Sugar Regulation was revised in 1995. Consequently, Finland was endowed with an additional 20,000 tons of raw cane sugar a year to its annual import quota in addition to the previously agreed 40,000 tons. Because of this, the production quota and the right to import amounts to approximately 207,000 tons of saccharose, which roughly corresponds to the volume of the Finnish market.

In 1995, the saccharose market in Finland decreased by over 9% to approximately 202 million kilos. The volume of import increased significantly, but its market share remained small. Along with the EU regulation, the sales of starch-based sweeteners (isoglucose) grew by 33% from 1994 to over 10 million kilos. In the competitive atmosphere caused by the increased import, the sales of Finnsugar's starch-based syrups decreased. The impact of the EU, particularly on starch-based syrups, was to be seen in a fierce price competition.

Finnsugar continued to adjust its operations to the EU Sugar Regime. Owing to the regulations of the transition period, sugar was imported both from "old" EU member states and from outside. By means of import, Finnsugar aimed to safeguard the chances of the sugar-using industry to export competitively despite the transition regulations.

In developing quality systems in the Porkkala Sugar Refinery, an intermediary goal was reached: the ISO 9002 certificate. With the objective of improving operations, a development project covering the entire Division was started. The project involves analyzing the operations as processes, and each process will be systematically improved in line with customers' needs and opinions.

The domestic sugar beet crop was 1,109,931 tons (1994: 1,124,773). In addition, 8,889 tons of sugar beet was imported from Estonia (1994: 8,788). The yield of sugar was better than expected due to the good quality of the sugar beet. Sugar production amounted to 154.4 million kilos (1994: 152.1), of which 1.3 million were carried over to 1996. The 1,267 tons of sugar produced from the Estonian sugar beet were exported. The average campaign on the sugar beet plants took 69 days (1994: 73).

A business agreement in accordance with the EU legislation was concluded between sugar beet farmers and Finnsugar in early 1995. The price to be paid to the sugar beet farmers fell by approx. 25% from 1994, but when taking into account the 4.9 penni additional price per kilo, stipulated in the accession agreement, the fall in price was only about 15%. The direct support paid to farmers during the year (environmental support, LFA support, northern support) partly compensated for this loss. The impact of the support varied, according to the location of arable land, for one thing.

In the summer of 1995, a decision was made to continue the production on all the three sugar beet plants for the time being. The investments made by the Finnsugar Division during the year were mainly confined to replacement investments. In addition, investments were made on environmentally friendlier techniques. At the Säkylä plant, an electrostatic filter was installed at the power plant to diminish particle emissions.

A sales contract was made concerning the sale of the Turenki district heating network to Janakkalan Lämpö. To streamline the operations, the trading business based on outside clients was divested in the spring. Finnsugar participated in a tender concerning the Liepaja sugar plant in Latvia, but subsequent surveys led to a withdrawal from the project.

XYROFIN

In accordance with a FIM 500 million investment program aimed at the production of specialty sweeteners, an extension of Xyrofin's Thomson plant in the United States was introduced in the fall 1995. This extension enabled the plant to produce xylitol as well as xylose. At the Kotka plant, the hydrolysis process was launched; thus the original raw material of xylitol, birch chip, was re-introduced. In the fall, a decision was made to build a new xylose plant in Lenzing, Austria, and the construction work began in January 1996. After its completion in 1997, the new plant will supply raw material of xylitol to Kotka.

Xyrofin's specialty sweetener markets are growing worldwide. The common trend that favors low-calorie, sugar-free or teeth-friendly products contributes to the growth. Xyrofin meets the increasing demand by developing its production and by expanding its product range. It is Xyrofin's operational policy to find and develop new product-based applications and variations of them together with its customers.

The sales of xylitol continued to increase considerably in 1995 despite the heavy competition in the specialty sweeteners sector. The recognition of xylitol's positive effects on dental health has spread out, which has increased the use of xylitol as a sweetener. Xyrofin is purposely increasing its production capacity and developing the technology needed to produce xylose and xylitol. The xylitol markets are expected to continue their growth.

Sales of fructose were particularly good in 1995, and the markets are growing fast, especially in the Far East. Profitability, on the other hand, weakened due to higher raw material costs resulting from the EU regulations. However, the product has good prospects on certain product areas and Xyrofin aims to secure the position of its fructose in chosen product segments.

Lactitol and the possibilities it offers were brought to the customers' attention, and the work to develop lactitol applications suitable for the food and drug industry in cooperation with the customers continued. The experience gathered from this work will provide Xyrofin with promising prospects for future sales development.

Environmental protection will be made a part of the ISO 9002 quality system at the Kotka plant. Environmental audits have alredy been carried out at the Kotka plant and at the Thomson plant in the United States. The new Lenzing plant will have a closed by-pass system, which hardly produces any effluents and emissions that burden the environment.

During the year, Xyrofin sold its Kotka power plant to Kotkan Energia Oy.

Our xylose plant in Lenzing Austria, now under construction, will provide the required additional capacity to meet the growing demand for xylitol.

FLAVORING

The export to Eastern Europe of Flavoring AB's customer companies declined severely, which also had, contrary to plans, an adverse effect on the sales of Flavoring in 1995. The company strengthened its position in the Russian market by establishing a joint sales office in Moscow together with Axel Johnson International from Sweden. Possibilities of establishing local operations were examined in Poland as well.

The demand for flavors was especially focused on new-age flavors made of natural ingredients, which were developed and brought out on the market at the customers' request. Based on this, Flavoring expects a positive sales trend in 1996. Flavoring AB introduced new production lines at its Norrköping plant. During the year, the company obtained the ISO 9002 certificate.

Cultarom is a new business unit which develops, produces and markets yeast extracts and flavor compounds for convenience foods. The Cultarom plant started its operation in Nastola in the fall. The international food industry has warmly accepted the products and has already brought some convenience foods, developed in cooperation with Cultarom, out on the market

FINNSUGAR DEVELOPMENT

Finnsugar Development develops the technological know-how of Cultor's production units. The support given to e.g. Xyrofin, Finnsugar Bioproducts and Sucros has helped these units improve the efficiency of their operations, and thereby to increase their profitability.

Vaasa bread - it tastes like bread. Vaasan Ruispalat ("Vaasa Rye Bits") is by far the best selling bread product in Finland. The reason behind its success is the rich taste of rye, that originates in Vaasa Bakeries' own dough base and their own recipe. Twenty Vaasa local bakeries around the country bake Vaasan Ruispalat every day, so the customers can always buy them freshly baked at their grocery.

Vaasan Ruispalat contains 10% of fibre. The most recent studies on fibre suggest that fibre plays an important role in preventing serious illnesses. Furthermore, the studies have shown that particularly under the rye grain's outer layer there are phytoestrogens, which have a beneficial effect on hormone and bile acid metabolism. When comparing the different breads, crisp breads contain the largest amounts of fibre relative to their weight.

BAKING

'A thorough knowledge of aking processes guarantees he high quality of the roducts."

uha Järvinen

Vaasa Bakeries Division consists of Vaasa Bakeries Ltd., its 23 local bakeries around Finland and a frozen dough factory, AS Leibur in Estonia and a joint venture A/S Hanzas Maiznica in Latvia. In the beginning of 1996, Elanto's bread factory located in Helsinki was merged into Vaasa Bakeries Ltd.

Vaasamills Division consists of Vaasamills Ltd. and Siljans Knäcke AB in Sweden, which was acquired in the beginning of 1995.

OUTLOOK FOR THE FUTURE

Along with the downward trend in consumer prices, the demand for fresh bakery products is expected to grow slightly. The acquisition of Elanto's bakery operations in February 1996, as an alternative to increasing the company's own production capacity, consolidates the market position of Vaasa Bakeries in southern Finland. The consumption of bread in Estonia is declining, but our market position has remained strong. Growth prospects in Latvia are promising, and we will obtain a majority in our joint venture next summer.

It is estimated that in 1996 over half of the production volume of the business area will be sold outside Finland, mainly in Estonia and Latvia, but elsewhere in Europe as well.

Studies have shown that the nutritional and health effects of rye crisp bread are good, and the results of the studies can be used in the future to promote the sales of rye products worldwide.

Vaasamills has compensated for the effects of reduced price level with a better focus and rationalized production. The division is now ready to improve its international business while maintaining a strong market position in Finland.

KEY FIGURES

	1995	1994
Net sales, FIM million	833	798
Exports and international operations	120	125
Operating profit, FIM million	54	48
RONA, % *	12.9	13.2
Investments, FIM million	61	128
Personnel on average	2 231	2 313

* Calculation formulas on page 59

NET SALES

Divisions, FIM million	1995	1994
Vaasan Bakeries	664	629
Vaasamills	169	169
Total	833	798

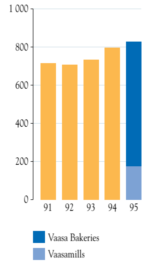
INVESTMENTS AND PERSONNEL

Divisions, FIM million	1995	1994	1995 personnel
Vaasa Bakeries	36	96	1 956
Vaasamills	25	32	275
Total	61	128	2 231

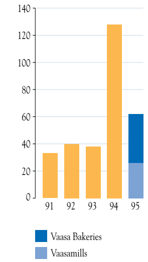
NET SALES BY MARKET AREA

Market area, FIM million	1995	1994
Finland	713	673
EU	47	56
Other countries	73	69
Total	833	798

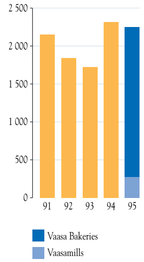
Net Sales, FIM million



Investments, FIM million



Personnel



COST-EFFECTIVENESS IN BAKING GAVE GOOD RESULTS

In 1995, the Business Area Baking was able to consolidate its market positions in the markets around the Baltic Sea. The result improved thanks to good development in volumes in Finland and the competitive operative structure of Vaasa Bakeries. The organisation was simplified and the operations were made more cost-effective. The volume of the international operations grew as a result of the successful entry into Latvia through a joint venture, and the establishment of the new crisp bread operation in Sweden.

The work targeted to improve the quality of the products and the services of the Business Area continued in all units. We have established relevant criteria to measure customer satisfaction and our organisational climate. ISO 9001, the most comprehensive quality certification, was obtained by Vaasamills. The frozen dough factory Joutsenolainen started its work towards the same goal. Vaasa Bakeries held its first internal "quality contest" which was won by the local bakery Mesileipä in Kokkola.

The availability of domestic raw material, particularly rye, is important to Baking. The cooperation with farmers to produce Finnish rye by sound environment-friendly cultivation methods will continue. The aim is to guarantee the availability of pure raw material at a competitive price.

VAASA BAKERIES

The result of Vaasa Bakeries Division improved considerably. A sound operative structure achieved at the end of 1994 and increased sales volumes were the main contributors to the good result.

In Finland, the reduction in bread prices contributed to the increase in the demand for bakery products after many years of decline. Vaasa Bakeries gave the consumers the full value of the lower EU raw material prices. The differentiated and tasty product range together with the strong VAASAN brand contributed to the clearly increased sales volume of Vaasa Bakeries. The retail market share grew to 27%, which consolidates our market position as number two in Finland.

Customers demand freshness from bakery products, therefore freshness will become an increasingly important factor affecting sales. New alternatives from abroad will make consumers even more demanding with regard to quality. This development is enhanced by the emergence of bake off units in retail shops. Vaasa Bakeries' business concept is well tuned to take full advantage of the higher requirements of our customers, both the trade and consumers. Further investment in the frozen dough factory and technology will keep us in the forefront of this development and open up new possibilities in terms of both products and markets.

Thanks to its operative structure and its market leadership, Vaasa Bakeries Division has a dominant position in the strategically important Baltic countries. Although the rising price level of bread in Estonia affects the demand of bakery products, the long term prospects in the Baltic countries, and particularly in Latvia, look good. The Division already has solid experience in the ways to operate in these very different markets. Our understanding of these markets and determined investment and development input give us a clear competitive edge, which will further enhance the long-term profitability of the business units.

VAASAMILLS DIVISION

The Vaasamills division has gone through a major restructuring in 1995, which resulted in high extra costs and clearly deteriorated the Division's profitability.

Consumption of crisp bread is mainly concentrated in the Nordic region and Germany. The demand for crisp bread remained the same in the international market, but in Finland the demand showed a gratifying increase of 3-4%. The increase is attributable to reduced consumer prices resulting from lowered costs of raw material, stronger competition, and the published research results on the beneficial health effects of rye. With the increasing emergence of private labels, the decline in consumer prices is expected to continue in the European market.

Despite strong competitive pressures, Vaasamills maintained a strong market position in Finland and relaunched its product range under the VAASAN umbrella. In Sweden, our position improved after the acquisition of Siljans a year ago and the appointment of a new distributor. We now have a 10% share of the world's largest crisp bread market, Sweden, where our product range will be sold under SILJANS umbrella. Our efforts to expand in Germany were less successful due to our main competitor's aggressive pricing policy.

Adaptation to the new competitive environment and the decreasing price level meant major rearrangements of the production at the Kotka factory and between the production units in Finland and Sweden. While costs related to these actions affected the year's profit, we can start year 1996 on a considerably lower cost level.

Consumer interest in rye bread, and rye crisp bread in particular, has grown considerably because of its excellent health characteristics. New proof of the beneficial effect of rye is expected shortly, which will open new possibilities for marketing and product development.

SCIENTISTS ARE INTERESTED IN RYE FIBRE

All fibre is good for humans, but it has been discovered that rye fibre contains special health characteristics. A well-known Finnish hormone and cancer scientist Herman Adlercreutz has discovered that the fibre in rye bread has a beneficial effect on hormone and bile acid metabolism. Studies have shown that fibre contains protective agents that, according to epidemiological and medical research, are believed to slow down or prevent the spreading of hormone-related cancers, such as breast cancer, prostate cancer and colon cancer. These protective agents, phytoestrogens, and their preliminary stages are found under a grain's outer layer, and particularly under rye grain's outer layer. The structure of phytoestrogens resembles that of human hormones. The colonic microbes transform them into agents, that protect from cancer. In addition, these agents may protect against viruses and from bacteria and fungi that induce disorders.

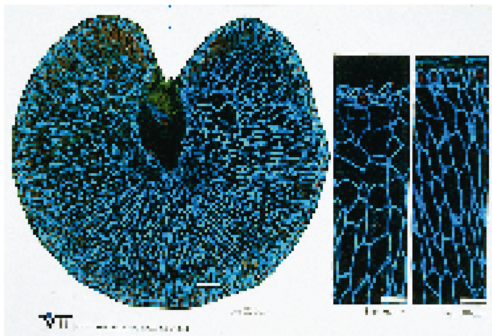
The recommended daily intake of fibre is 30-35g; with this amount the intestines will feel well, and the health-promoting effects of fibre can be achieved. Without bread it is virtually impossible to ensure the sufficient daily intake of fibre.

The fibre content of different kinds of breads per 30g of bread

Finn Crisp thin rye crisp	4.8 g
Rye crisps	4.5 g
Vaasan Ruispalat rye bread	3.0 g
Round rye loaf bread	3.0 g
Täyshyvät whole grain rye bread	3.0 g
Vaasan Rouhepalat whole grain white bread	2.1 g
Tosikauranen oat bread	1.9 g
French wheat bread	1.1 g

Annual consumption of bread per capita in different countries

Egypt	180 kg
Poland	97 kg
Germany	80 kg
Norway	68 kg
Italy	67 kg
Estonia	65 kg
Latvia	60 kg
France	59 kg
Sweden	53 kg
Finland	48 kg
England	43 kg



A cross section of a rye grain, the length of the bar in the photo is 0.25mm.

INDUSTRIAL ENZYMES

Enzymes are proteins, organic chemicals composed of aminoacids. They are fast and efficient catalysts which accelerate chemical reactions without being transformed themselves in these reactions. Each enzyme has a specific effect. For example, cellulase breaks down cellulose, protease breaks down protein and xylanase breaks down xylan. Enzymes are produced industrially by using microbes (fungi, bacteria) in a biotechnological process.

Cultor's different business units make use of enzymes to improve the quality of products or production processes:

• Amylase and xylanase enzymes improve the quality of bread and keep it fresh longer.

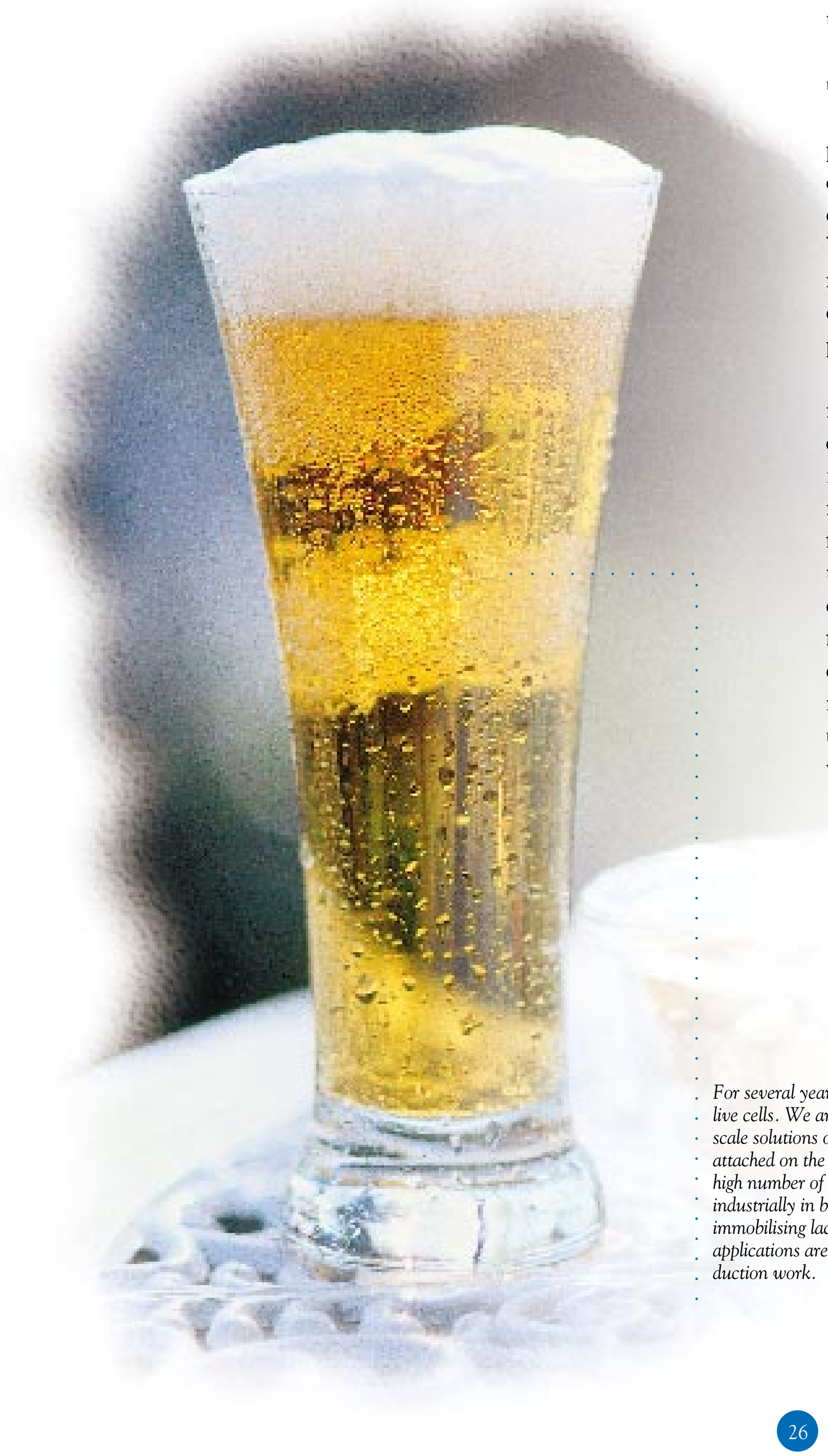
• When added to feeds, cellulase, xylanase and protease enzymes promote the health of fish and livestock, and help the animals to make better use of the energy and protein of the feeds.

• Amylases that break down starch are used in the production of syrups.

• Invertase and glucose-isomerase enzymes are used in the production of fructose and glucose.

Enzymatic reactions are nature's own soft processes. Because enzymes function very specifically, they can be used in industrial processes to perform exactly as they would in nature. When yeast consumes sugar, it breaks the ordinary sugar into two parts by using the invertase enzyme. The same method can be used in the production of fructose.

Gene technology is an important tool in modern biotechnological industry. In the production of industrial enzymes, gene technology is used to enhance the enzyme production in microorganisms. For instance, by adding to fungus several copies of genes that correspond to its own natural cellulase enzyme, the fungus can be induced to produce this enzyme manyfold. Gene technology can also be applied to change the structure of an enzyme in a desired manner. This enables e.g. the protease enzyme used in detergents to remain active in different washing conditions.



For several years Cultor has been developing technology for immobilising live cells. We are among the leading companies worldwide with commercial scale solutions of the technology. In this technology live microbial cells are attached on the surface of a carrier material thus enabling a remarkably high number of cells per volume unit. Immobilised live yeast has been used industrially in breweries since 1988. Same technology is also used for immobilising lactic acid bacteria, and a number of other live cell bioreactor applications are being developed where the cells are used for efficient production work.

GENENCOR

Genencor was established in 1990, when the enzyme business of Cultor merged with the bio-products group of Eastman Kodak. The company is now a 50/50 joint venture between Cultor and Eastman Chemical Co.

Genencor is a company engaged in the field of industrial enzymes and biochemicals produced by microorganisms. Genencor supplies its products to several fields of industry, the biggest of which is the detergent industry. Enzymes improve the efficiency of detergents, remove stains, and save the environment by replacing phosphate-based detergents. Increasingly important enzyme users are the feed, food, starch and textile industries. Enzymes are natural products whose major attribute is their selectivity. As products of soft technology, their basic character is environmental friendliness.

With its 25% market share, Genencor International is the world's second biggest manufacturer in the steadily growing markets of industrial enzymes. The company's production plants are located in Finland, in the United States and in Belgium, and its head office is in Rochester, New York.

Genencor's net sales amounted to USD 215 million in 1995. The acquired industrial enzyme business of Dutch Gist-brocades has increased the net sales by 50% since June 1995. In the fall of 1995, a letter of intent was signed to purchase the Belgian Solvay's industrial enzyme business. The acquisition is expected to take place in the spring of 1996.

In 1995, Genencor's European head office moved from Helsinki to Delft, Holland, where also is located the company's European research center. A decision was made to move the San Francisco research and development center to the vicinity of Stanford University in Palo Alto, California. A new center will be completed in August 1996.

In order to improve its competitiveness and to intensify its operations, Genencor worked to achieve a quality certificate in accordance with the ISO 9002 standard. Lloyd's Register Quality Assurance issued the certificate to the Hanko and Jämsänkoski plants in November 1994. The Cedar Rapids and Rochester plants located in the United States obtained certificates in 1995.

With the help of high-class research, environmentally sound applications can be developed. The enzyme used in feeds reduces the amount of feed needed and thereby the burden on the environment. Enzyme-based processes in the production of silage can replace corrosive acids.

TECHNOLOGY CENTER

Research that aims at the industrial utilization of nature's raw materials and natural processes is the focus of operations in Cultor's Technology Center. The research supports Cultor's food and feed ingredients business in particular. Cultor's different business units are in charge of their own technology and the research and development involved in their areas of excellence. However, in order to secure the synergic advantages, certain know-how has been concentrated in Cultor's Technology Center to reach the critical masses. By collecting and utilizing the synergies, the research activity has become crucial for the success of the entire Group.

The research carried out in the Technology Center is based on thorough and extensive expertise in different fields of science. Important areas of expertise cover microbiology, enzyme techniques, bioprocess techniques, gene technology, animal physiology, chemistry and special analytics. The Technology Center actively follows the scientific development of such fields that are important to the Group and develops new technological solutions itself.

A significant part of the work of the Technology Center is carried out in projects, the content and objectives of which are defined in cooperation with the business units. This ensures that the research is closely connected to the customers' needs.

Strong know-how in enzymes adds Cultor's possibilities to develop and manufacture environmentally friendly applications for a variety of purposes.

PRODUCTS AND BRANDS

ANIMAL AND FISH FEEDS

Kiri-Maikki	Dairy cow feed for supplementation of silage
Krossi	Cereal-based feed for intensive dairy cow feeding
Pekoni	Effective feed for intensive pig meat production
Nasu	Alternative pig fattener for healthy growth
Hertta muro and Minera muro	Palatable granular mineral feeds
Xylitol-vitamins	Liquid xylitol-based vitamins for livestock
Asetona	Specialty energy supplement for dairy cows
Racing	Full range of feeds from foals to racing/riding horses
Ensimax, Säilömax	Efficient and safe silage additives
Maja / Rosa	Compound feeds and protein concentrates for dairy cows
Tor / Frej	Compound feeds and protein for grower/finisher pig
Vextra	International brand for salmon feed
Vextra Omega	High energy salmon feed, international brand

FEED INGREDIENTS

Avizyme	Multi-enzyme products for improving the nutritional value of poultry diets
Porzyme	Multi-enzyme products for improving the nutritional value of pig and piglet diets
Fiskemel	High quality fish meal
Heptex	Enzyme products for the pre-treatment of animal feeds and feed raw materials
Betafin	Betaine products for various applications
Finnstim	Betaine and amino acid supplement for fish diets

SUGARS

Dark Crystal sugar *Soft brown sugar* *Pearl sugar* *Icing sugar* *Coloured pearl sugar* *Sugar-Cinnamon mixture* *Jam sugar* *Jelling sugar*	Sugar specialties

Syrup	
Melli-Syrup	
Sirkku *Pulmu* *Black & White*	Cube sugars
Talous *Kisa* *Siro*	Crystal sugars

SPECIALTY SWEETENERS

Xylitol	Tooth friendly sweetness
Fructose	Natural sweetness
Lactitol	Reduced calorie sweetener
Sorbitol	Adding sweetness; retaining moisture
Finmalt L	Maltitol syrup
Dextrose	Natural energy
Xylose	Special sugar flavor for industry
Xylitab	Directly compressible xylitol

FLAVORS

SavouCult Specialty yeast extracts supplying delicate flavors to food
UmaCult Specialty yeast extracts for umami taste and natural flavor enhancement
CultaMeat &
CultaChick A range of specific savoury flavors
Compounds for Soft Drinks
Compounds for soft drinks, including carbonated and noncarbonated soft drinks, dilutables, nectars and juices. A compound includes all the key ingredients for soft drinks except water, sugar and carbon dioxide.
Compounds/Flavors for Dairy/Ice-cream products
Compounds and flavors for dairy/ice-cream products, ice-creams, ice-lollies, yoghurts and flavored milks.

FRESH BAKERY PRODUCTS

Vaasan Ruispalat, Rouhepalat, Halkaistu Jälkiuunileipä, Revitty Rukiinen, Iso, Iso-G, Iso-M, Jumpulat, Vimpulat, Jumbot, Täyshyvät, Tosirukiinen, Tosikauranen, Tosiviljanen, Tosimuheva, Läheltä Lämmintä series, Uunituore series
Hanna-Tädin Hanna-Tädin pasteries
MrMoon Fast Food series
Finnish local bakeries have a large range of different own products

Leibur Madise, Talupoja, Viljaveski, Kirde sai, Annika Tort
Hanzas Borons a/l, Senču, Hanzas Saldskābmaize, Lauces

CRISP BREADS AND CRACKERBREADS

Vaasan Pieni Pyöreä, Maukas, Koulunäkki, Voima, Kunto, Maitonäkki, Pieni Ruutu, Pieni Vehnä, Velmu, Elonäkkäri, Rapeat
Ylhäisten Crisp breads
Finn Crisp Sour rye cracker with a crunchy texture, international brand
Siljans Brand mark of crisp breads made in Sweden

GENENCOR PRODUCTS

Multifect Enzymes for the food industry
Spezyme Enzymes for the production of starch syrups
Purafect Enzymes for the detergent industry
Lumafast – " –
Primafast Enzymes for the various uses in the textile industry
IndiAge – " –

Cultor Food Science is organized around four divisions: Xyrofin, Flavors, Protectants and Fine Ingredients.

Cultor Food Science was created on January 29, 1996 through the combination of the Xyrofin and Flavoring divisions of Cultor with the Food Science Group formerly owned by Pfizer Inc. Cultor Food Science operates five production plants in the United States and five manufacturing facilities in Europe. A xylose plant now under construction in Austria will become operational during the fall of 1997. The headquarters for Cultor Food Science is located in New York, New York. Cultor Food Science employs 950 people worldwide.

FUTURE OUTLOOK

Cultor Food Science serves the global food and beverage industry. The Cultor commitment to innovation is reflected in the company's scientific and technological competence and our skills involving product development and production process management. In addition, Cultor Food Science supports its customers with an established global network of knowledgeable sales and marketing professionals. The Cultor Food Science ingredients and technologies are increasingly used in baked goods, beverages, candy, chewing gum, confectionery, ice cream, meats, seafood and in various dairy products.

The company works in close cooperation with its customers through strategic partnerships which enhance the value of each customer's products and business. Cultor Food Science believes it can best serve its customers with a commitment toward growth and profitability.

Cultor Food Science aims to be a leading global provider of unique and high-performing food ingredients and ingredients systems enabling our customers to enhance the quality of their products.

CULTOR FOOD SCIENCE ORIGINATED FROM AN ACQUISITION

Building on its core competencies, Cultor followed a long-term strategy for developing an international, high-technology business.
In August 1995, Cultor entered into negotiations with Pfizer Inc to acquire one of its business segments known as the Food Science Group. In December 1995, a letter of agreement was signed by Cultor to acquire the Food Science Group, and during January, 1996, the acquisition was completed with the creation of Cultor Food Science.

The acquisition is an important part of Cultor's long-term strategy which calls for shifting the emphasis of its business operations from volume products with low margins to valueadded products with higher margins. The creation of Cultor Food Science remarkably strengthened Cultor's position as one of the leading developers and producers of specialty sweeteners, bulking agents, fat reduction ingredients and unique food ingredients.

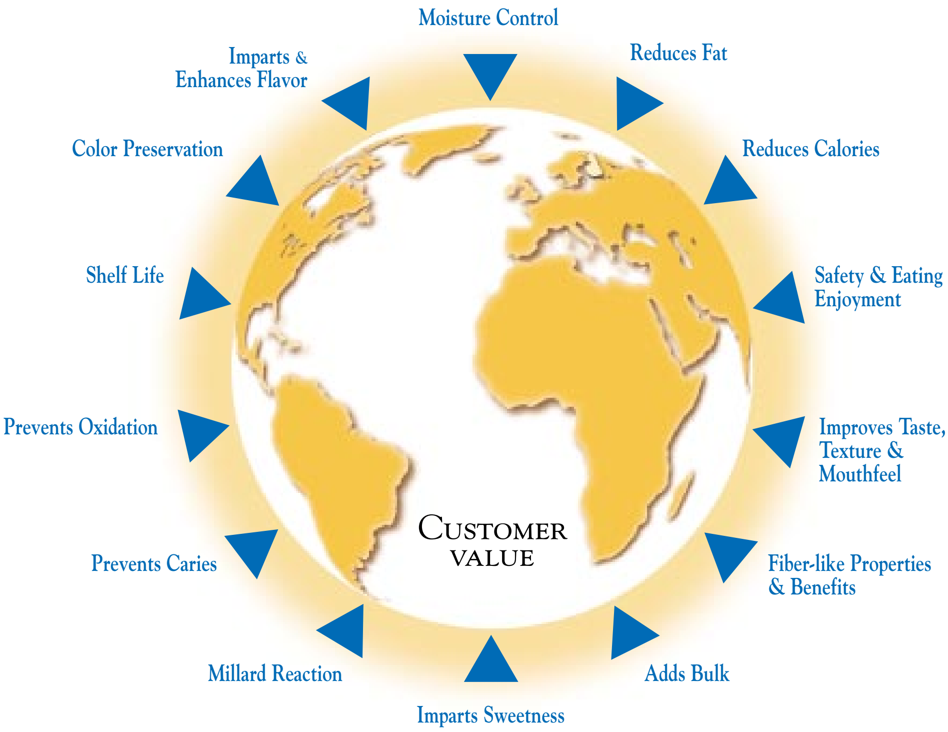
In so many ways, the two previously-separate companies were engaged in complementary businesses. The former Pfizer Food Science Group was well-known for high-quality food ingredients which helped consumers by improving the taste, quality and appearance of foods or beverages, and by reducing the caloric or fat content of products. The Food Science Group was also engaged in the development of new and innovative reduced-calorie and reduced-fat technologies. Xyrofin's specialty sweeteners, as well as Cultor Flavoring and Cultarom ingredients, were used by many of the same customers in similar products.

Cultor's expertise lies in microbiology, metabolic engineering, enzyme technology and separation technologies – especially crystallization technology. The former Food Science Group had strengths in organic chemistry, separation technologies as well as product innovation and the commercialization of developed products and ideas. Together, these are the skills necessary for ensuring future success.

The amount of net sales transferred to Cultor in connection with the Food Science Group acquisition was $314 million USD during 1995, including a growth of 8 percent to the respective 1994 figure.

NET SALES OF CULTOR FOOD SCIENCE

The combined net sales of Cultor Food Science would have been approximately FIM 2 billion in 1995 or USD 460 million of which 41 percent was derived from Europe, 35 percent from North America and 24 percent from the rest of the world.



Cultor Food Science, serving customers with a total systems approach.

PRODUCTS AND BRANDS

SPECIALTY SWEETENERS, FAT REDUCTION INGREDIENTS AND BULKING AGENTS

Xylitol, a clean-tasting polyol widely used in chewing gum and confections for its cool, refreshing taste and to fight dental caries

Litesse®, our family of premium-quality, one calorie-per-gram bulking agents

Lactitol, a reduced-calorie bulking agent widely used to replace sugar in baked goods, confectionery and frozen desserts

Fructose, a good-tasting, high-sweetness bulk sugar replacer for diabetic food, lite food and beverages

Dairy-Lo®, the all-natural "whey" for reducing fat while keeping taste

Benefat, family of salatrim-based, reduced-calorie fats

Aclame, our new heat-stable, high-intensity sweetener

Sorbestrin, all-temperature fat replacer for cooking and frying

FLAVORS

Natural flavors and flavor enhancers, compounded flavors and yeast extracts for the use of food and seasoning industries

Hop extracts, post-fermentation ingredients for malt beverages

Veltol®, a family of flavor enhancers used in soft drinks, candy an dairy products

PROTECTANTS

Erythorbic acid, sodium erythorbate, antioxidants, used in soft drinks, fruit, vegetables and in industrial applications

Natamax®, a mold inhibitor effective on cheese and sausage

Everfresh®, a replacement for sulfites on seafood

THE BOARD'S REVIEW ON OPERATIONS

GENERAL REVIEW

Earnings of the 1995 fiscal year exceeded the level of the previous year. The appreciation of the Finnish markka reduced both net sales and the operating profit. The operational result was at the previous year's level, and thanks to continuously declining financial expenses, the profit after financial items improved on the comparable result for 1994.

In 1994, the program aiming at focusing on core business areas was completed. Business Area Animal Nutrition was strengthened in 1995 by acquiring a majority holding (73%) in the Mainstream companies of Chile, which operate on the fish feed market. In Canada and in Chile, businesses that do not fit in with the corporate structure were sold for FIM 30 million. Also the Sareko Agro pesticide business was sold in Finland. In Latvia, the feed supplement company SIA Baltic Feed was established. The factory employs western technology and Cultor's holding in it is 75%.

The Swedish company Siljans Knäcke AB was acquired by Business Area Baking, and a crispbread line purchased from Raisio in 1994 was also added to the division. Within Business Area Sweetening, the Cultarom unit, Northern Europe's only manufacturer of flavoring enhancers was started up, and the power plant in Kotka as well as the district heating distribution operations in Turenki were sold off for a total price of FIM 20 million. During the fiscal year, Cultor divested its Rintekno shares to Neste Corporation as well as the 30% stake in Strömsby-Invest Oy including its subsidiary Kantvikin Satama Oy.

Genencor International Inc., which is half owned by Cultor, acquired the industrial enzyme business of Gist-brocades in the Netherlands. In connection with the deal, Genencor strengthened its share capital, in which Cultor contributed with a FIM 128 million. In November 1995, Genencor International Inc. and the Belgian company Solvay S.A. signed a letter of intent according to which Genencor will purchase Solvay's industrial enzyme business. The deal is expected to be consummated in March 1996.

During the fiscal year, the feed company Rehu-Sampo Oy as well as eight other dormant companies were merged with the parent company.

Cultor and Pfizer Inc signed an agreement in December according to which Cultor will purchase the business operations of the Pfizer Food Science Group. The deal was concluded on January 29, 1996. The purchase price is about USD 360 million and it will add FIM 1.4 billion to Cultor's annual net sales.

GROUP NET PROFIT

Cultor's fiscal year in 1995 was the calendar year, whereas the 1994 fiscal year was 13 months long. The comparison period used is the proforma figures for the 1994 calendar year.

In 1995 Cultor went over to using average exchange rates in its consolidated financial statements, and the income statement figures for the comparison period have been consolidated using the average exchange rates of the corresponding period.

Consolidated net sales for the 1995 fiscal year were FIM 5 767 million, a decrease of FIM 249 million (4%). The appreciation of the Finnish markka reduced consolidated net sales by FIM 270 million (4%). Divestitures did not have an effect on the consolidated net sales. Net sales from international operations were FIM 2 943 million, and accounted for 51% of the Group's aggregate net sales.

Consolidated operating profit was FIM 513 million, up by FIM 8 million, or 2%, from the previous year. The appreciation of the Finnish markka reduced the operating profit by FIM 23 million, or 5%. Affiliated companies accounted for FIM 14 million, or 3%, of the operating profit, and Genencor's share of this figure was FIM 5 million. International operations accounted for FIM 205 million, or 40%, of the operating profit.

The Group's interest-bearing net liabilities at the end of the fiscal year were FIM 350 million, and the annual net financial costs totaled FIM 22 million, or 0.4% of the net sales. Net financial costs fell by 42% from the previous year (1994: FIM 38 million).

Consolidated profit after financial items was FIM 491 million, or 8.5% of the net sales, an increase of FIM 24 million over the comparison period (1994: FIM 467 million).

Extraordinary items amounted to FIM -9 million (1994: FIM -22 million). Extraordinary items include gains on the sale of real-estate properties amounting to FIM 10 million. Owing to the change in the bookkeeping procedures, FIM 13 million of commitments connected with future unemployment pension premiums have been entered in extraordinary items as well as FIM 6 million of bonus commitments for previous years.

The Group's taxes shown in the income statement were FIM 122 million (1994: FIM 93 million), an increase of FIM 29 million from the previous year. The figures include a FIM 32 million increase in the imputed deferred tax liability owing to the rise in the Finnish tax base from 25 percent to 28 percent. Taxes paid by the Group totaled FIM 115 million.

The minority interest in the profit for the fiscal year was FIM 25 million, or FIM 7 million less than in the comparison period (1994: FIM 32 million).

The net profit for the fiscal year was FIM 335 million, or FIM 15 million more than the previous year's net profit (1994: FIM 320 million).

The Group's return on investment for the fiscal year was 16.1% (1994: 15.5%). The return on equity was 13.9% (1994: 15.7%). Earnings per share for the fiscal year grew slightly, reaching FIM 14.91 (1994: FIM 14.84).

BUSINESS AREAS

ANIMAL NUTRITION IMPROVES ITS OPERATING PROFIT

The operating profit of Business Area Animal Nutrition improved by 11%, reaching FIM 206 million (1994: FIM 186 million). Net sales, FIM 3,249 million, were close to previous year´s level in spite of the EU impact leading to lower prices of animal feed as well as the strong Finnish markka, that lowered the net sales by approximately FIM 280 million.

As Finland entered the European Union in the beginning of 1995, most agricultural prices decreased substantially. Prices of grain used for animal feed dropped by 40 %, improving the competitive situation for industrial feed. Markets for compound feeds in Finland thus grew by 10% in 1995. Suomen Rehu was able to strengthen its position in the market through cost-efficiency and a competitive price/quality relationship. All three compound feed plants of Suomen Rehu have had an almost full capacity utilization. In Sweden the effect of the EU accession on the feed market was much smaller than in Finland, as Swedish grain prices were in fact lower than the European Union. Both Suomen Rehu and Svenska Foder improved earnings in 1995.

The market of farmed salmon continued to increase, showing a growth of 20%. Ewos further strengthened its position in the market and increased its production capacity in Norway and Scotland. In March 1995, Ewos acquired a majority stake, 73%, in Mainstream Salmones y Alimentos, one of the leading fish feed companies in Chile. Ewos is thereby present on all main salmon farming markets in the world. During 1995 the prices of Ewos´ most important raw materials, fish meal and fish oil, increased substantially. That in combination with a very competitive market situation led to some margin erosion. The result of Ewos was slightly lower than in 1994.

The feed enzyme market growth slowed down in 1995 due to high wheat world market prices. However, the situation improved towards the later part of the year, and the total feed enzyme volumes were up by 20% and Finnfeeds International maintained its 50% share of the feed enzymes market. Finnsugar Bioproducts developed new applications for betaine which strengthened sales during the second half of the year. The result of the Feed Ingredients division was at the same level as in 1994.

SWEETENING'S NET SALES GROW

Business Area Sweetening had an operating profit of FIM 256 million, somewhat less than in 1994, FIM 293 million. Net sales were 3% higher than in 1994, FIM 1,816 million.

Finnsugar concentrated on adaptation to the new competitive situation in the European

Union. As stated earlier, changes in the operating environment, relating to the EU Sugar Regime, lead to a decrease in Finnsugar´s earnings. A major part of the EU effect was seen in 1995 but, due to the transition arrangements, the Sugar Regime will still have some negative effects on the earnings development in 1996.

As the Sugar Regime was renewed in 1995, Finland was able to increase its import quota of raw canesugar from 40,000 tons to 60,000 tons starting in 1996. The total sugar quotas for Finland are now 207,000 tons and this will give Finnsugar enough supplies for the demand of the Finnish market.

The Finnish sugar beet crop in 1995 was 1.1 million tons giving a total of 154.4 million kilos of sugar (1994: 152.1) which exceeded the beet sugar quotas (A+B) by 1.3 million kilos which was left as carry over stock for 1996. The total sugar demand on the Finnish market lowered 9% from 1994 to 202 million kilos. Due to the cost effects of the Sugar Regime and the strengthening Finnish markka. Finnsugar´s result was lower than in 1994.

Xyrofin saw increasing demand for xylitol and got the needed increased capacity for xylitol production, when its plant extension in Thomson was taken into use in September. The investment program continues with the construction of a xylose plant in Austria which will, from autumn of 1997, cover the constantly growing market demand. Fructose sales picked up mainly due to fast growth in the Far East market, but profitability weakened due to higher raw material prices caused by EU regulations, and therefore Xyrofin´s results were lower than in 1994.

The market for sweet flavoring products was stable. The Flavoring division entered the savoury flavors market through new products developed in-house and opened a new plant in the autumn 1995. Due to development costs for savoury flavors the results were lower than in 1994.

BAKING IMPROVES ITS EARNINGS

The operating profit of Business Area Baking increased by 13% and was FIM 54 million. Net sales increased by 4% to FIM 833 million.

The market for bakery products increased in Finland, partly as a result of lower bread prices following Finland´s membership in the European Union. The Vaasa Bakeries improved their position on the market, and the market share increased to 27%. In Estonia higher bread prices have lead to a decline in the market. In Latvia the Vaasa Bakeries division became a 49% owner in a bakery joint venture, Hanzas Maiznica, which is the biggest bakery operation in the country. After the end of the year the Vaasa Bakeries acquired the bakery operations of Elanto, and this will further strengthen its position on the market, especially in the greater Helsinki region. The result for the Vaasa Bakeries division was higher than in 1994.

The consumption of crisp bread is concentrated on Scandinavia and Germany. In Finland the consumption increased 3-4%, but in the other markets the demand was at the previous year´s level. Changes in the distribution channels on the major export markets combined with a fierce competition led to a falling exports for Vaasamills, while the position on the home market remained strong. Rationalization measures were undertaken at Vaasamills´s plant in Kotka in order to improve its cost structure which caused some non-recurring costs. In January 1995, the group acquired the Swedish crisp bread manufacturer Siljans Knäcke AB. The result for Vaasamills was lower than in 1994.

GENENCOR EXPANDS ITS OPERATIONS

Cultor´s joint venture Genencor increased its net sales by over 50% to USD 215 million (FIM 933 million). Company´s net earnings were positive and in accordance with the set objectives. Genencor acquired the industrial enzyme operations of the Dutch company

Gist-brocades in June 1995 and gained over 20% market share. In addition, Genencor signed a letter of intent to acquire Solvay´s industrial enzyme operations. The acquisition is expected to take place this spring. Acquisitions will have effect on Genencor´s figures in 1996. Cultor´s investments in Genencor were FIM 128 million.

From the beginning of the year 1996, the joint venture Genencor Group will be consolidated to Cultor Group financial statements according to the proportionate consolidation method. Accordingly, each income statement, balance sheet and notes item will be included equal to the Cultor Group ownership (50%).

RESEARCH AND DEVELOPMENT

Research and development expenditures totaled FIM 83 million and were at the level of the 1994 calendar year.

CAPITAL EXPENDITURES AND DEPRECIATION

The Group's gross capital expenditures totaled FIM 581 million (1994: 376 million). The breakdown of capital expenditures by business areas is as follows:

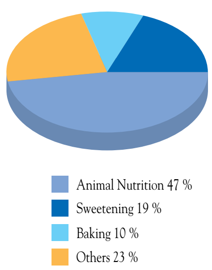
FIM million	1995	1994
Animal Nutrition	275	104
Sweetening	111	127
Baking	61	128
Other and Group's common	134	17
Total	581	376

The Group's most important capital expenditures were divided among all the business areas. These included the capital investment in Genencor during its acquisition of the Gist-brocades industrial enzyme business, the acquisition of the Mainstream company of Chile for the Ewos Division, the extension to the Xyrofin factory in the USA, and the establishment of Ewos' research center in Scotland. At the beginning of the fiscal year, Cultor also acquired the Swedish company Siljans Knäcke AB. Acquisitions amounted to a total investment of FIM 129 million.

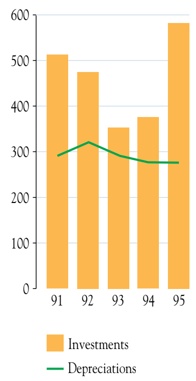
After the close of the fiscal year, the Food Science business purchased from Pfizer on January 29, 1996, was made a part of the Group and will affect the consolidated figures beginning in 1996. In January 1996, a bakery in Helsinki was purchased from Elanto. This increased the market share of Vaasa Bakeries in the greater Helsinki area to 27 percent.

Fixed assets were sold for FIM 86 million, and the Group's net investments thus totaled FIM 495 million. Depreciation of FIM 277 million was booked on fixed assets (1994: FIM 277 million).

BREAKDOWN OF INVESTMENTS, %



INVESTMENTS AND DEPRECIATION, FIM MILLION



FINANCING

The Group's interest-bearing net debt stood at FIM 350 million at the end of the fiscal year (1994: FIM 175 million) and annual net financial expenses amounted to FIM 22 million, or 0.4% of the net sales. Net financial expenses declined from the previous year's level (1994: FIM 38 million). The decrease was due to the lower level of average net debt during the fiscal year compared with 1994. The ratio of interest-bearing net debt to equity (net gearing) was 14%.

PERSONNEL

The Group had a payroll of 5 156 employees at the end of the fiscal year (1994: 4 857). The average personnel strength declined by one percent and was 5 227 people. Acquisitions increased the average number of personnel by 279 people.

The parent company employed 261 people at the end of the fiscal year. The corresponding number at the close of the previous fiscal year was 234 people. The parent company's average payroll was 265 people (1994: 227).

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

Business Areas	Dec. 31, 1995	Dec. 31, 1995
Animal Nutrition	1 715	1 356
Sweetening	1 107	1 141
Baking	2 175	2 212
Common and others	159	148
Total	5 156	4 857
Average	5 227	5 276

PERSONNEL FUND

The bonus for the 1995 personnel fund amounted to FIM 11.6 million (1994: FIM 10.3 million).

SALARIES AND EMOLUMENTS

The Group's salaries inclusive of fringe benefits and personnel social costs totaled FIM 906 million for the fiscal year (1994: 13 months: FIM 948 million). The corresponding figures for the parent company were FIM 76 million (1994: 13 months: FIM 65 million).

Accrual-based salaries and emoluments entered in the income statement were as shown in the following table:

SALARIES AND EMOLUMENTS

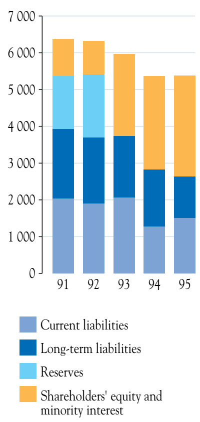
FIM million	Group 1995	Group 1994 (13 mon.)	Parent comp. 1995	Parent comp. 1994 (13 mon.)
Board of Directors and Presidents	23	22	4	4
Other salaries	646	681	52	44
Salaries in the income statement	669	703	56	48

The 13-month figures for 1994 are calculated according to the exchange rate on the balance sheet date.

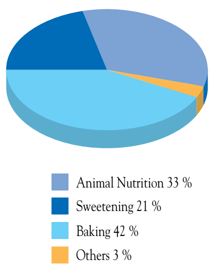
SHARE CAPITAL

According to the Articles of Association, the capital stock of Cultor Ltd. is a minimum of

FINANCIAL STRUCTURE, FIM MILLION



PERSONNEL BY BUSINESS AREA, %



FIM 252,000,000 and a maximum of FIM 1,008,000,000. The fully paid up capital stock account at the beginning and end of the fiscal year was FIM 276,570,000 and the number of shares was 23,047,500.

On April 6, 1995, the Annual General Meeting authorized the Board of Directors, for one year from the date of the meeting, to make the following dispositions in one or several installments, as a departure from shareholders' preferential subscription rights and/or against a payment in kind and/or otherwise subject to certain conditions in cases specifically defined by the Board of Directors, for the purpose, directly or indirectly, of financing acquisitions, making arrangements for joint ventures or dealing with some other financial matter of major consequence for the company, as needed, namely:

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

to decide on the raising of bond loans on the terms and conditions that the lenders shall have the right to convert their bonds either entirely or in part, according to a decision of the Board, into Series I and/or Series II shares or the right to subscribe, in accordance with a decision of the Board, new Series I and/ or Series II shares in a rights issue as well as to decide with respect to all the terms and conditions of the loan, conversion and/or subscription to the extent that they have not been specified in the authorization resolution. The amount of shares with a par value of FIM 12 and belonging to Series I which are to be subscribed on the basis of a rights issue or issues, convertible bond issues and/or issues of bonds with warrants may be a maximum of 2,000,000 in number, constituting a total of par value of a maximum of FIM 24,000,000, and the amount of shares belonging to Series II may be a maximum of 2,000,000 in number, or a total par value of a maximum of FIM 24,000,000.

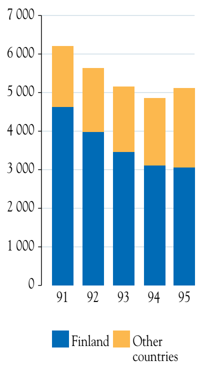
The subscription price of the shares to be subscribed on the basis of a rights issue or issues, convertible bonds and bonds with warrants may not fall below the dividend difference-adjusted price on the Helsinki Stock Exchange as calculated in terms of the average price for the thirty (30) days preceding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

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

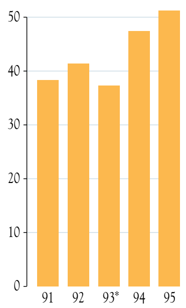
BOARD OF DIRECTORS AND PRESIDENT

The Annual General Meeting held on April 6, 1995, confirmed the number of members of the Board of Directors to be nine. Elected to seats on the Board of Directors were Mr. Eero Utter, who has served as the Board's chairman, the other members being Mr. Sakari Heikkilä, Mr. Carl-Olaf Homén, Mr. Ralf Lehtonen, Mr. Göran Lindén, Mr. Olivier Lippens, Mr. Paul Lippens, Mr. Pekka Rinne and the company's

PERSONNEL



EQUITY TO ASSETS, %



*Change in accounting principles

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

OUTLOOK FOR THE FUTURE

The financial result of the Cultor Group exceeded the expectations in 1995. It had been estimated that the earnings trend would suffer owing to adjustment to the European Union, but the growth in earnings was forecast to compensate the effects of the transition to EU conditions. The effects of the Sugar Regime will be seen partly during the year 1996. The Group's international divisions all operate on growing or strongly growing markets. Efforts and outlays have been made to achieve cost-effectiveness and a high level of quality, and the strategy of the divisions is to concentrate on areas in which they have strong expertise.

FSG, which was acquired early in 1996, will implement our objective of moving the priority of our business operations to areas having a high value added. The effects of the FSG acquisition are estimated to lower Cultor's 1996 earnings per share slightly. In other respects, although the development during the early part of the year will be slow, Cultor's earnings trend is estimated to remain stable in 1996.

The new investments made by Cultor in recent years are estimated to have a clearly positive effect on the 1997 financial result.

PROPOSAL FOR THE ALLOCATION OF PROFITS

According to the consolidated balance sheet on December 31, 1995, the unrestricted equity amounted to FIM 1,709,831,000, including distributable equity of FIM 1,027,051,000. The parent company's retained earnings according to the balance sheet on December 31, 1995, are as follows:

from previous years	1 630 328 971.79 FIM
for the fiscal year	261 707 902.63 FIM
total	1 892 036 874.42 FIM

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

dividend of FIM 5.00 per share	115 237 500.00 FIM
the balance carried forward to the retained earnings	1 776 799 374.42 FIM
total	1 892 036 874.42 FIM

Helsinki, March 12, 1996

Eero Utter

Sakari Heikkilä

Carl-Olaf Homén

Ralf Lehtonen

Göran Lindén

Olivier Lippens

Paul Lippens

Pekka Rinne

Björn Mattsson
President & CEO

CONSOLIDATED INCOME STATEMENT*)

	Jan. 1-Dec. 31, 1995	%	Dec. 1, 1993-Dec. 31, 1994 1994	%
Net sales (1)	5 767 282	100.0	6 395 256	100.0
Cost of goods sold	-4 547 039		-4 991 941	
Gross profit	1 220 243	21.2	1 403 315	21.9
Sales and marketing expenses	-350 969		-400 965	
Administrative expenses	-318 785		-330 431	
Other operating expenses	-139 686		-143 581	
Other operating income	87 506		19 155	
Share of result of associated companies	14 447		3 301	
Operating profit (2), (3), (4)	512 756	8.9	550 794	8.6
Financial income and expenses (5)				
Dividend income	6 038		1 423	
Interest income from non-current investm.	37 493		26 896	
Other financial income	66 261		77 584	
Interest expenses	-91 805		-104 424	
Other financial expenses	-39 526		-44 035	
	-21 539	-0.4	-42 556	-0.7
Profit after financial items	491 217	8.5	508 238	7.9
Extraordinary income and expenses (6)	-9 010	-0.2	-21 835	-0.3
Profit before income taxes and minority interest	482 207	8.4	486 403	7.6
Direct taxes (7)	-122 070	-2.1	-97 893	-1.5
Minority interest	-25 435	-0.4	-41 479	-0.6
Profit for the financial year	334 702	5.8	347 031	5.4

*) 1995: 12 months, income statement consolidated using the average rates of the financial year.
1994: 13 months, income statement consolidated using the rates on the balance sheet date.

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

CONSOLIDATED BALANCE SHEET

ASSETS	Dec. 31, 1995	%	Dec. 31, 1994	%
Fixed and other non-current assets (8)				
Intangible assets				
Intangible rights	21 250		16 489	
Goodwill	20 212		23 518	
Consolidation goodwill	154 767		114 667	
Other intangible assets	30 600		28 390	
	226 829	4.2	183 064	3.4
Tangible assets				
Land and water	97 095		87 597	
Buildings	627 607		613 508	
Machinery and equipment	1 121 181		1 039 076	
Other tangible assets	16 397		13 441	
Advanced payments and construction in progress	48 742		111 076	
	1 911 022	35.6	1 864 698	34.7
Financial and other non-current assets				
Shares in associated companies	563 919		425 848	
Other shares	49 226		57 825	
Other non-current assets	100 000		100 000	
	713 145	13.3	583 673	10.9
Current assets				
Inventories				
Raw materials and consumables	453 067		375 695	
Work in progress	67 427		72 102	
Finished products	429 151		390 627	
Other inventories	28 490		14 650	
	978 135	18.2	853 074	15.9
Receivables (9)				
Trade receivables	788 982		667 508	
Loans receivable	93 988		117 343	
Prepaid expenses and accrued income	125 270		136 665	
Other receivables	112 403		201 594	
	1 120 643	20.9	1 123 110	20.9
Investments				
Other marketable securities	104 511	1.9	188 423	3.5
Cash and cash equivalents	310 117	5.8	577 742	10.8
	5 364 402	100.0	5 373 784	100.0

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

LIABILITIES	Dec. 31, 1995	%	Dec. 31, 1994	%
Shareholders' equity				
Restricted equity (10)				
Share capital	276 570		276 570	
Reserve fund	478 845		478 702	
Revaluation fund	36 000		36 000	
	791 415	14.8	791 272	14.7
Unrestricted equity (11)				
Contingency fund	58 677		58 677	
Retained earnings	1 316 452		1 095 162	
Profit for the financial year	334 702		347 031	
	1 709 831	31.9	1 500 870	27.9
Minority interest	265 689	5.0	250 833	4.7
Payables (12)				
Long-term				
Debentures	614		647	
Loans from credit institutions	243 427		437 592	
Pension loans	442 452		424 151	
Deferred tax liability	386 106		377 225	
Other long-term liabilities	35 286		36 953	
	1 107 885	20.7	1 276 568	23.8
Current				
Loans from credit institutions	234 946		231 980	
Pension loans	32 412		30 544	
Advances received	7 324		7 137	
Trade payables	610 355		717 335	
Accrued liabilities and deferred income	323 090		307 270	
Other current payables	281 455		259 975	
	1 489 582	27.8	1 554 241	28.9
	5 364 402	100.0	5 373 784	100.0

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

CONSOLIDATED STATEMENT OF CHANGES IN THE FINANCIAL POSITION

	Jan. 1-Dec. 31, 1995		Dec. 1, 1993-Dec. 31, 1994	
Cash flow from operations				
Operating profit	512 756		550 794	
Share of result of associated companies	-14 447		-3 301	
Depreciation	277 271		290 279	
Financial expenses (net)	-21 539		-42 556	
Extraordinary items	-9 010		0	
Direct taxes	-115 317		-130 656	
Cash flow from operations		629 714		664 560
Change in trade and other receivables	-29 502		334 821	
Change in inventories	-131 412		-4 594	
Change in trade payables	-51 654		-331 151	
Change in net working capital		-212 568		-924
Net cash flow from operations		417 146		663 636
Investment in fixed assets	-581 029		-415 324	
Proceeds from sales of fixed assets	86 526		152 035	
Net investments		-494 503		-263 289
Net cash flow from operations after investments		-77 357		400 347
Change in long-term loan receivables	-10 113		63 497	
Change in long-term borrowings	-170 108		-305 406	
Change in current financial assets	35 201		194 095	
Change in current borrowings	-13 641		-103 732	
Increase (+)/decrease (-) of loans		-158 661		-151 546
Other items				
Dividends paid		-103 714		-57 619
Change in minority interest		-11 805		-11 084
Cash and cash equivalents at beginning	766 165		586 067	
Cash and cash equivalents at end	414 628		766 165	
Increase (-)/decrease (+) in cash		351 537		-180 098
		0		0
Cash flow from operations over gross investments		71,79%		159,79%

Figures in thousands of FIM.

ACCOUNTING POLICIES APPLIED IN CONSOLIDATION 1995

Change in the fiscal year and accounting policies realized for comparable period.

The Annual General Meeting decided on March 10, 1994, to change the Group's fiscal year to the calendar year. Accordingly, the comparable fiscal year 1994 is 13 months long (December 1, 1993 - December 31, 1994). The provisions of Finland's revised Accounting Act have been applied as from the beginning of the 1994 fiscal year. Uniform Group-wide accounting policies drawn up on the basis of this legislation renewal are observed in all Group companies.

EXTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES APPLIED

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

Intra-Group share ownership and essential material internal margins, profit sharing, transactions and receivables and liabilities between Group companies have been eliminated. The consolidation goodwill values paid for the shares of subsidiaries have been calculated in such a way that the untaxed reserves of the subsidiary at the time of acquisition less imputed deferred taxes have been included in the unrestricted equity.

The differences that have arisen in the elimination of shares in subsidiaries have been allocated in part to fixed asset items and have been shown in part as a separate consolidation goodwill item on the balance sheet. The elimination difference relating to balance sheet items as at December 31, 1995, has been allocated to land areas in the amount of MFIM 5.9 and to buildings in the amount of MFIM 5.6. Goodwill amounts consolidated prior to December 1, 1993 are depreciated over a 10-year carrying period and amounts that have arisen after this date, according to the renewed Accounting Act and Companies Act.

Sales are recorded upon shipment of products and customer acceptance, if any, or performance of services, net of sales taxes, delivery costs of sold products, credit losses and other sales adjustment items. Research and development costs are expensed in the financial period during which they are incurred.

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

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

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

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

VALUATION AND PERIODIZATION PRINCIPLES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The inventories of all the Group companies have been entered on the balance sheet at the variable purchase cost, the repurchase cost or the probable sale price, whichever is lower, according to the FIFO-principle.

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

Investments which are classified as financial assets are valued as a rule at the purchase cost or the probable sale price on the balance sheet date, whichever is lower (market value). Changes in market values are booked to expenses or income. The premiums paid in purchasing financial assets are charged as an expense over the maturity of the investments.

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

ITEMS DENOMINATED IN FOREIGN CURRENCIES

In the consolidated accounts all items in the profit and loss accounts of foreign subsidiaries are translated into Finnish markka at monthly based average exchange rates for the year and the balance sheets at the official Bank of Finland rates on the balance sheet date.

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. Receivables and liabilities denominated in foreign currency have been translated to Finnish markka amounts at the rate quoted by the Bank of Finland on the balance sheet date. Foreign exchange gains and losses related to normal business operations are treated as adjustments to sales and purchases. Foreign exchange gains and losses associated with financing are entered as a net amount under financial income and expenses. Foreign currency-denominated receivables and liabilities that have been hedged by means of forward contracts have been valued at the forward rate, and the interest portion of the forward contract has been periodized on an accrual basis. The incoming or outgoing foreign currency-denominated cash flow of certain Group companies has been hedged over a maximum period of 12 months. According to hedge accounting, the impact on profits of hedging transactions made via these forward contracts is not booked until they have fallen due, i.e., against the item to be hedged.

Both the translation differences that have arisen in the elimination of the equity of subsidiaries and the translation differences of the equity in the opening balance sheet of associated companies have been credited or charged to unrestricted equity. The interest rate differences on forward contracts made and loans taken out for hedging purposes have been booked against these translation differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period 1994 (13 months) : 1.12.1993 - 31.12.1994
(The income statement consolidated with the rates on the balance sheet date)
Proforma 1994 (12months): 1.1.1994 - 31.12.1994
(The income statement consolidated with average rates of the period)

1. Segment data

Business area	Net sales, MFIM					
	1995	%	1994 (12 mon.)	%	1994 (13 mon.)	%
Animal nutrition	3 249	55	3 352	54	3 514	53
Sweetening	1 816	31	1 770	28	1 974	30
Baking	833	14	798	13	866	13
Other *)	29	0	293	5	300	4
Internal invoicing	-160		-197		-259	
	5 767	100	6 016	100	6 395	100

Business area	Operating profit, MFIM					
	1995	%	1994 (12 mon.)	%	1994 (13 mon.)	%
Animal nutrition	206	40	186	35	200	33
Sweetening	256	49	293	56	340	57
Baking	54	11	48	9	58	10
Other *)	-3		-22		-47	
	513	100	505	100	551	100

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

Market areas	Net sales, MFIM				Operating profit, MFIM			
	1995	%	1994 (12 mon.)	%	1995	%	1994 (12 mon.)	%
Finland	2 824	49	3 001	50	308	60	287	57
EU	1 650	29	1 848	31	64	13	84	16
Other countries	1 293	22	1 167	19	141	27	134	27
	5 767	100	6 016	100	513	100	505	100

2. Personnel, wages and salaries

	Personnel at the end of the period				Average personnel			
By business areas:	1995	%	1994	%	1995	%	1994 (13 mon.)	%
Animal nutrition	1 715	33	1 356	28	1 663	32	1 391	26
Sweetening	1 107	21	1 141	23	1 171	22	1 217	23
Baking	2 175	42	2 212	46	2 231	43	2 260	43
Others	159	3	148	3	162	3	408	8
	5 156	100	4 857	100	5 227	100	5 276	100

	Personnel at the end of the period				Wages and salaries in the income statement			
By region:	1995	%	1994	%	1995	%	1994 (13 mon.)	%
Finland	3 046	59	3 107	64	483 829	72	504 704	72
EU	602	12	501	10	112 407	17	137 232	19
Other countries	1 508	29	1 249	26	72 740	11	61 066	9
	5 156	100	4 857	100	668 976	100	703 002	100

Personnel expenses	1995	%	1994 (13 mon.)	%
Wages, salaries and the monetary value of fringe benefits	678 950	75	714 062	75
Pension expenses	109 641	12	96 411	10
Other social expenses	117 181	13	137 517	15
	905 772	100	947 990	100

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

Figures in thousands of FIM.

3. Other operating expenses	1995	1994 (13 mon.)
Total research and development costs (registered on an accrual basis)	83 382	88 223

4. Depreciation

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

Depreciation by balance sheet categ. and their gener. applied deprec. periods:		1995	1994 (13 mon.)
Intangible assets	5-10 years	2 066	2 235
Goodwill	5-10 years	3 234	3 387
Consolidation goodwill	5-10 years	23 864	26 857
Other intangible assets	5-10 years	6 694	8 610
Buildings	25 years	37 196	37 905
Machinery and equipment	5-10 years	202 814	210 088
Other tangible assets	10 years	1 403	1 197
Total		277 271	290 279

Depreciation by operations		
Production	215 825	221 552
Sales and marketing	7 253	9 070
Administration	22 722	24 462
Other including goodwill depreciation	31 471	35 195
Total	277 271	290 279

5. Financial income and expenses	1 995	1994 (13 mon.)
Interest income from current investments	39 404	52 459
Avoir fiscal income	1 979	474
Exchange rate differences, net	-16 010	-19 384
Net interests of net sales %	-0,3	-0,4
Net interests of average net debts %	7,0	5,4

6. Extraordinary items	1995	1994 (13 mon.)
Gain on sale of fixed assets	10 185	15 867
Loss on sale of fixed assets	0	-37 702
Unemployment insurance fees	-12 625	0
Profit sharing scheme	-6 570	0
	-9 010	-21 835

7. Direct taxes	1995	1994 (13 mon.)
Taxes for the period	123 189	117 546
Taxes for previous fiscal years	-7 872	13 110
Change in the deferred tax liability	6 753	-32 763
	122 070	97 893

The dividends paid from subsidiaries or associated companies include an avoir fiscal income of 34.6 MFIM (-94: 21.7 MFIM), which in consolidation is deducted from the taxes for the period.

8. Fixed and other non-current assets

	Acquisition cost, at beg.	Changes in exch.rates	Additions	Disposals	Acquisition cost, at end	Revaluations at beg.	Changes in exch.rates	Additions	Disposals	Revaluations at end	Accumulated deprecia-tion at end	Net book value at end
1995												
Intangible rights	37 593	-156	6 972	-8 015	36 394						-15 144	21 250
Goodwill	32 369	-56	0	0	32 313						-12 101	20 212
Consolidation goodwill *	207 857	-4 886	64 544	-3 537	263 978						-109 211	154 767
Other intangible assets	47 554	-1 071	10 699	-2 356	54 826						-24 226	30 600
Land and water	54 642	-413	10 649	-1 447	63 431	33 995	0	0	-331	33 664		97 095
Buildings	857 480	-1 783	45 141	-56 459	844 379	81 064	-250	0	0	80 814	-297 586	627 607
Machinery and equipm.	2 726 596	-28 031	322 146	-262 621	2 758 090						-1 636 909	1 121 181
Other tangible assets	26 396	-108	4 302	-1 159	29 431						-13 034	16 397
Total	3 990 487	-36 504	464 453	-335 594	4 082 842	115 059	-250	0	-331	114 478	-2 108 211	2 089 109
1994												
Intangible rights	30 240	-930	3 987	-3 597	29 700						-13 211	16 489
Goodwill	17 921	-4 498	18 946	0	32 369						-8 851	23 518
Consolidation goodwill *	276 330	-18 174	0	-53 970	204 186						-89 519	114 667
Other intangible assets	38 233	-11	14 644	-5 312	47 554						-19 164	28 390
Land and water	82 773	-6 568	3 654	-26 257	53 602	39 507	-806	0	-4 706	33 995		87 597
Buildings	965 724	-34 832	36 036	-123 510	843 418	84 311	-511	250	-2 986	81 064	-310 974	613 508
Machinery and equipm.	2 717 637	-132 451	319 595	-211 873	2 692 908						-1 653 832	1 039 076
Other tangible assets	22 793	-850	5 630	-2 126	25 447						-12 006	13 441
Total	4 151 651	-198 314	402 492	-426 645	3 929 184	123 818	-1 317	250	-7 692	115 059	-2 107 557	1 936 686

***)Consolidation goodwill and Group reserve**

Consolidation goodwill depreciation in the consolidated income statement are 27.4 MFIM (-94: 30.6 MFIM) and the part of the Group reserve booked as income 3.5 MFIM (-94: 3.7 MFIM). Book value of the consolidation goodwill is 155.8 MFIM (-94: 118.6 MFIM) and of the Group reserve 1.0 MFIM (-94: 4.0 MFIM).

Net book value of machines and equipment at the end is 1011.6 MFIM (-94: 942.3 MFIM)

Due to the changes in the group structure the ending value of underpreciated acquisition costs at 1994 may differ from the corresponding value at the beginning of the fiscal period.

Taxation values	1995	1994
Shares	499 916	261 266
Land and water	37 654	56 404
Buildings	347 557	405 798
Total	885 127	723 468

9. Receivables

	1995	1994
Liquid assets	414 628	766 165
Non-interest bearing trade receivables	822 714	792 636
Interest bearing current receivables	297 929	330 474
Total	1 535 271	1 889 275
Receivables from associated companies	22 026	66 405
Loan receivables from board members and managing directors	247	268

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

Receivables falling due after one year or later:

Trade receivables	0	1 041
Loan receivables	44 371	33 399
Other receivables	4 759	4 677
	49 130	39 117

10. Restricted equity

	1995	1994
Share capital at the beginning		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Share capital at the end		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Revaluation fund		
At the beginning	36 000	38 422
- decrease	0	-2 422
At the end	36 000	36 000
Reserve fund		
At the beginning	478 702	478 702
- increase	143	0
At the end	478 845	478 702

11. Unrestricted equity

Contingency fund	58 677	58 677
Retained earnings		
At the beginning	1 442 193	1 150 559
Profit for the financial year	334 702	347 031
Dividends paid	-103 714	-57 619
Uncashed dividends	293	0
Translation difference in:		
Associated companies	-6 856	-17 341
Subsidiaries	-15 464	19 563
At the end	1 651 154	1 442 193
Distributable funds included in retained earnings:	1 027 051	742 023

12. Payables

Long-term liabilities with annual amortization by currency per Dec. 31, 1995:

	FIM	USD	DEM	SEK	DKK	OTHER
%	54	16	10	6	6	8

Long-term liabilities falling due after five years or later and their payback shedule:

	Outstanding at 31.12.1995	Repayments 1996	1997	1998-2000	2001 or later
Loans from credit institutions	478 373	234 946	82 300	161 127	0
Pension loans	474 864	32 412	30 972	80 503	330 977
Warrant bonds *	614	0	0	182	432
Other interest bearing long-term liabilities	12 832	3 527	2 240	2 328	4 737
	966 683	270 885	115 512	244 140	336 146

*) The bond with warrants (1992) has been issued to members of Cultor's corporate management. The issue rate was 100%, the loan period six years and the interest rate 11%. A warrant is attached to each FIM 1,000 note of the loan and it entitles to the subscription of either 1,000 shares in Series I at a price of FIM 89.oo each or 1,500 shares in Series II at a price of FIM 80.oo each. The execution period for the conversion of the bonds is December 1, 1997 to December 1, 1998. A maximum of 300,000 new shares totally may be subscribed and due to the subscription the share capital may be increased by a maximum of FIM 3,600,000.

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

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

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

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

Due to the subscription the share capital may be increased by a maximum of FIM 5,184,000 and by a maximum of 432,000 new shares totally.

Total payables	1995	1994
Non-interest bearing liabilities	1 434 485	1 559 390
Interest bearing liabilities	1 162 982	1 271 419
	2 597 467	2 830 809
Liabilities to the associated companies	14 971	926

Contingent liabilities of the group	Group		Parent company	
and parent company	1995	1994	1995	1994
For own debt				
Pledged securities	129 306	77 028	80 000	63 000
Mortgages	581 276	712 444	154 250	154 250
	710 582	789 472	234 250	217 250
On behalf of subsidiary companies				
Guarantees	-	-	238 868	272 647
On behalf of group management				
Guarantees	0	0	0	0
On behalf of associated companies				
Guarantees	290 772	181 396	290 772	181 396
Pledged shares	7 780	6 389	0	0
	298 552	187 785	290 772	181 396
On behalf of others				
Guarantees	25 981	11 753	16 139	1 235
Leasing liabilities not included in debts				
Portion falling due during the following year	7 007	5 568	0	0
Amount remaining	21 977	14 625	0	0
Other obligations	40 779	31 493	-	-

SHARES AND ASSOCIATED COMPANIES 1995

BUSINESS AREA ANIMAL NUTRITION

	Group's holding of shares, %	Group's hold. of voting rights %	Group's share of equity TFIM	Parent comp. hold. of shares %	Shares owned by parent company: Number	Shares owned by parent company: Nominal value (1 000)	Shares owned by parent company: Currency	Shares owned by parent company: Book value TFIM	Net result in the latest published financial statement, TFIM	Book closing date	Fiscal year, months
Group companies											
Baltic Feed Ltd., Latvia	75	75	3 833	75	5 199			4 422	-767		
Ewos AB, Sweden	100	100	5 586						2 138		
Ewos Aqua A.S., Norway	100	100	66 993						29 504		
Ewos Aqua A/S, Denmark	100	100	13 111						-8 669		
Ewos Canada Ltd., Canada	100	100	57 362						14 328		
Ewos U.K. Ltd., Great Britain	100	100	35 330						6 116		
Ewos Polfarm Ltd., Poland	75	75	3 262	75	147	176 400	PLZ	4 396	863		
Ewos S.A., Spain	100	100	6 632						-2 570		
Finnewos Agri A.S., Norway	100	100	34						349		
Finnewos Aqua Oy, Finland	100	100	466						-78		
Finnfeeds Group, Great Britain	60	60	35 783						17 970		
Finnsugar Bioproducts, Inc., USA	100	100	-2 933						-2 366		
Mainstream Salmones y Alimentos S.A., Chile	73	73	7 226						6 474		
Pacific Protein Group, Chile	100	100	154 717						6 107		
Sareko Agro Oy, Finland	100	100	7 254						-121		
Suomen Rehu Oy. Finland	100	100	396 279	100	1 473 684	147 368	FIM	408 344	27 493		
Svenska Foder Group, Sweden	54	54	120 546	0,48	401	40	SEK	949	10 609		
Associated companies											
Especialidades Tecnicas y Marinas S.A., Chile	33	33							-22	31.12.95	9
Maintec S.A., Chile	50	50	9 679						-709	31.12.95	9
Pacific Aqua Salmon Farming Partnership, Canada	48	48	26 399						4 090	25.11.95	12
Pacific Fisheries S.A., Chile	50	50	0						2 344	31.12.95	12
Pesquera Cojinova S.A., Chile	49	49	19 566						3 880	31.12.95	12
Rastex Oy, Finland	50	50	1 831						33	31.05.95	12
Salmones Huillinco S.A., Chile	37	37							5 744	31.12.95	9
SSV-Säilöntä Oy, Finland	50	50	3 461	50	5 000		FIM	2 157	1 575	31.12.95	12

BUSINESS AREA SWEETENING

	Group's holding of shares, %	Group's hold. of voting rights %	Group's share of equity TFIM	Parent comp. hold. of shares %	Shares owned by parent company: Number	Shares owned by parent company: Nominal value (1 000)	Shares owned by parent company: Currency	Shares owned by parent company: Book value TFIM	Net result in the latest published financial statement, TFIM	Book closing date	Fiscal year, months
Group companies											
American Xyrofin Inc., USA	100	100	50 895						27 875		
Finnsugar GmbH, Germany	51	51	1 903	50,5			DEM	464	2 341		
Flavoring AB, Sweden	100	100	13 486	100	40 000		SEK	61 974	-43		
Neson Oy, Finland	92	92	27 881						3		
Porkkalan Sokeripuhdistamo Oy, Finland	80	80	184 106						133		
Sucros Oy, Finland	80	80	357 518	23	800 000	80 000	FIM	80 000	96 468		
Finnsugar Ltd., Finland	100	100	268 790	100	269 000	269 000	FIM	269 000	3 576		
Xyrofin AG , Switzerland	100	100	25 909	100	3 500	3 500	CHF	7 131	5 752		
Xyrofin Far East KK, Japan	100	100	1 324						15		
Xyrofin France S.A.,France	100	100	8 234	93	48 844	4 884	FRF	4 488	3 423		
Xyrofin GmbH, Germany	100	100	262						27		
Xyrofin Oy, Finland	100	100	93 712	100	107 000	107 000	FIM	120 670	-9 309		
Xyrofin UK Ltd., Great Britain	100	100	5 137						845		
Associated companies											
Nissin Sweeteners Co.Ltd., Japan	50	50	2 541	50	10 000	5 000	JPY	73	5 913	31.12.95	12

	Group's holding of shares, %	Group's hold. of voting rights %	Group's share of equity TFIM	Shares owned by parent company: Parent comp. hold. of shares %	Number	Nominal value (1 000)	Currency	Book value TFIM	Net result in the latest published financial statement, TFIM	Book closing date	Fiscal year, months
BUSINESS AREA BAKING											
Group companies											
Joutsenolainen Oy, Finland	100	100	-39						-9		
Leibur AS, Estonia	75	75	18 035	75	750		EEK	12 056	5 671		
Siljans Knäcke AB, Sweden	100	100	51	100	20 000		SEK	9 326	-5 853		
Vaasa Bakeries Ltd., Finland	100	100	114 851	100	115 000	115 000	FIM	115 320	-16 098		
Vaasamills Ltd., Finland	100	100	153 686	100	155 000	155 000	FIM	155 000	-471		
Associated companies											
Hanzas Maiznïca Group, Latvia	51	48	40 893	48	526 619	47 027	FIM	29 622	-	31.12.95	12
Villähteen Leipä Oy, Finland	40	40	762						261	30.4.95	12
CORPORATE HOLDINGS											
Group companies											
Cultor U.K. Ltd., Great Britain	100	100	69 122	100	10 000	1 000	GBP	64 441	8 906		
Cultor U.S. Inc., U.S.A.	100	100	32 942	100	100	100	USD	0	-10 673		
Finnsugar Cultor Sverige AB, Sweden	100	100	58 127	100	1 000 000	101 000	SEK	165 643	3 766		
Associated companies											
Genencor International Inc., U.S.A.	50.0	50.0	458 562	50,0	485		USD	411 703	16 550	31.12.95	12
Metropolitan Port Oy Ab, Finland	33.3	33.3	225	33,3	250	250	FIM	250	75	31.12.95	12

OTHER SHARES HELD BY THE GROUP

	Group's holding of the shares %	Number	Nominal value, TFIM	Book value TFIM
Lännen Tehtaat Oy, Finland	2.1	125 843	1 258	8 223
MTV Oy, Finland	2.2	640	320	1 238
Raision Tehtaat Oy Ab, Finland	0.1	7 915	79	566
Shares of housing corporates and real estate companies				8 046
Other shares				31 154
TOTAL				**49 226**

Shares in associated companies by the Group:	
Animal Nutrition	60 936
Sweetening	2 541
Baking	41 655
Corporate holdings	458 787
	563 919
Total other shares on consolidated balance sheet	**613 145**

A complete list over the shareholdings of Cultor Ltd. is available at the corporate headquarters accounting department.

PARENT COMPANY INCOME STATEMENT

	Jan. 1, 1995- Dec. 31, 1995	%	Dec. 1, 1993- Dec. 31, 1994	%
Net sales	115 663	100.0	129 883	100.0
Cost or good sold	-69 912		-81 889	
Gross profit	45 751	39.6	47 994	37.0
Sales and marketing expenses	-8 834		-7 995	
Administrative expenses	-76 626		-59 152	
Other operating expenses	-29 484		-27 426	
Other operating income	8 865		3 263	
Operating profit (1), (2), (3)	-60 328	-52.2	-43 316	-33.3
Financial income and expenses (4)				
Dividend income	100 343		104 002	
Interest income from non-current investments	104 384		122 650	
Other financial income	38 388		43 437	
Interest expenses	-110 960		-111 796	
Other financial expenses	-17 096		-1 133	
	115 059	99.5	157 160	121.0
Profit after financial items	54 731	47.3	113 844	87.7
Extraordinary income and expenses (5)	289 254	250.1	205 086	157.9
Profit before reserves and taxes	343 985	297.4	318 930	245.6
Increase (-) decrease (+) in accelerated depreciation	-171		-510	
Increase (-) decrease (+) in voluntary reserves	0		0	
Direct taxes (6)	-82 106	-71.0	-79 122	-60.9
Profit for the financial year	261 708	226.3	239 298	184.2

PARENT COMPANY STATEMENT OF CHANGES IN THE FINANCIAL POSITION

	Jan. 1, 1995- Dec. 31, 1995		Dec. 1, 1993- Dec. 31, 1994	
Cash flow from operations				
Operating profit	-60 328		-43 316	
Depreciation	18 531		18 733	
Financial expenses (net)	115 059		157 159	
Extraordinary items	310 104		359 934	
Direct taxes	-82 106		-79 123	
Cash flow from operations		301 260		413 387
Change in trade and other receivables	-14 062		-87 467	
Change in inventories	-10 570		-12 386	
Change in trade payables	-14 559		14 107	
Change in net working capital		-39 191		-85 746
Net cash flow from operations		262 069		327 641
Investment in fixed assets	-390 562		-127 747	
Proceeds from sales of fixed assets	18 392		5 099	
Net investments		-372 170		-122 648
Net cash flow from operations after investments		-110 101		204 993
Change in long-term loan receivables	31 333		199 448	
Change in long-term borrowings	-113 370		-219 065	
Change in current financial assets	120 014		98 758	
Change in current borrowings	-122 154		5 096	
Increase (+)/decrease (-) of loans		-84 177		84 237
Other items				
Dividends paid		-103 714		-57 619
Cash and cash equivalents at beginning	569 763		338 152	
Cash and cash equivalents at end	271 771		569 763	
Increase (-)/decrease (+) in cash		297 992		-231 611
		0		0

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

PARENT COMPANY BALANCE SHEET

ASSETS	Dec. 31, 1995	%	Dec. 31, 1994	%
Fixed and other non-current assets				
Intangible assets (7)				
Intangible rights	8 578		7 057	
Goodwill	292		2 225	
Other intangible assets	2 055		2 400	
	10 925	0.2	11 682	0.2
Tangible assets (7)				
Land and water	55 915		45 751	
Buildings	136 804		140 242	
Machinery and equipment	53 998		45 954	
Other tangible assets	2 975		3 526	
Advance payments and construction in progress	1 308		5 704	
	251 000	5.5	241 177	5.2
Financial and other non-current assets (8)				
Other bonds and shares	485 999		357 852	
Shares in subsidiaries	1 772 585		1 576 196	
Other investments	289 846		321 179	
	2 548 430	55.6	2 255 227	48.2
Current assets				
Inventories				
Raw materials and consumables	11 136		4 306	
Work in progress	2 300		1 758	
Finished products	7 936		6 344	
Other inventories	1 605		0	
	22 977	0.5	12 408	0.3
Receivables (9)				
Trade receivables	23 020		25 435	
Loan receivables	1 072 050		1 023 644	
Prepaid expenses and Accrued income	365 949		349 472	
Other receivables	19 004		187 424	
	1 480 023	32.3	1 585 975	33.9
Investments				
Other marketable securities	100 588	2,2	188 423	4,0
Cash and cash equivalents	171 183	3.7	381 340	8.2
	4 585 126	100.0	4 676 232	100.0

LIABILITIES	Dec. 31, 1995	%	Dec. 31, 1994	%
Shareholders' equity				
Restricted equity (10)				
Share capital	276 570		276 570	
Reserve fund	451 367		451 367	
Revaluation fund	36 000		36 000	
	763 937	16.7	763 937	16.3
Unrestricted equity (11)				
Contingency fund	58 112		58 112	
Retained earnings	1 630 329		1 494 451	
Profit for the financial year	261 708		239 298	
	1 950 149	42.5	1 791 861	38.3
Reserves (12)				
Accelerated depreciation	75 546		75 191	
Voluntary provisions				
Other reserves	11 359		11 025	
	86 905	1.9	86 216	1.8
Payables (13)				
Long-term				
Bonds and debentures	614		647	
Loans from credit institutions	210 924		321 516	
Pension loans	125 059		127 610	
Other long-term liabilities	41 009		41 203	
	377 606	8.2	490 976	10.5
Current				
Loans from credit institutions	101 297		152 117	
Pension loans	9 413		9 605	
Advances received	0		50	
Trade payables	35 357		17 028	
Accrued liabilities and deferred income	29 135		30 732	
Other current payables	1 231 327		1 333 710	
	1 406 529	30.7	1 543 242	33.0
	4 585 126	100.0	4 676 232	100.0

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

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Personnel expenses	1995	%	1994	%
Wages, salaries and the monetary value of fringe benefits	57 197	75.7	49 050	80.4
Pension expenses	10 626	14.0	4 961	8.1
Other social expenses	7 763	10.3	7 034	11.5
	75 586	100.0	61 045	100.0

2. Expenses	1995	1994
Total research and development costs		
(registered on an accrual basis)	23 987	25 129
- % of net sales	18.5 %	19.3 %

3. Depreciation

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

		Depreciation according to plan		Change in deprec. difference	
Depreciation by balance sheet categories and their generally applied depreciation periods:		1995	1994	1995	1994
Intangible assets	5-10 years	638	531	176	31
Goodwill	5-10 years	1 933	2 275	167	-175
Other intangible assets	5-10 years	767	823	75	-4
Buildings	25 years	4 650	4 980	-3 213	-3 241
Machinery and equipment	5-10 years	10 325	9 871	2 858	3 750
Other tangible assets	10 years	218	254	1	-3
Depreciation difference of sold fixed assets		0	0	107	152
Total		18 531	18 733	171	510
Depreciation by operations					
Productions		5 294	4 757		
Sales and marketing		0	0		
Administration		9 670	10 303		
Other		3 567	3 674		
Total		18 531	18 733		

4. Financial income and expenses	1995	1994
Interest income from non-current investments	104 383	122 650
Interest income from current investments	17 632	21 416
Internal financial income and expenses of the Group		
Dividend income from Group companies	97 293	100 361
Interest income from non-current investments from Group comp.	71 334	76 326
Other interest income from Group companies	6 604	12 024
Other financial income from Group companies	2 430	786
Interest expenses paid to the Group companies	-68 406	-71 404

5. Extraordinary items	1995	1994
Gain/loss on sale of fixed assets	0	0
Group contributions	314 553	289 848
Mergers and disclosures of subsidiaries	-25 299	-46 862
Reduction of share values of subsidiaries	0	-37 900
	289 254	205 086

6. Income taxes	1995	1994
Taxes for the period	-75 224	-69 532
Taxes for previous fiscal years	-6 882	-9 590
	-82 106	-79 122

Figures in thousands of FIM.

7. Fixed and other non-current assets

1995	Acquisition cost at the beginning	additions	disposals	Acquisition cost at the end	Revaluations	Accumulated depreciation at the end	Net book value at the end	Accum. depr. difference at the end
Intangible rights	9 723	2 169	0	11 892		-3 314	8 578	217
Goodwill	4 500	0	0	4 500		-4 208	292	-8
Other intangible assets	5 068	412	0	5 480		-3 425	2 055	410
Land and water	15 754	10 691	-526	25 919	29 996		55 915	
Buildings	115 160	1 028	0	116 188	57 321	-36 705	136 804	50346
Machinery and equipment	144 391	18 698	-435	162 653		-108 655	53 998	24583
Other tangible assets	9 360	315	-649	9 027		-6 052	2 975	-2
Total	303 956	33 313	-1 610	335 659	87 317	-162 360	260 616	75546

1994								
Intangible rights	8 461	1 262	0	9 723		-2 666	7 057	41
Goodwill	0	4 500	0	4 500		-2 275	2 225	-175
Other intangible assets	4 764	304	0	5 068		-2 668	2 400	335
Land and water	16 873	61	-1 179	15 755	29 996		45 751	
Buildings	114 516	644	0	115 160	57 321	-32 239	140 242	53375
Machinery and equipment	119 419	37 360	-12 388	144 391		-98 437	45 954	21618
Other tangible assets	9 360	0	0	9 360		-5 834	3 526	-3
Total	273 393	44 131	-13 567	303 957	87 317	-144 119	247 155	75191

	1995	1994
Balance sheet value of machinery and equipment at the end of the period	37 156	27 597

Taxation values	1995	1994
Shares	2 340 524	1 567 388
Land and water	22 312	14 574
Buildings	63 472	63 524
Total	2 426 308	1 645 486

8. Financial and other non-current assets

	1995	1994
Group companies		
Other investments	189 846	221 179

9. Receivables

Receivables falling due after one year or later:

Trade receivables	0	3 561
Loan receivables	709 811	607 588
Other receivables	0	7 035
	709 811	618 183

Receivables from Group companies and associated companies

Trade receivables/group comp.	6 671	15 532
Trade receivables/associated comp.	11	261
Prepaid expenses and accrued income/group companies	343 808	329 744
Loan receivables/group comp.	1 043 585	989 281
Loan receivables/associated comp.	0	1 680
Other receivables/group comp.	8	104 159
	1 394 083	1 440 656

Loan receivables	1995	1994
Loan receivables from the Board members and Managing Directors	55	55

10. Changes in equity

Restricted equity	1995	1994
Share capital at the beginning		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Share capital at the end		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Revaluation fund		
At the beginning	36 000	36 000
Changes during the fiscal year	0	0
At the end	36 000	36 000
Reserve fund		
At the beginning	451 367	451 367
Changes during the fiscal year	0	0
At the end	451 367	451 367

Figures in thousands of FIM.

11. Unrestricted equity

	1995	1994
Contingency fund at the beginning	58 112	58 112
Contingency fund at the end	58 112	58 112
Retained earnings		
At the beginning	1 733 749	1 552 070
Profit for the fiscal year	261 708	239 298
Dividends paid	-103 714	-57 619
Uncashed and expired dividends	293	0
At the end	1 892 036	1 733 749

12. Voluntary reserves

Accumulated difference of total depreciations and depreciations according to plan at the beginning *)	75 375	74 681
change in income statement	171	510
Accumulated difference of total depreciations and depreciations according to plan at the end	75 546	75 191
Reserve for transitional phase at the beginning *)	11 359	11 025
change in income statement	0	0
Reserve for transitional phase at the end	11 359	11 025

*) Inconsistency in the opening balance is due to mergers of subsidiaries.

13. Payables

Long-term

Long-term liabilities falling due after five years or later:	1995	1994
Loans from credit institutions	0	4 100
Pension loans	94 000	96 000
Bonds *)	432	647
	94 432	100 747

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

Liabilities to group and associated companies

Trade payables/group companies	21 156	5 944
Trade payables/associated companies	168	0
Accrued liabilities and deferred income/group c.	4 394	16 866
Liabilities/group companies	1 112 636	1 163 281
Other long-term liabilities/ group companies	39 569	39 803
	1 177 923	1 225 893

Figures in thousands of FIM.

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CULTOR LTD.

I have audited the accounting, the financial statements and the corporate governance of Cultor Oy for the period 1.1. - 31.12.1995. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on my audit I express an opinion on these financial statements and on corporate governance.

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

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

I have reviewed the interim reports published during the financial year. In my view, these have been prepared in accordance with applicable regulations.

Helsinki, March 12, 1996

Tauno Haataja
Authorised Public Accountant

PROFORMA 1995

GENENCOR GROUP PROPORTIONATE CONSOLIDATION TO CULTOR GROUP

From the beginning of the year 1996 the joint venture Genencor Group will be consolidated to Cultor Group financial statements according to the proportionate consolidation method. Accordingly, each income statement, balance sheet and notes item will be included equal to the Cultor Group ownership (50 %).

The enclosed consolidation sheet shows the effect on the 1995 figures, if that method would have been applied.

As the base for consolidation are the financial statements of Genencor International Inc. according to US GAAP.

Consolidated Income Statement

	1.1-31.12.95 MFIM	Proforma 1.1-31.12.95 MFIM
Net sales	5 767	6 201
Expenses	-5 269	-5 666
Rationalization and non-recurring costs	0	-16
Associated companies	14	9
Operating profit	513	528
Net financing	-22	-34
Profit after financing items	491	494
Extraordinary items	-9	-9
Profit before taxes	482	485
Taxes	-122	-125
Minority interest	-25	-25
Profit for the financial year	335	335
Earnings / share, FIM	14.91	14.91

(Profit for the financial year - extraordinary items/number of shares)

Consolidated Balance Sheet

	1.1-31.12.95 MFIM	Proforma 1.1-31.12.95 MFIM
Fixed assets	2 850	3 016
Inventories	978	1 075
Financial assets		
Non-interest bearing	823	930
Interest bearing	713	774
Total assets	5 364	5 795
Equity + minority interest	2 767	2 767
Liabilities		
Non-interest bearing	1 434	1 632
Interest bearing	1 163	1 396
Total liabilities	5 364	5 795
Shareholders' equity / share, FIM	108.52	108.52
Equity-to-assets ratio, %	51.7	47.8
Return on Investments, %	16.1	15.8

10 YEAR DATA

	1995	1994	1993*	1992	1991	1990	1989	1988	1987	1986
Profitability										
Return on equity % (ROE)	13.9	15.7	15.3	10.3	3.1	-7.5	-0.2	11.1	4.2	1.4
Return on investment % (ROI)	16.1	15.5	14.8	12.0	8.1	3.6	4.6	10.9	6.1	5.9
Operating profit %	8.9	8.4	8.3	6.9	5.0	1.8	2.5	7.0	3.9	3.4
Financing										
Quick ratio	1.0	1.2	1.1	1.0	1.0	1.0	1.1	1.5	1.3	0.9
Current ratio	1.7	1.8	1.5	1.5	1.4	1.4	1.5	2.2	2.1	1.9
Debt-to-equity ratio	0.8	1.0	1.5	1.4	1.6	1.9	1.5	1.1	1.0	1.2
Net gearing %	14.0	7.6	47.0	60.4	74.9	99.6				
Equity-to-assets ratio %	51.7	47.4	37.3	41.4	38.3	34.5	39.3	47.2	49.8	46.7
Income statement data (FIM million)										
Net sales	5 767	6 016	6 359	6 015	5 823	5 009	4 599	4 051	3 591	3 551
Foreign activities (a)	2 943	3 015	3 075	2 734	2 785	2 190	1 489	1 133	629	571
Exports	589	610	646	446	392	354	426	333	216	162
Wages and salaries	669	660	719	750	762	615	538	454	390	386
Depreciation according to plan	277	277	291	321	291	245	219	186	155	167
Operating profit	513	505	531	415	293	89	117	285	141	121
Financial expenses (net)	22	38	110	113	167	201	86	5	40	76
Profit after financial items	491	467	421	302	125	-112	31	280	97	45
Profit before taxes and minority interests	482	445	382	262	-40	95	-69	389	165	183
Balance sheet data (FIM million)										
Fixed assets	2 851	2 531	2 790	3 277	3 144	3 356	2 990	2 020	1 659	1 695
Inventories	978	853	882	893	897	1 115	933	975	929	1 462
Financial assets	1 535	1 889	2 190	1 959	1 967	2 791	2 173	2 262	1 461	1 291
Shareholders' equity	2 501	2 292	2 003	761	872	835	999	1 049	980	871
Distributable funds in retained earnings	1 027	742	336	76	187	142	213	438	394	260
Liabilities	2 597	2 830	3 739	3 704	3 942	4 830	3 756	2 828	2 093	2 415
Deferred tax liability	386	377	415							
Balance sheet total	5 364	5 374	5 962	6 315	6 380	7 356	6 182	5 353	4 172	4 517
Other data										
Invest. in fixed and other non-curr. as. (MFIM)	581	376	353	475	513	921	1 446	462	309	281
Value added (FIM million)	1 696	1 672	1768	1759	1618	1145	1047	1103	825	829
Personnel, average	5 227	5 304	5 159	5 640	6 193	5 317	4 636	4 226	3 955	4 415
Value added/employee (TFIM)	324	315	343	312	261	215	226	261	209	188
Divid. distrib. (board proposal -95, TFIM)	115 238	103 714	57 619	41 485	33 188	13 828	31 172	51 954	31 172	31 172
Transfer to the personnel fund (TFIM)	11 567	10 373	5 845	2 118						

* Fiscal year 1993 has been altered to coincide with the new accounting principles. Thus key ratios and statistics from previous years are not fully comparable with the figures of 1993 - 1995. The income statements 12 month proforma 1994 and fiscal year 1995 are consolidated using average exchange rates.

(a) Includes exports and subsidiaries abroad

COMPUTATION OF KEY RATIOS

ROE = $\dfrac{\text{Profit after financial items - taxes for the period x 100 \%}}{\text{Shareholders' equity + minority interest}}$

ROI = $\dfrac{\text{Profit after financial items + interest and other financing expenses x 100 \%}}{\text{Balance sheet total - non-interest bearing liabilities}}$

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

Quick ratio = $\dfrac{\text{Financial assets}}{\text{Current liabilities - advances received}}$

Current ratio = $\dfrac{\text{Financial assets + inventories}}{\text{Current liabilities}}$

Debt-to-equity ratio = $\dfrac{\text{Liabilities - deferred tax liability}}{\text{Shareholders' equity + valuation items + minority interest}}$

Net gearing % = $\dfrac{\text{Interest bearing net debt x 100 \%}}{\text{Shareholders' equity}}$

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

Equity-to-assets ratio % = $\dfrac{\text{Shareholders' equity + minority interest x 100 \%}}{\text{Balance sheet total - advances received}}$

Value added = Operating profit + depreciation by operations + personnel costs

RONA = $\dfrac{\text{Operating profit x 100 \%}}{\text{Average capital employed}}$

Earnings/share = $\dfrac{\text{Profit for the financial year + extraordinary items}}{\text{Number of shares}}$

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

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

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

Dividend/result = $\dfrac{\text{Dividend distribution}}{\text{Profit for the financial year + extraordinary items}}$

Dividend yield-% = $\dfrac{\text{Dividend/share x 100 \%}}{\text{Stock price, book closing day}}$

P/E-ratio = $\dfrac{\text{Stock price, book closing day}}{\text{Earnings/share}}$

Market capitalization = Number of shares x stock price by series, book closing day

CULTOR GROUP ADMINISTRATION

Front row from left: Eero Utter (Chairman), Pekka Rinne, Olivier Lippens, Björn son, Sakari Heikkilä and Paul Lippens. Back row from left: Ralf Lehtonen, Carl-C Homén, and Göran Lindén.

BOARD OF DIRECTORS
April 6, 1995 - April 11,1996

Eero Utter (*1933)
Chairman

Sakari Heikkilä (*1936)

Carl-Olaf Homén (*1936)

Ralf Lehtonen (*1937)

Göran Lindén (*1944)

Olivier Lippens (*1953)

Paul Lippens (*1952)

Björn Mattsson (*1941)

Pekka Rinne (*1944)

AUDITORS

Regular
Tauno Haataja
Authorized Public Accountant

Deputies
SVH Coopers & Lybrand Oy,
Authorized Public Accountants

From left: Juha Kurkinen, Juha Järvinen, Filip Frankenhaeuser, Esko Lindstedt, Håkan Laurén and Richard Cooper. Sitting, from left: Björn Mattsson and Tom Weymarn.

CORPORATE EXECUTIVE COMMITTEE

Björn Mattsson (*1941),
President & CEO
Chairman, Divisional Board of Cultor Food Science
Chairman, Board of Directors of Genencor International

Tom Weymarn (*1944),
Executive Vice President
Chairman, Divisional Boards: Finnsugar, Suomen Rehu, Svenska Foder, Ewos and Feed Ingredients
Value Process Responsibility: Competence

Richard Cooper (*1958), (since January 15, 1996)
President, Cultor Feed Ingredients
President, Finnfeeds International Ltd.

Filip Frankenhaeuser (*1951),
Chief Financial Officer
Value Process Responsibility: Shareholder Value

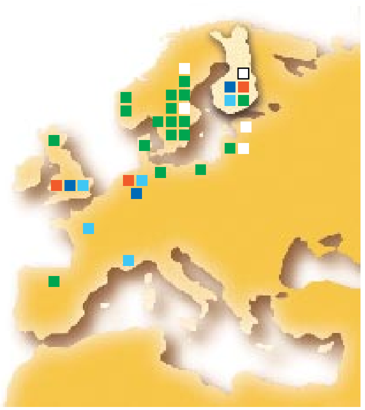
Juha Järvinen (*1946),
President, Cultor Baking
Chairman, Divisional Boards: Vaasa Bakeries and Vaasamills
Value Process Responsibility: Customer Orientation

Juha Kurkinen (*1953),
Legal Counsel
Value Process Responsibility: Sustainable Development

Håkan Laurén (*1941),
President, Cultor Food Science
President, Cultor Food Science Inc.

Esko Lindstedt (*1943),
Vice President, International Trade Policy

WORLD OF CULTOR



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Research & Development:
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Antero Nyyssönen

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Managing Director
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Sten Andersson

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CULTOR BAKING

VAASA BAKERIES -DIVISION

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Bakery Riihipekka (Riihimäki)

District West
Bakery Iso-Heikkilä (Turku)
Bakery Uskelan Leipä (Salo)
Bakery Leipori (Pori)

District Häme-Pirkanmaa
Jussila Bakery (Tampere)
Bakery Nelo (Lahti)
Nylanderin Bakery (Hämeenlinna)

District Kymenlaakso
Bakery Joutsenolainen (Joutseno)
Bakery Kymen Pakari (Kouvola)
Bakery Meripakari (Kotka)
Bakery Joutsenolainen Oy, Frozen dough unit (Joutseno)

District Pohjanmaa
Bakery Päijätpakari (Jyväskylä)
Maijala Bakery (Seinäjoki)
Bakery Vaasan Varras (Vaasa)
Bakery Mesileipä (Kokkola)

District East
Bakery Puijon Pakari (Kuopio)
Bakery Jokipakari (Joensuu)
Bakery Linnaleipä (Savonlinna)

District North
Bakery Lapin Pakari (Rovaniemi)
Bakery Ivalon Pakari (Ivalo)
Bakery Koillis-Leipä (Kemijärvi)
Bakery Joukon Leipä (Keminmaa)
Bakery Oulun Pakari (Oulu)

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INFORMATION TO THE SHAREHOLDERS

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of Cultor Ltd. will be held on Thursday, April 11, 1996 at 2 p.m. in Hall C-1 of the Helsinki Exhibition Centre. The address is Rautatieläisenkatu 3, Itä-Pasila, 00520 Helsinki.

The attendance requires registration with the Company by Tuesday, April 9, by 2 p.m.

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Preliminary Result of 1995 .... February 14, 1996

Result of fiscal year 1995 .... March 12, 1996

Annual Report for 1995 .... March 25, 1996

Interim Report
January 1, 1996 -
April 30,1996 .... June 7, 1996

Interim Report
January 1, 1995 -
August 31, 1995 ....October 9, 1996

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

Cultor Ltd.
Investor Relations and Corporate Communications
P.O. Box 105, FIN-00241 Helsinki
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THE COMPANIES BELOW ARE HAPPY TO FURNISH INVESTORS WITH ADDITIONAL INFORMATION ON CULTOR LTD.

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