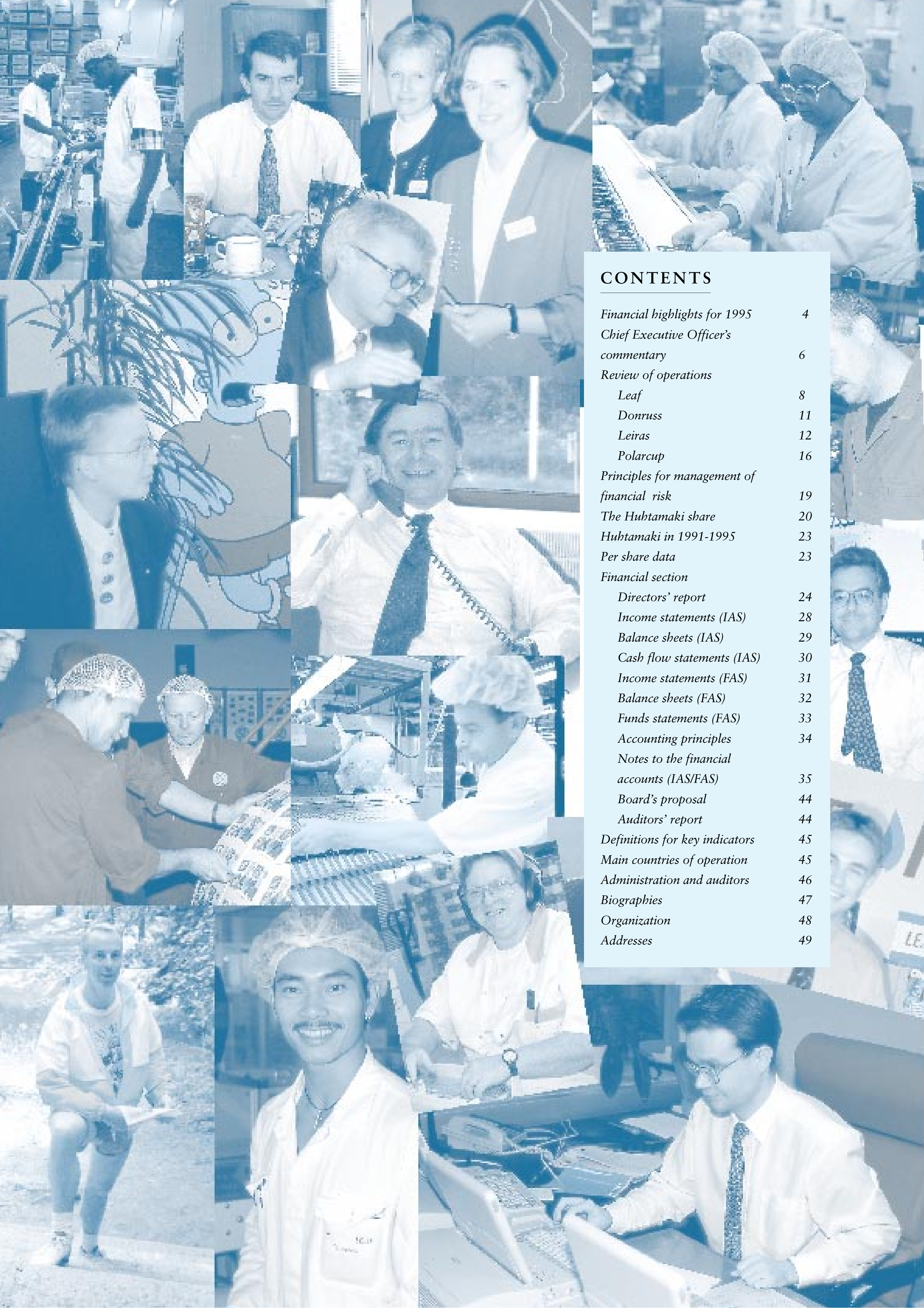
Annual report 1995

HUHTAMAKI



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CORPORATE STRATEGY REVISED

As a decisive step to increase corporate focus, Huhtamaki is in the process of divesting its pharmaceuticals industry. It will thus become an international foods company with two specialized divisions. Leaf, one of the world's top confectionery groups, concentrates on branded consumer products. Polarcup, a leader in food packaging, is predominantly a business-to-business operation.

Established 75 years ago as a confectionery manufacturer by the Finnish entrepreneur Heikki Huhtamäki, the company now operates in nearly thirty countries. The shares of the parent company, Huhtamäki Oy, have been quoted on the Helsinki Stock Exchange since 1959.

Annual general meeting

The Annual General Shareholders' meeting of Huhtamäki Oy will be held on Wednesday, April 10, 1996 at 3:00 pm in Marina Congress Center, Katajanokanlaituri 6, Helsinki.

Shareholders wishing to exercise their rights at the meeting must have their shares registered in their own name with the Finnish Central Share Register (OKR) no later than March 29, 1996. Notification of participation should be given to the company no later than 11:00 am on Tuesday, April 9, either by telephone (Huhtamäki Oy, Helsinki, +358-0-708 8100), or in writing (Huhtamäki Oy, Ms Kaarina Vaartio, Eteläranta 8, 00130 Helsinki, Finland). A registered shareholder may authorize another person to physically attend the meeting and vote by proxy.

Copies of all documents under review at the AGM will be available for public viewing from Friday, March 22, 1996, at Corporate Headquarters, Eteläranta 8, 00130 Helsinki, Finland.
For further information contact Investor Relations, +358-0-708 8100.

Dividend for 1995 will be paid on April 18, 1996 to shares registered by April 15, 1996.

Financial calender

Huhtamaki will release the following financial information for 1996 in Finnish and English:

1996:
June 12 - 1st Interim Report
October 11 - 2nd Interim Report

1997:
February 11 - Full-year Results
Week 10 - Annual Report

FINANCIAL HIGHLIGHTS FOR 1995

FIM million	1995	1994	Change %
Net sales	7,836	8,285	-5
Operating earnings	465	568	-18
Profit after financial items	312	442	-29
Return on invested assets, %	8.9	10.0	..
Earnings per share, FIM	7.56	12.16	-38
Dividend per share, FIM	4.00[1]	4.00	-
Number of employees	10,930	11,145	-2

[1] Board's proposal

Key events

- Corporate strategy revised
- Major product launches
- New Asian projects advanced
- 75th Anniversary

The pluses

\+ Polarcup's recovery from raw materials price shock

\+ Strong performance by all of Leaf's Nordic units

\+ Good progress in East Europe

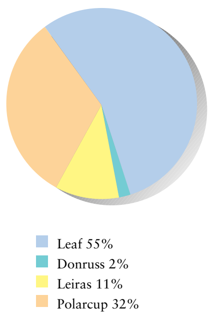
The minuses

\- Strong Finnmark and weak US dollar

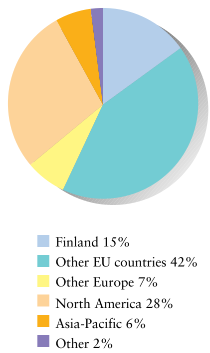
\- Disappointing results from collectible cards

\- Decline in Leiras's profitability

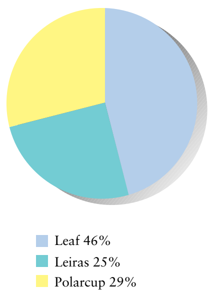
Net sales by business sector



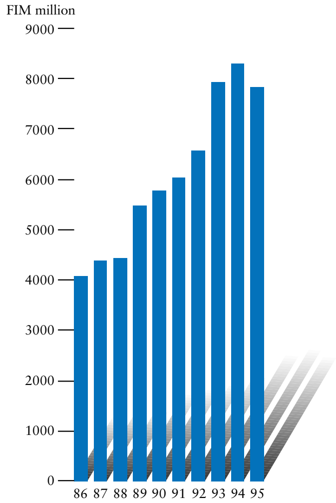
Net sales by region



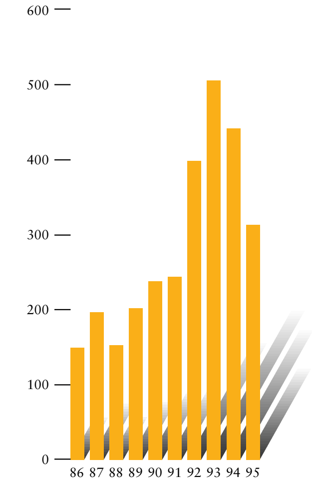
Operating earnings by business sector



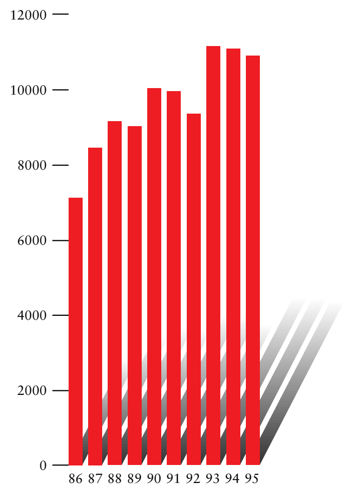
Net sales



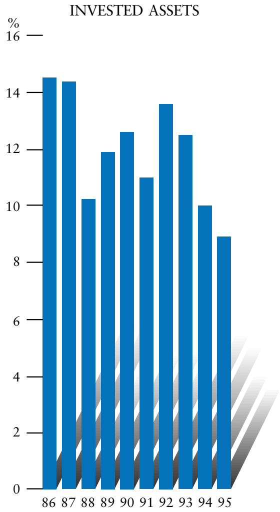
Profit after financial items



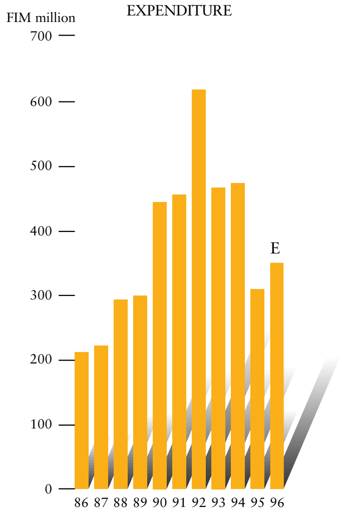
Personnel



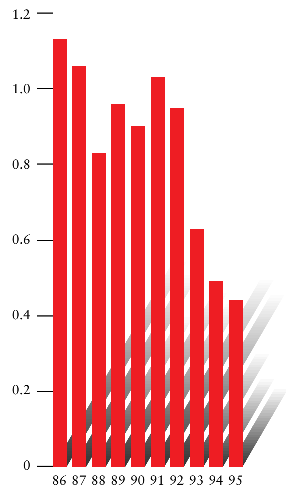
Return on invested assets



Gross capital expenditure



Net debt to equity



CHIEF EXECUTIVE OFFICER'S COMMENTARY

Last year, Huhtamaki was set to celebrate its 75th Anniversary in the wake of good business news. Indeed, two-thirds of the reporting units met or exceeded their business targets, and our strategic projects moved ahead as planned.

On the positive side, Polarcup recouped more than half of the margin lost in 1994 to high raw materials prices. Measured in fixed exchange rates, Leaf's sales and operating earnings were also firmly up. Many of Leiras's products continued their strong growth.

Yet, certain overwhelming factors derailed our earnings progression and led to a disappointing financial result for the year. The combination of a strong Finnmark and a weak US dollar alone diminished the operating earnings figure by FIM 60 million. Another FIM 60 million vanished in the US collectible cards market hurt by sports strikes. Beyond currency factors, low sales of contraceptive implants, coupled with high R&D and marketing expenditure is why the pharmaceutical sector's profitability also declined more than anticipated.

Let me summarize how we plan to restore the upward trend evident in Huhtamaki's profitability from 1989 through 1993.

The fundamental remedy is a revised corporate strategy.

A few years ago, having transformed Huhtamaki from a conglomerate into a substantially more focused company, we felt we had the right structure for the '90s. The confectionery and food packaging operations had reached a sufficient size and geographical spread to compete successfully. The pharmaceutical business, while small by international standards, showed potential for faster growth and higher profit margins than what could be demanded from the other two sectors.

Recently, a new wave of consolidation – itself a response to escalating R&D costs and downward pressure on product pricing – has drastically changed the global pharmaceutical industry. Leiras's chances for continued success as a small independent company have clearly weakened.

At the same time, the outlook for collectible cards – for many years a profitable sideline activity but recently hit by a shrinking market – can hardly justify the input required to manage this increasingly volatile business.

At the time of going to press,

Huhtamaki is negotiating the sale of Leiras to a major international drug company. A solution for the cards business may not materialize during 1996 because of market conditions.

In management's view, Huhtamaki's Strategic Intent, adopted in 1989, is still valid. We continue to strive for leadership in closely defined business areas. Confectionery and food packaging represent such specialized sectors within the food industry at large, Huhtamaki's prime orientation through its 75 years of existence.

How, then, does the exit from two historically quite profitable units comply with the imperative to boost earnings? Simply stated, by strengthening Huhtamaki financially and by adding focus, i.e. directing more human and financial resources to core operations.

In the short run, the absence of operating earnings from Leiras will be offset by a decline in net financial expenditure. We will also be able to dedicate more resources to improving cost-effectiveness and productivity within our confectionery and packaging businesses, without an escalation of capital expenditure beyond 4-5% of net sales.

A program to rationalize Leaf's manufacturing operations has already been set in motion. During the next two years, six of the existing manufacturing units will be closed or sold.

At the same time, Leaf will pursue an aggressive launch program for its key international brands and continue to expand to new markets in Asia and Latin America.

With Polarcup, no fundamental changes are foreseen. Our aim is to work and grow together with our customers. The added value, especially to large customers operating on a wide geographical basis, will come from Polarcup's ability to provide the same uniformly high standard of service irrespective of location. In the years ahead, we will reinforce our positions in key product segments across all markets, grow significantly in East Europe and establish a manufacturing base in China.

Further down the road, I cannot rule out new acquisitions in order to strengthen Leaf or Polarcup. The revised corporate strategy and restructuring measures will result in a very strong balance sheet for Huhtamaki, enabling us to take even major steps in the future. For the time being, however, the plans outlined above amply occupy the corporate agenda.

The many strains of 1995 were felt by Huhtamaki's employees, whom I'd like to thank sincerely for their endurance and hard work. Adversities notwithstanding, ours is a fundamentally sound enterprise which will soon stand out as a coherent, financially solid and profitable international food company. This added focus can only benefit our shareholders, customers, suppliers and other stakeholders.

Timo Peltola

LEAF

With its core business progressing satisfactorily, Leaf concentrated on brand strategies, key product launches and further consolidation of its international network.

The successful introduction of JOLLY RANCHER fruit candies in the UK was the most important single maneuver, signaling an era of rapid internationalization for this brand. During the year, Leaf strengthened its presence in East Europe and made inroads to other new markets.

Most units reported higher sales and profits compared to 1994. The result for the collectible cards unit, Donruss, was a major disappointment. To accelerate profit improvement, Leaf will implement a broad-ranging restructuring program in 1996-97.

Unit of the year: Leaf Sweden

Trademarks: Global – JOLLY RANCHER, LÄKEROL,

	1995	1994	Change%
Net sales[1]	4,307	4,613	-7
Finland	481	450	+7
Other EU countries	1,505	1,512	-
Other Europe	264	305	-13
North America	1,954	2,243	-13
Asia-Pacific	47	51	-8
Other	56	52	+8
Operating earnings[1]	252	256	-2
Capital expenditure	122	179	-32
Personnel	5,825	6,006	-3

[1] Excluding Donruss

Overview

In 1995, the confectionery market in both Europe and North America was somewhat firmer than in recent years, with growth rates ranging from 2% to 5% in many countries and segments. Tough competition and price increases for many ingredients and packaging materials restrained profit growth.

In Europe, most Leaf units exceeded or paralleled market development, resulting in an average growth of 7% measured in constant currencies. This relative success was the result of focus on key brands and dynamic segments, as well as good progress in East Europe. The very warm summer across the continent affected consumption patterns and caused technical problems for manufacturing.

All Nordic units had a good year, with Finland reaching a record market share, Sweden posting a top result, Denmark staging a strong improvement in profitability, and the Norwegian sales company successful with a broadened product range. Sales of key products in Russia, the Baltics and Poland expanded significantly.

The launch of JOLLY RANCHER fueled growth in the UK and Ireland, but initial manufacturing problems hurt profitability. The Dutch unit maintained a dominant share of the declining Benelux chewing gum market.

The German manufacturing lines were relocated to Denmark and Sweden, without disruption to operations or sales. The Spanish unit saw its sales increase by a third. The smaller sales companies in Belgium and Switzerland suffered from minor setbacks.

In North America, the US confectionery market picked up after a slow winter. Leaf's full-year sales amounted to USD 456 million excluding collectible cards, up by 5% and in line with market growth despite a slowdown late in the year. The industry's first general price increase in five years, some 6% on the average for Leaf's products, was announced just before year-end.

The Canadian and Mexican units performed well, and significant new business was developed in Latin America.

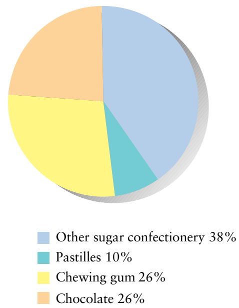
Wuxi Leaf, the Chinese joint-venture manufacturing chewing gum, reported a firm growth in sales despite increasing competition and a period of stringent monetary policy affecting distributors.

Product review

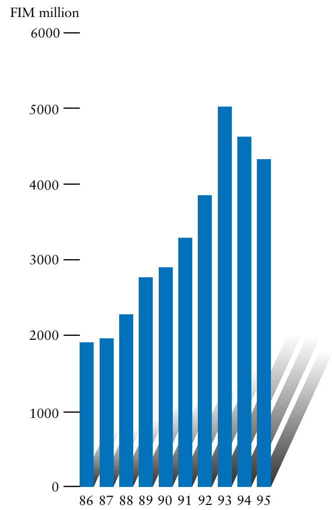
Backed by almost FIM 500 million worth of advertising and promotion expenditure, Leaf's key brands made major strides in 1995.

JOLLY RANCHER fruit candies were introduced in the UK, Ireland, Australia, Mexico, Chile and Colombia. The crucial UK launch was well-received by

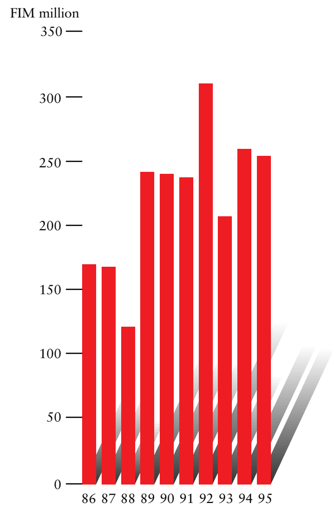
Net sales by product category



Net sales



Operating earnings



the trade and consumers. In North America, the brand's growth slowed down due to agressive competitive activity in the category, but JOLLY RANCHER Bubble Gum,

a brand extension, proved an instant hit.

Pastilles were a dynamic product area. LÄKEROL did well in its traditional markets in Scandinavia. MYNTHON gained market share in Eastern Europe, BENTASIL excelled e.g. in Norway, and local brands such as PECTOL (Spain) and SISU (Finland) also posted nice growth.

In the chewing gum segment, SPORTLIFE in Holland and XYLITOL-JENKKI in Finland maintained their market dominance. Category growth in many of Leaf's markets was low or even negative however, and intense competition hurt smaller brands, among them Leaf's BENBITS. The launch of XYLIFRESH in the US resulted in a targeted number of product listings with major retail chains, but sales picked up slower than anticipated.

Many old favorites did well in the sugar confectionery segment. These included the reformulated PAYDAY peanut bar and GOOD&PLENTY licorice drops in the US, as well as the car-shaped BILAR, for years Sweden's best-selling confectionery product. The CHEWITS children's fruit toffee maintained its segment leadership in the UK and was in good demand elsewhere. Among chocolate-based products,

WHOPPERS malted milk balls and MILK DUDS candies had a strong showing in the US, while the ELIZABETH SHAW premium range again posted good growth in the UK. Newly introduced LO Gold caramel filled bar strengthened the LO range of lower-calorie chocolate products which, for example, gained a high market share in Norway just months after introduction in late 1994.

Investments

Leaf's capital expenditure, FIM 122 million, was mainly directed towards improving efficiency and productivity within existing capacity.

Organization

Reflecting Leaf's orientation towards an increasingly international brand portfolio and new markets, a Strategic Development Group was formed to coordinate international brand development. Strategic R&D will be conducted in designated centers; the first such units are being established in the Netherlands for chewing gum and in Finland for pastilles and other products with health benefits. The Leaf

AKO, SORBITS, BENBITS, BENTASIL, EVERS, VILLOS, SALLOS, STORM KING, DRIVER'S FRESH, PECTOL, International Sales team, responsible for export activities in third markets, was decentralized. The Headquarters organization continues to serve multinational customers.

Outlook for 1996

Leaf's agenda for 1996 is topped by three major objectives: continued brand internationalization and higher sales, improved productivity and cost effectiveness, as well as further penetration of new markets in East Europe, Asia and Latin America.

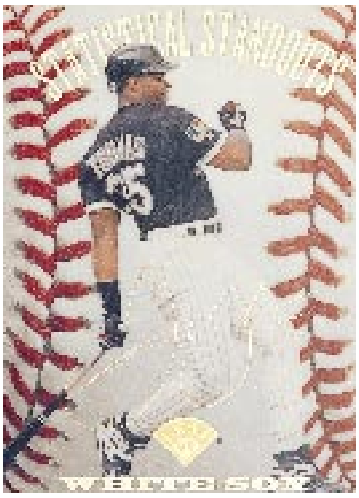
The product launch schedule is quite busy, with several new market introductions planned for Leaf's main international brands.

A major restructuring program will be implemented in 1996-97. Six small or mid-sized plants will be closed or divested. A broad range of other measures will also contribute to a significant reduction in fixed costs, once the program is fully implemented.

Interesting new business projects were close to implementation at year-end. These include a joint-venture with Parrys, a leading confectionery manufacturer in India.

DONRUSS

	1995	1994	Change %
Net sales	188	358	-48
Operating earnings	-52	9	..
Personnel	16	18	-11



The US collectible cards business, since the mid-1980's an important and usually profitable sideline activity for Leaf, was separated from the confectionery operations into a dedicated subsidiary, Donruss Trading Cards, Inc. The company reacted aggressively to a sharp decline in sales for its traditional baseball and ice hockey cards, largely caused by extended labor disputes within professional sports.

New "interactive" sports cards, combining collectability with the excitement of a strategy game, were introduced in October. Also, Donruss ventured into the "entertainment" segment, mainly consisting of card sets associated with Hollywood film projects.

Short-term profitability weakened significantly due to a steep decline in the traditional business, as well as initial costs related to the new card products. There are indications that the market for traditional baseball cards, down by over 50% from its peak in 1992, will begin to recover during 1996.

A provision of FIM 44 million (USD 10 million) taken in 1995 will enable Donruss to further adjust, to the extent necessary, to current market conditions.

LEIRAS

Global consolidation of the pharmaceutical industry accelerated during the year under review. In Finland, the end of a long-standing manufacturing and marketing cooperation between Leiras and the German company Schering, as well as a new joint-venture with Synthélabo from France, also reflected international trends.

By and large, Leiras advanced in line with expectations. Despite the strong Finnmark and stagnant sales of contraceptive implants, net sales declined only marginally. Beyond currency factors, high costs of R&D and product launches also lowered profitability. At 16% of net sales, operating earnings nevertheless remained satisfactory, and are likely to improve again in 1996.

Unit of the year: Clinical Research

Trademarks: LEVONOVA, MIRENA, NORPLANT,

	1995	1994	Change %
Net sales	**857**	868	-1
Finland	**423**	405	+4
Other EU countries	**210**	218	-4
Other Europe	**47**	41	+15
North America	**59**	72	-18
Asia-Pacific	**57**	77	-25
Other	**61**	55	+11
Operating earnings	**135**	174	-22
Capital expenditure	**56**	84	-33
R & D	**178**	162	+10
Personnel	**1,308**	1,251	+5

Finland

The Finnish pharmaceuticals market developed steadily in 1995. Competition from generic products intensified, however, and this trend will further strengthen in 1996.

The market for prescription medicines expanded by about 11% in 1995. The corresponding sales growth for Leiras was 7%. Relatively few new products were introduced during the year. Leiras maintained its position in core therapy classes.

In the important RHC (reproductive health care) segment, sales of LEVONOVA and ESTROGEL showed a marked increase.

In cardiovascular products, Leiras maintained its market leadership in beta blockers; SELECTOL was the fastest-growing product. ASACOL, intended for gastrointestinal infections, became one of Leiras's major products for the home market. Heavy price competition in antibiotics affected earnings, with ROXIBION as the only exception in an otherwise disappointing product class.

The market introduction of the new RECOFOL anesthesic was a few months late due to manufacturing bottlenecks.

In the self-care (OTC) sector, Leiras increasingly focused on certain key segments only. The in-licensed NUTRILETT very low calorie diet retained its market leadership despite intense competition from new entries. Among vitamins, BEREX and several preparations in the AO range were successful. In the cough and cold category, FORTAL again topped the market.

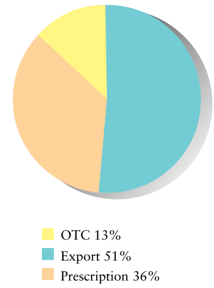
International operations

Leiras's sales outside Finland declined by 6% to FIM 434 million or 51% of the total. The appreciation of the Finnmark was the main reason for the decline, but the sales of certain important export products also remained below expectations, partly due to timing issues.

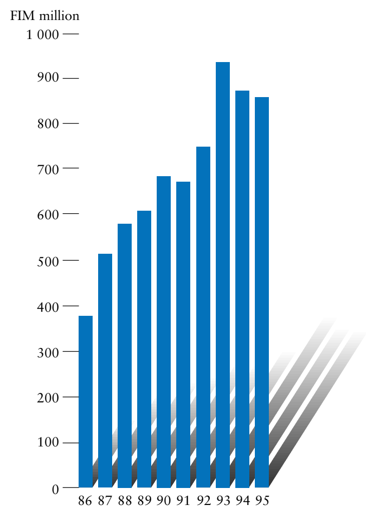
Leiras maintained a steady position in the Scandinavian markets and gained in strength in East Europe. The LEVONOVA/MIRENA hormonal contraceptive system, OFTAN and FOTIL eye medicines, as well as BONEFOS supportive cancer treatment were again among the most important products around the Baltic Sea.

In June, the Pharmacia-Leiras joint-venture successfully introduced MIRENA into the UK market. By the end of the year, the product already had some 20,000 users there, and accelerating growth is expected during 1996.

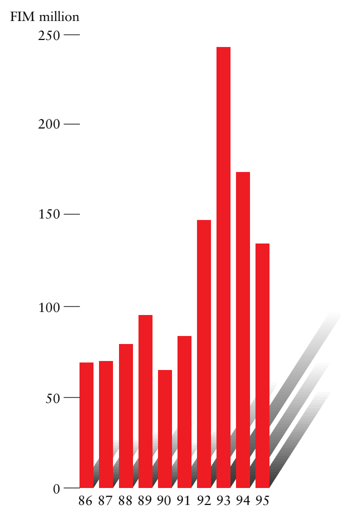
Net sales by product category



Net sales



Operating earnings



The Singaporean unit successfully launched MIRENA. It also closely contributed to new business projects in the region. The sales of NORPLANT contraceptive implants declined again, as no deliveries to North America took place, and shipments to Indonesia were partly postponed into 1996. Norplant continued to be delivered to some 40 countries worldwide. Its safety and efficacy was reconfirmed by the US Food and Drug Administration (FDA), but reduced public spending on population programs restrained sales. The widely publicized US product liability cases against NORPLANT advanced slowly, with first court decisions possible in early 1996.

The US introduction in June of the new BETIMOL glaucoma medication, based on Leiras's patented active ingredient Timolol Hemihydrate, was an important milestone. Sales exceeded expectations.

Due to currency and inventory factors, the sales of BONEFOS increased only marginally. Nonetheless, it was Leiras's top-selling individual product in 1995.

Cooperation agreements

The Pharmacia-Leiras joint-venture, established in 1994 to market gynecological products, developed and expanded its operations. After the UK launch, MIRENA was introduced in Belgium and Switzerland in the autumn. Initial costs have been high, however.

The marketing of BETIMOL in the US is handled by Ciba Vision Ophthalmics, one of the world leaders in the field. Cooperation may be extended to further products in the coming years.

The collaboration in Finland between Leiras and Schering AG, which began already in 1953, came to an end at the close of 1995, as the German company's new Finnish subsidiary started its operations. It employs 13 former Leiras specialists. In total, Schering products, mainly oral contraceptives, accounted for over FIM 60 million or 8% of Leiras's sales; their relative profit contribution was lower. Schering will continue to market Leiras's copper intrauterine devices in a number of countries.

A new joint-venture established with France's third largest pharmaceuticals company Synthélabo will form its own field organization concentrating on products for urological disorders and the central nervous system during 1996. The joint-venture will strengthen both parent companies' position in the relevant therapy areas and will introduce several important new products in Finland during the next few years.

Based on a Memorandum of Understanding signed in the summer, negotiations were continued on the establishment of a joint-venture in Indonesia for the local manufacture of NORPLANT II contraceptive implants. A similar project was underway in China.

Research and development

At FIM 178 million or 21% of net sales, Leiras's R&D expenditure peaked during the year. There were over 100,000 patients in clinical trials in different parts of the world. The most important projects included Phase IV trials for LEVONOVA/MIRENA, new products for hormone replacement therapy, BONEFOS osteoporosis trials in Europe and Japan, as well as trials necessary for the European registrations of FOTIL.

During the year, Leiras received 89 approvals in 30 countries and submitted 127 new applications in 33 countries. The NORPLANT II contraceptive implant system was filed in the US and UK. MIRENA was approved for sale in the UK, France, Belgium, Switzerland and Singapore.

Capital expenditure

Capital expenditure for the year amounted to FIM 56 million (- 33%). The injections department in the Tampere unit was completed, while new equipment was installed in the polymers department in Turku.

Organization

A number of changes took place in Leiras's operating structure. The domestic marketing organization was streamlined, while resources were added to the local units in Russia and the Baltics. Plans to increase productivity were subjected to compulsory negotiations with employees in the autumn.

Outlook for 1996

1996 marks Leiras's 50th anniversary. In a half-century, Leiras has solidly established itself in the Finnish pharmaceuticals market and won international recognition as the developer of several original products in its areas of specialization.

After a period of decline which started in early 1994, Leiras's profitability began to improve again at the end of 1995, and the outlook for 1996 is positive. For example, the sales of LEVONOVA/MIRENA, BONEFOS, FOTIL and BETIMOL, RECOFOL and NORPLANT are expected to increase markedly. MIRENA will be launched in the Netherlands, Italy, Austria and France. Barring a further appreciation of the Finnmark, higher exports should amply offset any decline in domestic sales. A relative decline in R&D expenditure will also contribute to higher profits.

POLARCUP

For Polarcup, the paramount issue in 1995 was how to manage the sharp increase in raw materials prices, which severely hurt profits in 1994 and continued through the first half of 1995. In a tough competitive environment, product prices could not be raised freely to offset the cost shock. Moderate price increases together with internal efficiencies, high seasonal sales and declining plastics prices towards year-end enabled Polarcup to boost its operating earnings by 34% in constant currencies.

As a focused, innovative partner to select multinational food and food service companies in Europe and the Asia-Pacific region, Polarcup developed new products, expanded aggressively in East Europe and adopted a new organization reflecting both local accountability and a segmented approach. As the top-priority project to expand business in Asia, a new Chinese manufacturing operation will be established.

Unit of the year: Polarcup Sweden

Trademarks: Europe - POLARCUP, WHIZZ,
Asia-Pacific - POLARCUP, WHIZZ,

	1995	1994	Change %
Net sales	2,484	2,447	+2
Finland	266	233	+15
Other EU countries	1,623	1,668	-3
Other Europe	231	152	+52
Asia-Pacific	345	372	-7
Other	19	22	-14
Operating earnings	161	130	+24
Capital expenditure	131	207	-37
Personnel	3,731	3,814	-2

Overview

Despite a favorable economic situation in most markets and a very warm summer across Europe, the total usage of Polarcup's products expanded rather modestly in established markets, and the bulk of local sales increases reflected higher prices.

Polarcup improved its performance across Scandinavia, with the Finnish and Swedish units excelling in both food packaging and food service products. The UK market was buoyant and Polarcup strengthened its positions through the introduction of several new products for major food packaging customers. In Southern Europe, Italy moved to a higher gear, with Spain also clearly ahead of 1994 and business in France picked up during the second half of the year.

Progress in the Benelux area was satisfactory. Germany remained a problem area, in part due to the proliferation of local environmental surcharges which have been challenged by the catering and packaging industries. The food packaging business also stagnated, and the closing of the Deizisau unit in 1994 caused some residual costs.

The Polish unit more than doubled its sales and concluded new contracts with multinational and local customers. The Russian unit near Moscow became fully operational in the spring and successfully concluded its first year. A local sales team won new business in the Baltics.

In the Asia-Pacific region, the Singapore unit posted higher sales after a period of stagnation. Sales in Australia remained flat. New Zealand again reported solid earnings on virtually unchanged sales.

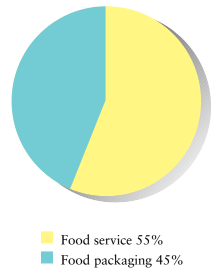
Product review

In 1995, the sales of food packaging products expanded faster than food service items. Some substitution of paper-based products for plastic was evident, as plastic prices continued to soar during the first half of the year.

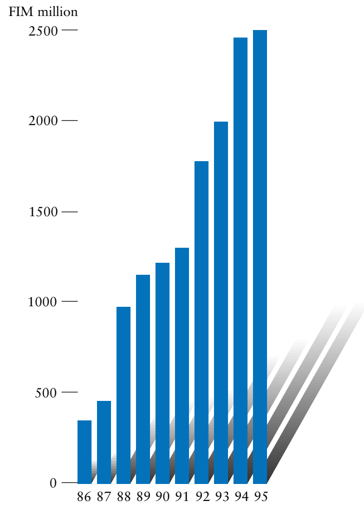
In food packaging, new square-shaped paperboard containers for premium ice cream were well received across Europe. In the UK, an original container design helped a major customer launch a new spread brand. TOP TRAY, the French styrofoam meat tray with an integrated absorbing pad, won significant market share. The Italian and French units were successful in developing new business with major food and dairy companies. Customers also appreciated a new range of multilayer containers for different purposes.

In the food service area, Polarcup won an important regional contract in

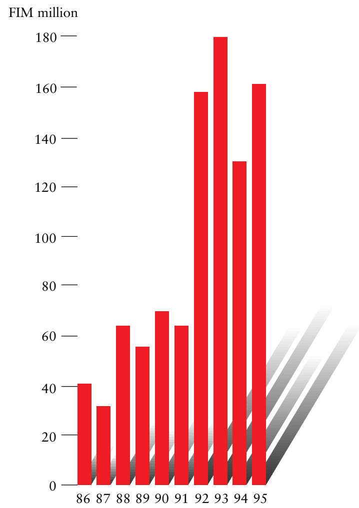
Net sales
by product category



Net sales



Operating earnings



Southeast Asia with a major fast food operator. Similar negotiations were in progress elsewhere. The new, totally compostable paper cups with a biodegradable polymer coating were put into commercial use by the Finnish customer Avecra, caterer to the State Railways.

A capable R&D function is an essential element in Polarcup's partnership bid towards major multinational and regional customers. The many projects underway included e.g. ovenable paper trays for ready meals in Scandinavia. The R&D activity also resulted in peelable, resealable lids for dairy containers, as well as two responses to Germany's environmental pressures: re-usable polypropylene cups for cold beverages, and re-usable hot beverage cups for vending machines.

Investments

The largest single capital expenditure project was a dedicated polypropylene plant in Finland, specializing in edible fats and spreads containers for the Scandinavian market. It will come on stream in March 1996. Poland added capacity and brought in totally new production lines, while Australia had a major addition to printing capacity.

Total capital expenditure amounted to FIM 131 million.

Organization

A new management structure, essentially a matrix organization, was adopted late in the year to increase focus on business segments and direct accountability, while enhancing Polarcup's local and global strategies.

Outlook for 1996

After a marked decline in the second half of 1995, the prices for polystyrene and polypropylene stabilized around year-end, with some upward pressure again evident. However, compared to 1994, the price increases are likely to remain moderate.

Polarcup will continue its projects with multinational customers and expects to conclude new regional agreements with important food processors and fast food chains. Restoring the profitability of the Germain unit commands high priority.

Business will continue to expand in East Europe, and a new manufacturing plant in Wuxi, China, will become operational in early 1997. Other expansion projects in Asia will be pursued later. The Singaporean manufacturing unit, in business since 1984, will be restructured to become a center of excellence for paper-based products.

PRINCIPLES FOR MANAGEMENT OF FINANCIAL RISK

Huhtamaki operates in nearly 30 countries and is hence exposed to several types of financial risk. The company manages its financial and treasury functions and exposures in a centralized manner. The Huhtamaki Finance companies serve the business units with daily financing, foreign exchange transactions and cash management coordination. The corporate finance function is in charge of bank relationships, long term financing, long term risks, new and restricted markets, and treasury projects. Treasury policies and risk management principles and limits are determined by a Finance Committee led by the CEO.

Huhtamaki does not have an active portfolio of equity investments. An important role for senior management in corporate finance and the finance companies is to act as an in-house financial consultant, monitor business units' transaction risks and review each new business initiative from a currency and economic exposure point of view.

Currency risks

Transaction risk relates to net cash flows in foreign currencies against business units' base currencies. In intercompany cross border business, DEM is mainly used in Europe and USD in other regions, thus increasing the matching of currencies and generally simplifying business. Business units are in charge of actively managing their currency exposure on a rolling 12-month basis. Hedging is done with Huhtamaki Finance, and in most cases transactions are settled in the company's monthly netting procedure.

The annual countervalue of Huhtamaki's net transaction exposure is approx. FIM 1.7 billion, with roughly 25% of the amount hedged as of balance sheet date. Huhtamaki Finance mainly uses forward contracts in hedging.

Translation exposure relates to changes in currency-denominated balance sheet values. Business units do not carry material exposures, because they are financed in their base currency. The most important exposure from Huhtamaki's perspective are the equities and especially the current and future retained earnings of the business units. To hedge equity is a Finance Committee decision. Both long term loans and forward contracts are used in hedging.

Interest rate risk

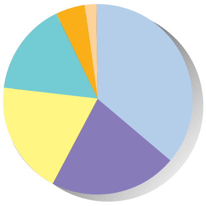
The main principle is to minimize the interest bearing assets or limit the assets to a few currencies only, by paying down debt whenever possible. Huhtamaki Finance hedges its interest rate risk either on a cash or forward rate agreement basis. Assets can be used to pay down debt in other currencies, in which case currency swaps are used to eliminate the currency exposure.

Funds are only rarely placed for longer than a 12-month period, and the bulk is conservatively and within counterpart limits invested in marketable securities.

Long term interest rate risk is material in only a few currencies. Corporate Finance hedges 30-70% of the debt-related exposures with swaps or option structures in accordance with the Finance Committee's approval and limits.

THE HUHTAMAKI SHARE

SHAREHOLDING IN HUHTAMAKI AT DECEMBER 31, 1995



REGISTRATION

The Huhtamaki shares are registered in the Finnish electronic book entry system. Shareholding will be registered immediately when a transaction is effected. Non-Finnish shareholders may register their holdings through a nominee, such as a commercial bank. Shareholders wishing to exercise their rights at the General Shareholders' Meetings must be registered under their own name.

SHARE CAPITAL AND SHARE CLASSES

In 1995 the share capital of Huhtamäki Oy rose from FIM 590.3 to FIM 593.6 million. The increase stems from share conversions under previously approved stock option schemes for management.

The shares are divided into Series K and Series I, which grant the same rights to shareholders in regard to company capital and dividends. However, each K share

STRUCTURE OF SHARE CAPITAL AT DECEMBER 31, 1995

	Number of shares	Shares %	Votes %
Series K	12,471,403	42.1	93.6
Series I	17,182,793	57.9	6.4
Total outstanding	29,654,196	100.0	100.0
Redeemed (K)	28,155	-	-
Total	29,682,351	-	-

MAJOR OWNERS AT DECEMBER 31, 1995[1]

	Shares %	Votes %
1. Finnish Cultural Foundation	15.8	31.3
2. Pharmacia AB	10.1	1.1
3. Pohjola Insurance Group	8.6	18.1
4. Merita Bank Ltd	3.1	5.1
5. Sampo Insurance Group	2.4	4.3
6. The Local Government Pensions Institutions	1.6	1.1
7. University Foundation in Turku	0.9	1.7
8. Tapiola Insurance Group	0.9	1.6
9. Medical Investment Trust Oy	0.7	1.5
10. Asset Management Company Arsenal Ltd	0.6	0.5
11. Partita Ltd	0.6	0.1
12. Nova Life Insurance Company Limited	0.5	0.5
13. Pension Foundation Polaris	0.5	0.8
14. Pension Varma Mutual Insurance Company	0.4	0.1
15. Unit Trust UBF Growth	0.4	-
16. Social Insurance Institution	0.3	0.8
17. Yrjö Jahnsson Foundation	0.3	-
18. Postipankki Ltd	0.3	-
19. Jenny and Antti Wihuri Foundation	0.3	0.3
20. Investa Asset Management	0.2	0.3

[1] Nominee registered shares 25.7% of shares and 3.6% of votes.

carries 20 votes at the General Shareholders' meetings while each Series I share entitles only to one vote. The nominal value of each share is FIM 20.

In the United States, a restricted ADR program established in 1990 under SEC Rule 144A has *de facto* expired.

Quotations

Huhtamäki Oy has been publicly quoted on the Helsinki Stock Exchange since 1959. The K and I shares are quoted separately. The Series I shares are traded in London on the SEAQ International system.

Authorizations

In 1995, the Board of Directors had no authorization to increase the share capital of Huhtamäki Oy through an equity issue.

Pursuant to existing equity-linked incentive schemes, a maximum of 420,700 new Series I shares may nevertheless be issued in 1996-2000, corresponding to an increase in share capital of up to FIM 8.4 million and representing 1.4% of share capital and 0.2% of voting power.

Shareholders

At the end of 1995, Huhtamäki Oy had 19,966 registered shareholders, indicating a decline in the number of small investors. Shareholding outside Finland increased during the year from 32% to 36%.

Members of the Supervisory Board and the Board of Directors as well as their dependent family members owned a total of 100,687 shares corresponding to 0.09% of the voting rights. Their participation in the above mentioned incentive schemes entitles them to a maximum of 0.04% of the total votes in the company by 2000.

SYMBOLS

Helsinki Stock Exchange:
Series K - HUHKV
Series I - HUHIV

SEAQ International:
Series I - HTI

Reuters:
Series I - HUHK.HE

ISSUE-ADJUSTED SHARE PRICE QUOTATIONS AND TURNOVER AT THE HELSINKI STOCK EXCHANGE

	Series K			Series I		
	lowest FIM	highest FIM	turnover	lowest FIM	highest FIM	turnover
1991[1]						
	95.00	150.00	1,580,403	52.00	111.00	2,765,666
1992[1]						
	107.00	185.00	2,328,782	76.00	159.00	7,031,490
1993						
I quarter	177.00	207.00	452,002	170.00	198.00	2,593,007
II quarter	190.00	249.00	1,181,868	178.00	218.00	1,424,991
III quarter	185.00	211.00	321,165	180.00	200.00	1,581,688
IV quarter	175.00	209.00	362,653	166.00	205.00	2,464,338
1994						
I quarter	191.00	231.00	231,049	181.00	228.00	2,200,463
II quarter	170.00	230.00	154,568	167.00	233.00	1,601,126
III quarter	147.00	185.00	180,068	141.00	180.00	1,807,550
IV quarter	136.00	160.00	305,173	132.00	161.00	1,837,101
1995						
I quarter	125.00	171.00	240,033	125.00	170.00	2,271,493
II quarter	125.00	150.00	331,751	127.00	152.00	1,519,593
III quarter	138.00	158.00	246,324	143.00	160.00	1,509,313
IV quarter	103.00	143.00	130,057	105.00	144.00	2,229,334

[1] Data combined for restricted and free shares.

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Fax +1-609-896-1302

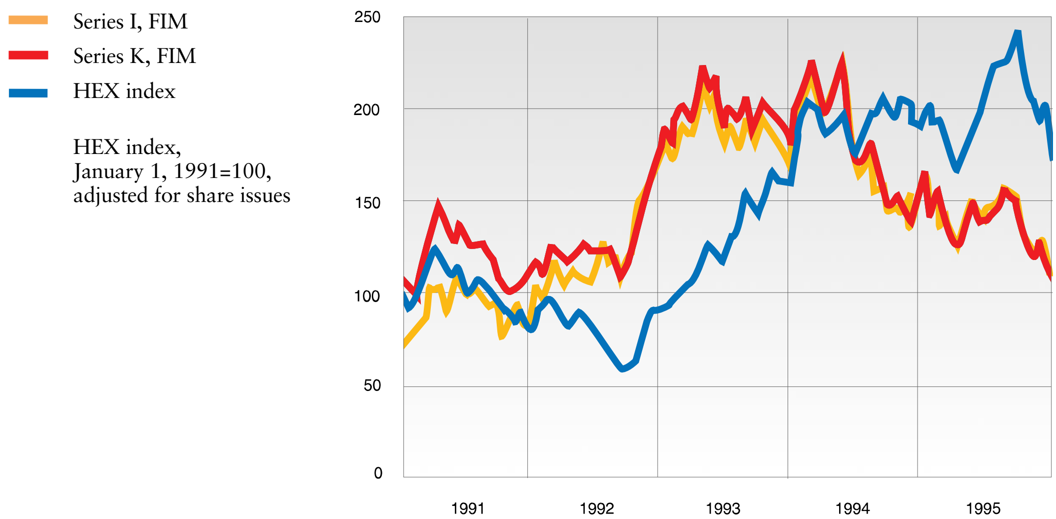
Trading developments

The Helsinki Stock Exchange had a busy year, with the movements of the HEX index dominated by one share, that of the electronics company Nokia. Another market driver was the apparent demise of the SEAQ system in London, which brought the trading on many Finnish-originated shares back to Helsinki.

Largely reflecting swings in investor sentiment towards the telecommunications, forest-based and other "cyclical" industries, the HEX index first appreciated by 24% and reached an all-time high of 2,336 points in mid-September. That marked a turning point, and at year-end the HEX index stood at 1,712, 9% lower than at the start of the year.

The Huhtamaki shares under-performed the HEX index, failing to fully track the upswing and falling significantly late in the year, no doubt due to lower short-term earnings prospects for the company. The widely traded I share was quoted at FIM 162 at the beginning of the year, reached a high of FIM 170 in early January and finished the year at FIM 105. The corresponding figures for K shares were FIM 165, 171 and 104, respectively. The turnover in Helsinki was 7.5 million I-shares and 0.9 million K-shares, in total 28% of the shares outstanding. Trading of I-shares in London was thin.

SHARE PRICE DEVELOPMENT



HUHTAMAKI IN 1991-1995

FIM million		1991	1992	1993	1994	1995
Net sales		6,029.1	6,582.0	7,935.2	8,284.8	**7,835.6**
Increase in net sales	%	4.3	9.2	20.6	4.4	**-5.4**
Foreign net sales		4,322.0	5,385.9	6,836.6	7,194.2	**6,664.1**
Operating profit before depreciation (FAS)		719.1	912.3	1,067.7	1,038.1	**916.7**
Operating profit before depreciation/net sales (FAS)	%	12.2	14.2	13.5	12.5	**11.7**
Operating earnings		399.2	561.1	649.3	567.7	**465.2**
Operating earnings/net sales	%	6.6	8.5	8.2	6.9	**5.9**
Profit after financial items		244.8	399.1	505.5	441.6	**312.2**
Profit after financial items/net sales	%	4.1	6.1	6.4	5.3	**4.0**
Profit before appropriations and taxes (FAS)		245.0	371.1	567.7	421.9	**273.6**
Profit before appropriations and taxes/net sales	%	4.1	5.6	7.2	5.1	**3.5**
Net income		144.5	249.1	347.7	332.6	**179.8**
Return on invested assets	%	11.0	13.6	12.5	10.0	**8.9**
Return on shareholders' equity		7.1	11.6	12.0	9.9	**6.3**
Solidity	%	36.8	36.9	41.4	48.2	**46.7**
Net debt to equity		1.03	0.95	0.63	0.49	**0.44**
Current ratio		1.12	1.25	1.63	1.35	**1.37**
Times interest earned		4.79	6.93	7.64	8.24	**6.81**
Capital expenditure		455.4	618.2	467.2	473.8	**308.7**
Capital expenditure/net sales	%	7.0	9.4	5.9	5.7	**3.9**
Research & development		122.0	139.7	193.7	213.6	**224.7**
Research & development/net sales	%	2.0	2.1	2.4	2.6	**2.9**
Equity		2,023.0	2,419.1	3,651.0	3,660.7	**3,615.3**
Number of shareholders (December 31)		29,161	28,931	20,424	21,010	**19,966**
Personnel (December 31)		9,994	9,405	11,190	11,145	**10,930**

Note: Figures according to IAS, unless otherwise indicated.

PER SHARE DATA

		1991	1992	1993	1994	1995
Earnings per share	FIM	6.44	11.07	13.59	12.16	**7.56**[1]
Calculated earnings per share (FAS)	FIM	8.87	12.12	13.97	12.21	**7.73**
Dividend, nominal[2]	FIM	2.70	3.20	3.70	4.00	**4.00**
Dividend/earnings per share[2]	%	41.9	28.9	27.2	32.9	**52.9**
Dividend yield[2]						
Series K (restricted)	%	2.5	1.8	2.0	2.6	**3.8**
Series K (free)	%	2.5	1.8			
Series I (restricted)	%	3.5	1.8			
Series I (free)	%	3.0	1.8	2.1	2.5	**3.8**
Shareholders' equity per share	FIM	85.94	98.88	124.43	124.16	**121.92**
Calculated shareholders' equity per share (FAS)	FIM	85.29	100.72	124.07	126.94	**124.85**
Share price adjusted for share issue at December 31						
Series K (restricted)	FIM	107.00	181.00	188.00	156.00	**104.00**
Series K (free)	FIM	107.00	181.00			
Series I (restricted)	FIM	76.50	173.00			
Series I (free)	FIM	91.00	175.00	180.00	157.00	**105.00**
Average number of shares adjusted for share issue		24,464,444	24,464,444	25,452,167	29,408,522	**29,539,212**
Number of shares adjusted for share issue at year-end		24,464,444	24,464,444	29,342,144	29,484,596	**29,654,196**
P/E ratio						
Series K (restricted)		16.6	16.4	13.8	12.8	**13.8**
Series K (free)		16.6	16.4			
Series I (restricted)		11.9	15.6			
Series I (free)		14.1	15.8	13.3	12.9	**13.9**
Market capitalization at December 31	FIM mill.	2,339.7	4,338.1	5,381.4	4,616.6	**3,101.2**

[1] The dilutive effect of the bonds with warrants of 1991 and 1993 included: FIM 7.46
[2] 1995: Board's proposal

DIRECTORS' REPORT

In 1995, marking its 75th anniversary, Huhtamaki was determined to return to a path of improving profitability. Higher operating earnings were expected from Leaf and Polarcup, offsetting a projected decline in Leiras's result. However, the Board was forced to revise the Company's profit outlook twice during the year. The final outcome, a 29% fall in profit after financial items, was a clear disappointment.

The main reasons for the shortfall and their impact on operating earnings may be summarized as follows:

- Appreciation of the Finnish markka – translation effect minus FIM 60 million on operating earnings;
- Another turbulent year in the North American collectible cards market – minus FIM 60 million against 1994;
- Low sales of contraceptive implants and start-up costs for the Pharmacia-Leiras joint-venture – minus FIM 60 million.

Beyond these and certain lesser operational deviations, it should be stressed that 20 out of the 33 reporting units met their targets, improving on their 1994 performance.

Corporate strategy revised

The rapid consolidation of the global pharmaceutical industry affected Leiras's operating environment during the year under review, and such structural change is expected to continue. The Board hence proposed to the Supervisory Board that Huhtamaki in the future should concentrate on specialized sectors of the foods industry, i.e. Leaf's confectionery business and Polarcup's food packaging operations. The Board has concluded that while Leiras's prospects are promising, they will be best realized as part of a major international pharmaceuticals company. Leiras, as well as the collectible cards unit Donruss, will be divested when warranted by market conditions.

The revised corporate strategy will free resources for the strengthening of Leaf's and Polarcup's strategic position and competitiveness. In 1996-97, Leaf's cost-effectiveness will be boosted by a rationalization program including the closure or divestment of six manufacturing plants.

Dividend proposal

In view of Huhtamaki's positive cash flow, solid financial position and improving prospects for 1996 and beyond, the Board proposes an unchanged dividend of FIM 4.00 per share.

Sales affected by currency factors

Huhtamaki's consolidated net sales in 1995 declined by 5% to FIM 7,836 million. The decline is mainly due to the appreciation of the Finnmark, by 16% against the US Dollar and by 5% against the Deutschmark. In constant currencies, the net sales would have improved by 6% to approximately FIM 8,800 million.

Both Leaf and Polarcup showed a healthy increase in sales when reported in constant currencies. The weak dollar taxed Leiras's sales by FIM 50 million; low deliveries of contraceptive implants also subtracted from an otherwise satisfactory sales performance. The sales by the Donruss trading cards unit declined by 48% to FIM 188 million. Leaf accounted for 55% of the total sales, Polarcup for 32%, Leiras for 11%, and Donruss 2%.

Geographically, the breakdown of sales was as follows: European Union 57%, other Europe 7%, North America 28%, Asia-Pacific 6%, and other regions 2%. Sales in Finland represented 15% of the total, and exports from Finland amounted to FIM 860 million (- 4%).

The net sales of the parent company, Huhtamäki Oy, were FIM 1,185 million,

NET SALES BY BUSINESS SECTOR

FIM million	1991	%	1992	%	1993	%	1994	%	1995	%
Leaf	3,281.0	54.4	3,856.6	58.6	5,013.4	63.2	4,970.8	60.0	**4,495.1**	**57.4**
Polarcup	1,289.2	21.4	1,765.1	26.8	1,988.9	25.0	2,446.6	29.5	**2,484.1**	**31.7**
Leiras	673.5	11.2	744.4	11.3	933.4	11.8	868.0	10.5	**857.4**	**10.9**
Other[1]	785.4	13.0	215.9	3.3	-0.5	-	-0.6	-	**-1.0**	**-**
Total	6,029.1	100.0	6,582.0	100.0	7,935.2	100.0	8,284.8	100.0	**7,835.6**	**100.0**

OPERATING EARNINGS BY BUSINESS SECTOR

FIM million	1991	%	1992	%	1993	%	1994	%	1995	%
Leaf	237.7	7.2	311.8	8.1	206.9	4.1	265.5	5.3	**200.1**	**4.5**
Polarcup	64.4	5.0	158.3	9.0	179.8	9.0	130.0	5.3	**160.7**	**6.5**
Leiras	83.8	12.4	148.3	19.9	243.1	26.0	173.7	20.0	**134.8**	**15.7**
Other[1]	13.3	1.7	-57.3	-	19.5	-	-1.5	-	**-30.4**	**-**
Total	399.2	6.6	561.1	8.5	649.3	8.2	567.7	6.9	**465.2**	**5.9**

[1] Unallocated costs and income; earnings from divested units.

stemming from Leaf's and Polarcup's Finnish-based business units.

Profitability declined

Huhtamaki's operating earnings (IAS) declined by 18% to FIM 465 million, 6% of net sales. According to FAS, operating profit before depreciation was FIM 917 million (- 12%) or 12% of net sales (in 1994, 13%).

Leaf's operating earnings, excluding the Donruss collectible cards business, were FIM 252 million or 6% of net sales. In constant currencies, an improvement of 8% was evident. Profitability remained below targeted levels, however.

The Donruss cards unit aggressively ventured into new cards segments. This resulted in higher costs during the second half of the year, while sales failed to respond; hence an operating loss of FIM 52 million.

Polarcup's operating earnings recovered from the previous year's shock caused by a surge in raw materials prices until mid-1995, to FIM 161 million or 6% of net sales.

Leiras's profitability declined, as anticipated, due to high spending on long-term clinical trials, while sales and earnings suffered from the strong Finnmark and various timing factors. The operating earnings were FIM 135 million, down by 22% and 16% of net sales.

At FIM 132 million, net financing costs were virtually unchanged despite the stronger Finnmark, mainly due to an increase in working capital, and a disparate interest rate structure between assets and liabilities. The profit after financial items declined by 29% to FIM 312 million. A net loss from associated companies of FIM 21 million mainly reflects the initial expenses of the Pharmacia-Leiras joint-venture.

Taxes, unusually low in 1994, went up by 6% to FIM 89 million. Earnings per share declined sharply, by 38% to FIM 7.56. An extraordinary expense of FIM 44 million was booked as a restructuring charge for Donruss.

Capital expenditure

Capital expenditure projects were placed under tight scrutiny during the year. Gross capital expenditure amounted to FIM 309 million, down from the previous year and significantly below original projections. Leaf's investments amounted to FIM 122 million, Polarcup's to FIM 131 million, Leiras's to FIM 56 million.

Spending on research and development increased by 5% to FIM 225 million. The bulk of this again was on Leiras's account: FIM 178 million, up by 10% and corresponding to 21% of Leiras's net sales.

Share capital

The Annual General Shareholders' Meeting which convened on April 5, 1995, approved a dividend of FIM 4.00 per share. During the year, Huhtamaki's share capital was augmented from FIM 590.3 million to FIM 593.6 million, reflecting share conversions under previously approved stock option plans.

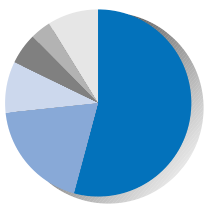
The average number of shares in issue increased from 29,408,522 to 29,539,212. At year-end, the number of shares outstanding was 29,654,196.

The company had 19,966 share-holders at year-end, a decline of 1,044. Foreign shareholding rose during the year from 32% back to 36%, where it stood at the end of 1993.

Share developments

The Huhtamaki Series I shares declined by a third, from around FIM 160 in early January to FIM 105 at year-end. The less traded K shares followed an almost identical pattern. The HEX index declined by 9% during the year. Trading in Huhtamaki shares was fairly thin in Helsinki, with peaks of activity evident in February, June, October and December. London's SEAQ Inter-national market saw a further decline of turnover, and some prominent market-makers were leaving the system altogether.

EXTERNAL DEBT BY CURRENCY
AT DECEMBER 31, 1995



Unconstrained finances

A positive cash flow and the appreciation of the Finnmark again strengthened Huhtamaki's balance sheet. At year-end, net debt stood at FIM 1,578 million, showing a reduction of FIM 208 million from the corresponding figure at the end of 1994. Net debt to equity improved marginally, from 0.49 to 0.44.

The Finance Company business was restructured, with most of the activity concentrated to Helsinki. The Lausanne Branch of Huhtamaki Finance B.V. continues its operations on a more focused scope.

Corporate structure

No major changes took place in corporate structure during 1995.

Litigation

In the United States, a number of court cases have been brought to recover damages for injuries allegedly resulting from use of the Norplant® contraceptive implant system, assembled by Leiras Oy under license and marketed in North America by a major pharmaceutical company. Among several other parties, Leiras has been named as a defendant in some of these cases. As a contract manufacturer, Leiras is essentially liable for manufacturing the product according to approved specifications.

Plaintiff's claims relate primarily to alleged adverse health consequences and side effects, as well as alleged complications from the procedures involved in inserting and removing Norplant. The defendants intend to vigorously defend Norplant, a thoroughly researched method first approved for sale in 1983 and currently in use in some 40 countries. Norplant's safety and efficacy as a long-acting contraceptive method has been reaffirmed by the US Food and Drug Administration in a communication dated August 17, 1995.

Environmental developments

In 1995, the business sectors maintained their programs of continuous improvement in environmental matters, with strong local emphasis. Progress in solid waste reduction and reuse, effluent, and air emissions control was reported by virtually all of Leaf's North American units, most of which also underwent an internal environmental audit process. In Europe, similar progress was evident in most units.

Polarcup UK continued its pilot environmental management program towards the BS7750 environmental accreditation. In Germany, the packaging and catering industries faced a proliferation of local environmental surcharges on single-use packaging; such largely punitive and fiscal measures are being legally challenged. The Finnish Ministry for Environment, on the other hand, invited the packaging, food, wholesale and retailing industries to participate in a voluntary scheme designed to achieve stringent national waste reduction, reuse and recycling targets by 2002. Huhtamaki is an active participant in this scheme.

After major investments in emissions reduction, Leiras concentrated on complying with the world chemical industry's Responsible Care program.

Management

In June, Mr. Matti Tikkakoski, Senior Vice President, Asia, was appointed President of Polarcup Group and elected to the Huhtamaki Board of Directors, succeeding in both capacities Mr. John D. Williams, who was appointed President of the Donruss Trading Cards, Inc. subsidiary in the United States.

Ms. Hannele Salminen was appointed Vice President, Human Resources, from the beginning of 1996.

Personnel

At year-end, Huhtamaki had 10,930 employees, 215 less than at the end of 1994. 2,919 were employed in Finland, 2,083 in the United States, 1,643 in the UK, 606 in the Netherlands, 547 in Germany, 444 in Sweden, 437 in Spain, 338 in Australia and 1,913 in 20 other countries. Leaf had 5,841 employees, Polarcup 3,731 and Leiras 1,308. The average number of employees was 11,403, compared to 11,341 in 1994.

The parent company employed 1,653 at year-end. The corresponding figure for 1994 was 1,712. The respective annual averages were 1,695 in 1995 and 1,788 in 1994.

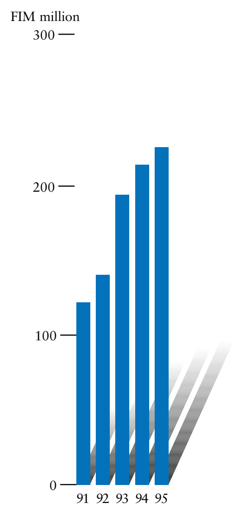
75th Anniversary

Huhtamaki celebrated its 75th Anniversary on November 19, with over 1,000 guests in attendance at the Opera House in Helsinki. A separate event was arranged for Finnish employees. Additionally, a history book was commissioned in Finnish and English, and a commemorative video program was sent to all units.

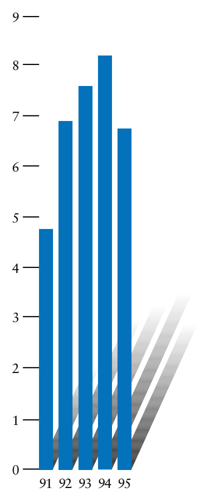
The outlook for 1996

In 1996, Huhtamaki will concentrate on achieving a more focused corporate structure and implementing the restructuring program designed to improve Leaf's profitability.

R & D



Times interest earned



INCOME STATEMENTS - IAS

	FIM million	Group				Huhtamäki Oy			
		1995	%	1994	%	1995	%	1994	%
	Net sales	7,835.6	100.0	8,284.8	100.0	1,185.4	100.0	1,121.4	100.0
	Cost of goods sold	5,069.5		5,276.5		809.8		775.1	
	Gross profit	2,766.1	35.3	3,008.3	36.3	375.6	31.7	346.3	30.9
	Sales and marketing	543.6		595.5		67.0		61.6	
	Advertising and promotion	551.6		550.6		77.6		71.5	
	Administration costs	482.6		530.8		79.6		84.6	
	Other fixed costs	723.1		763.7		23.0		0.7	
		2,300.9		2,440.6		247.2		218.4	
2	**Operating earnings**	465.2	5.9	567.7	6.9	128.4	10.8	127.9	11.4
3	Net financial income/expense	-131.7		-131.3		+37.0		+50.8	
	Gain/loss on equity of associated companies	-21.3		5.2		-20.3		+5.0	
	Profit after financial items	312.2	4.0	441.6	5.3	145.1	12.2	183.7	16.4
	Minority interest	-		-		-		-	
	Taxes	-88.8		-83.9		-72.5		-52.8	
4	**Exceptional income and expense**	-43.6		-25.1		+111.2		+40.5	
	Net income	179.8	2.3	332.6	4.0	183.8	15.5	171.4	15.3

BALANCE SHEETS - IAS

	FIM million	Group 1995	%	Group 1994	%	Huhtamäki Oy 1995	%	Huhtamäki Oy 1994	%
	ASSETS								
5	**Tangible assets**								
	Land and buildings	1,658.4		1,663.7		570.3		550.9	
	Machinery and equipment	3,833.3		3,732.4		449.6		414.2	
	Other tangible assets	276.3		264.2		14.0		13.9	
	Construction in progress	98.9		232.6		11.3		1.6	
	Accumulated depreciation	-2,876.3		-2,624.4		-507.1		-455.9	
		2,990.6	38.6	3,268.5	43.0	538.1	12.7	524.7	12.4
5	**Intangible assets**								
	Goodwill	1,213.9		1,284.9		-		-	
	Other intangible assets	242.3		257.0		178.6		179.2	
	Accumulated amortization	-435.2		-406.7		-141.9		-122.5	
		1,021.0	13.2	1,135.2	14.9	36.7	0.8	56.7	1.4
	Other long-term assets								
6	Investment in subsidiaries	-		-		2,008.2		1,495.4	
7	Investment in associated companies	25.7		14.3		23.7		9.1	
7	Other investments	60.8		241.9		8.0		23.5	
9	Long-term loan receivables	118.3		29.5		22.0		46.9	
9	Other long-term receivables	93.0		-		-		-	
		297.8	3.8	285.7	3.8	2,061.9	48.5	1,574.9	37.2
	Current assets								
8	Inventories	1,119.7		1,137.6		141.0		131.8	
9	Trade receivables	1,122.3		1,016.1		125.5		125.0	
9	Loan receivables	232.2		150.4		1,147.7		1,607.7	
9	Other receivables	356.9		339.1		188.4		202.2	
	Cash and marketable securities	607.6		269.3		13.2		7.6	
		3,438.7	44.4	2,912.5	38.3	1,615.8	38.0	2,074.3	49.0
		7,748.1	100.0	7,601.9	100.0	4,252.5	100.0	4,230.6	100.0
	LIABILITIES AND EQUITY								
	Long-term liabilities								
10	Loans	1,297.5		1,439.1		616.3		619.6	
11	Other long-term liabilities	331.3		347.8		75.2		78.3	
		1,628.8	21.0	1,786.9	23.5	691.5	16.3	697.9	16.5
	Current liabilities								
10	Short-term loans and overdrafts	1,048.8		558.5		253.6		289.2	
10	Current portion of long-term loans	188.7		237.8		-		6.8	
12	Trade payables	449.1		529.6		81.0		77.4	
12	Other current liabilities	817.2		828.2		94.9		108.2	
		2,503.8	32.3	2,154.1	28.3	429.5	10.1	481.6	11.4
	Minority interest	0.2		0.2		-		-	
13,14	**Shareholders' equity**								
	Share capital	593.6		590.3		593.6		590.3	
	Share premium	1,605.8		1,594.3		1,605.8		1,594.3	
	Revaluation fund	15.0		15.0		15.0		15.0	
	Consolidation difference	-228.3		-64.1		-		-	
	Retained earnings	1,629.2		1,525.2		917.1		851.5	
		3,615.3	46.7	3,660.7	48.2	3,131.5	73.6	3,051.1	72.1
		7,748.1	100.0	7,601.9	100.0	4,252.5	100.0	4,230.6	100.0

CASH FLOW STATEMENTS - IAS

FIM million	Group		Huhtamäki Oy	
	1995	1994	**1995**	1994
Operations				
Net income	**179.8**	332.6	**183.8**	171.4
Depreciation and amortization	**451.4**	470.4	**77.3**	74.9
Provisions	**18.2**	-0.1	**-**	-
Deferred tax	**-16.9**	-3.2	**-3.1**	0.7
Gain/loss on equity of associated companies	**21.3**	-5.2	**20.3**	-5.0
Dividends from associated companies	**1.7**	3.7	**1.7**	3.7
Gain/loss on sale of long-term assets	**4.2**	-4.4	**-0.1**	-0.2
Other, net	**-**	0.5	**-**	105.0
	659.7	794.3	**279.9**	350.5
Net change in working capital	**-285.2**	-167.3	**-6.5**	92.2
Total from operations	**374.5**	627.0	**273.4**	442.7
Investing				
Purchase of tangible assets	**-308.7**	-473.8	**-70.3**	-67.4
Disposal of long-term assets	**9.8**	25.4	**1.0**	0.5
Acquisition/divestiture of net assets in subsidiaries	**-**	-	**-512.0**	-296.2
Investment in associated companies	**-24.2**	-15.2	**-24.2**	-15.2
Other, net	**-1.1**	0.7	**-**	1.4
Total investing	**-324.2**	-462.9	**-605.5**	-376.9
Financing				
Net increase/decrease of long-term loans/receivables	**-103.5**	-656.4	**21.4**	-302.9
Net increase/decrease of short-term loans/receivables	**542.2**	259.8	**425.9**	348.2
Increase/decrease of current portion of long-term debt	**-41.9**	108.4	**-6.5**	-24.9
Dividends paid	**-117.9**	-108.6	**-117.9**	-108.6
Proceeds from share issues	**14.8**	8.7	**14.8**	8.7
Other, net	**-5.7**	-8.0	**-**	-
Total financing	**288.0**	-396.1	**337.7**	-79.5
Cash and marketable securities at beginning of year	**269.3**	501.3	**7.6**	21.3
Cash and marketable securities at end of year	**607.6**	269.3	**13.2**	7.6
Net change	**338.3**	-232.0	**5.6**	-13.7

INCOME STATEMENTS - FAS

Note	FIM million		Group 1995	%		Group 1994	%		Huhtamäki Oy 1995	%		Huhtamäki Oy 1994	%
	Net sales		7,835.6	100.0		8,284.8	100.0		1,185.4	100.0		1,121.4	100.0
	Cost of goods sold		5,066.1			5,276.5			807.0			771.9	
	Gross profit		2,769.5	35.3		3,008.3	36.3		378.4	31.9		349.5	31.2
	Sales and marketing		543.6			595.5			66.9			61.6	
	Advertising and promotion		551.6			550.6			77.6			71.5	
	Administration costs		482.6			530.8			79.6			84.6	
	Other operating expenses		835.4			910.9			73.6			72.2	
	Other operating income		-113.9			-152.6			-52.0			-73.0	
			2,299.3			2,435.2			245.7			216.9	
2	**Operating earnings**		470.2	6.0		573.1	6.9		132.7	11.2		132.6	11.8
3	Net financial income/expense		-131.7			-131.3			+37.2			+55.7	
	Gain/loss on equity of associated companies		-21.3			5.2			-			-	
	Profit before exceptional items, appropriations and taxes		317.2	4.0		447.0	5.4		169.9	14.3		188.3	16.8
4	**Exceptional income and expense**		-43.6			-25.1			+111.1			+40.5	
	Profit before appropriations and taxes		273.6	3.5		421.9	5.1		281.0	23.7		228.8	20.4
	Depreciation difference, (-) increase, (+) decrease		-18.0			-28.1			-9.9			-8.7	
16	**Change in voluntary reserves (-) increase, (+) decrease**		+24.3			+12.1			22.2			+5.9	
	Direct taxes	-90.9			-76.8			-75.6			-52.1		
	Entered in non-restricted equity	-			-4.1			-			-4.9		
	Deferred tax on untaxed reserves	2.1	-88.8		-7.1	-88.0		-	-75.6		-	-57.0	
	Minority interest		-			-			-			-	
	Net income		191.1	2.4		317.9	3.8		217.7	18.4		169.0	15.1

BALANCE SHEETS - FAS

	FIM million	Group				Huhtamäki Oy			
		1995	%	1994	%	1995	%	1994	%
	ASSETS								
	Fixed assets								
5	**Intangible assets**								
	Intangible rights	110.7		112.1		3.4		2.9	
	Goodwill	867.6		964.3		-		-	
	Other capitalized expenditure	42.7		58.8		33.3		53.8	
		1,021.0	13.0	1,135.2	14.8	36.7	0.8	56.7	1.3
5	**Tangible assets**								
	Land	120.8		136.7		17.8		17.5	
	Buildings and constructions	1,068.2		1,074.5		366.3		363.2	
	Machinery and equipment	1,706.6		1,829.5		220.8		216.5	
	Other tangible assets	83.0		77.3		1.6		1.3	
	Construction in progress and advance payments	98.9		232.6		11.3		1.6	
		3,077.5	39.3	3,350.6	43.6	617.8	14.1	600.1	13.8
	Other fixed assets								
6,7	Shares and holdings	86.4		256.2		2,105.6		1,569.6	
	Loan receivables	118.3		29.5		22.0		46.9	
	Other long-term receivables	93.1		-		-		-	
		297.8	3.8	285.7	3.7	2,127.6	48.4	1,616.5	37.2
	Current assets								
8	**Inventories**								
	Raw and packaging materials	346.4		357.2		38.2		37.3	
	Work-in-process	134.6		137.2		10.6		11.3	
	Finished goods	621.0		607.0		89.7		81.9	
	Advance payments	17.7		36.2		2.5		1.3	
		1,119.7	14.3	1,137.6	14.8	141.0	3.2	131.8	3.0
9	**Receivables**								
	Trade receivables	1,122.3		1,016.1		125.5		125.0	
	Loan receivables	232.2		150.4		1,147.7		1,607.7	
	Accrued income	347.7		283.1		187.5		198.0	
	Other receivables	9.2		56.1		0.6		3.8	
		1,711.4	21.8	1,505.7	19.6	1,461.3	33.2	1,934.5	44.5
	Marketable securities	544.0	7.0	157.8	2.0	-	-	-	-
	Cash and bank	63.6	0.8	111.5	1.5	13.2	0.3	7.6	0.2
		7,835.0	100.0	7,684.0	100.0	4,397.6	100.0	4,347.2	100.0
13,14	**LIABILITIES AND EQUITY**								
	Shareholders' equity								
	Restricted equity								
	Share capital	593.6		590.3		593.6		590.3	
	Share premium	1,605.8		1,594.3		1,605.8		1,594.3	
	Revaluation fund	15.0		15.0		15.0		15.0	
	Consolidation difference	-228.3		-64.1		-		-	
		1,986.1		2,135.5		2,214.4		2,199.6	
	Non-restricted equity								
	Retained earnings - transferred from untaxed reserves	343.3		349.6		-		-	
	Retained earnings - available for distribution	1,181.8		939.7		571.6		520.5	
	Net income for the period	191.1		317.9		217.7		169.0	
		1,716.2		1,607.2		789.3		689.5	
		3,702.3	47.2	3,742.7	48.7	3,003.7	68.3	2,889.1	66.5
	Minority interest	0.2		0.2		-		-	
	Untaxed reserves								
	Depreciation difference	-		-		234.4		224.5	
	Reserve for change in inventory valuation	-		-		-		5.9	
	Other voluntary reserves	-		-		66.4		82.7	
		-		-		300.8	6.8	313.1	7.2
	Valuation items	-		-		47.3	1.1	45.5	1.0
	Long-term liabilities								
10	Loans from financial institutions	1,136.3		1,276.5		0.3		0.3	
10	Pension loans	161.2		162.6		125.0		126.7	
11	Deferred tax on untaxed reserves	114.5		116.6		-		-	
11	Other long-term liabilities	216.8		231.2		491.0		492.6	
		1,628.8	20.8	1,786.9	23.3	616.3	14.0	619.6	14.3
	Current liabilities								
10	Loans from financial institutions	1,237.5		796.3		-		-	
12	Trade payables	449.0		529.6		81.0		77.4	
12	Accrued expenses	817.2		828.3		94.9		106.6	
10	Other short-term liabilities	-		-		253.6		295.9	
		2,503.7	32.0	2,154.2	28.0	429.5	9.8	479.9	11.0
		7,835.0	100.0	7,684.0	100.0	4,397.6	100.0	4,347.2	100.0

FUNDS STATEMENTS - FAS

FIM million	Group		Huhtamäki Oy	
	1995	1994	1995	1994
Operations				
Operating earnings	470.2	573.0	132.7	132.6
Depreciation and amortization	446.5	465.0	73.0	70.2
Financial income/expense	-153.0	-126.1	37.2	55.7
Exceptional items	-	-25.1	143.8	146.3
Taxes	-88.8	-83.9	-75.6	-52.1
	674.9	802.9	311.1	352.7
Change in working capital				
Change in inventories	-42.3	-84.8	-9.2	-4.2
Change in current receivables	-200.5	370.0	472.7	659.2
Change in non-interest bearing current liabilities	-95.6	-86.5	-9.7	-41.1
Total from operations	336.5	1,001.6	764.9	966.6
Investing				
Capital expenditure	-308.7	-473.8	-607.9	-379.0
Sale of fixed assets	9.9	25.4	1.0	0.5
Funds flow before financing	37.7	553.2	158.0	588.1
Financing				
Change in long-term receivables	-183.2	152.1	-5.2	-37.5
Change in long-term loans	-188.1	-901.9	-9.8	-284.6
Change in short-term loans	503.6	173.3	-34.3	-179.6
Dividends	-117.9	-108.6	-117.9	-108.6
Proceeds from share issues	14.8	8.7	14.8	8.7
Calculated change in cash and cash equivalents	66.9	-123.2	5.6	-13.7
Adjustments for non-cash items	276.9	121.4	-	-
Balance sheet change in cash and cash equivalents	343.8	-1.8	5.6	-13.7

The financial statements of Huhtamäki Oy and its subsidiaries have been prepared in accordance with the accounting standards issued by the International Accounting Standards Committee (IAS). Additionally the financial statements have been prepared according to the Finnish Accounting Standards (FAS). The main differences are explained in more detail on page 43. The financial statements have been prepared on the basis of historical costs and do not take into account increases in the market value of assets, except where stated.

CONSOLIDATION PRINCIPLES

The Group's investments in subsidiaries have been eliminated on the basis of the acquisition cost method, according to which the shareholders' equity of a subsidiary is deducted from the purchase price of that subsidiary's shares, including untaxed reserves net of tax. The excess of purchase price over the fair value of assets and liabilities in companies acquired is allocated to underlying assets and to goodwill. The consolidated financial statements include all subsidiaries where more than 50% of a subsidiary's voting power is controlled directly or indirectly by the parent company, or the parent company is otherwise in control of the company.

All intercompany balances and transactions have been eliminated. The financial period for all companies ended on December 31, 1995.

GOODWILL

Goodwill is amortized on a systematic basis over its useful life. The period of amortization does not exceed 20 years, except for USA where it is 40 years.

INVESTMENTS

Investments classified as current assets are carried at market value. Any increases or decreases in carrying values are credited or charged to income.

Investments classified as long-term assets are carried at cost, less amounts written off to recognize other than temporary declines in the value of the investment. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to income.

Investments in subsidiaries are carried at cost in the balance sheet of the parent company in accordance with the valuation policy applied to long-term investments. A listing of the Group's significant subsidiaries is set out in note 6.

Investments in associated companies are carried in parent company's FAS balance sheet in accordance with the valuation policy applied to long-term investments noted above and in IAS balance sheet under the equity method. In the Group's consolidated financial statements, the investments in associates are accounted for under the equity method and jointly owned companies according to the share of ownership. An associated company is one in which Huhtamaki holds, directly or indirectly, between 20% and 50% of the voting power of the company. A listing of the Group's significant associates is set out in note 7.

FOREIGN CURRENCY

Foreign currency trade receivables and payables are valued at the rate of exchange on the balance sheet date except when the amount is fixed by a forward contract in which case this rate is used. Exchange differences on foreign currency receivables and payables are recorded in the income statement.

In the consolidated financial statements, in regard to the shareholders' equity, translation differences due to exchange rate fluctuations have been recorded as a separate component of equity. To reduce translation differences, part of the foreign subsidiaries' shareholders' equity has been hedged with foreign currency loans. The unrealized foreign exchange gains arising from these loans have been recorded as valuation items in the parent company's FAS balance sheet.

The income statements of all foreign subsidiaries have been translated into Finnmarks at the average annual exchange rate and the balance sheets at the year-end exchange rate.

TAXATION

The provision for taxes is calculated in accordance with the rules for determining taxable income established by taxation rules in each country. Deferred tax arising from timing differences between the commercial and fiscal valuation of net income is calculated applying the standard tax rate applicable at the balance sheet date or the tax rate at when the tax is going to be paid. Deferred tax debits are only carried forward if there is a reasonable expectation of realization.

Untaxed reserves (FAS) have been divided into deferred tax and unrestricted equity in IAS and Group FAS balance sheets.

INVENTORIES

Inventories are stated at the lowest of cost, replacement cost or net realizable value. Cost for purchased inventories represent historic purchase price determined on the "first in first out" (FIFO) basis, except for USA where "last in first out" (LIFO) is used.

Cost for produced finished goods and work in process represent the historic purchase price of materials, determined on a first in first out basis, plus direct labour and overheads and an appropriate portion of indirect overheads excluding selling and financial costs.

TANGIBLE ASSETS

Items of property, plant and equipment are stated at historical cost and are depreciated using the straight line method over their estimated useful lives. Land is not depreciated.

The periods of depreciation used are:
- buildings and other structures 20 – 25 years
- machinery and equipment 5 – 10 years
- other tangible assets 3 – 5 years

Leases of plant and equipment under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

RESEARCH AND DEVELOPMENT

Research and development costs are charged as an expense in the income statement in the period in which they are incurred without exception.

CAPITALIZED INTEREST

Significant interest costs are capitalized when they have incurred on projects requiring more than one year to complete. All other interest costs are charged to income of the period in which they are incurred.

PROVISION FOR EMPLOYEE PENSION BENEFITS

The Group companies outside Finland have various pension plans in accordance with local conditions and practices. Contributions are based on periodic actuarial valuations and are charged against profits. The plans are covered.

Generally, the statutory retirement plans of Group companies in Finland have been arranged through pension insurance. Additional retirement plans have been taken care of by the Group's own pension funds. Only those employees in Finland, whose employment commenced before July 1, 1979 and continues uninterruptedly until retirement, are entitled to voluntary retirement benefits in addition to the statutory retirement plan. The liability deficit of additional retirement plans and Group's other pension commitments are presented in note 15. Deficits of pension funds were not completely covered in 1995 because the funds have been closed and such liabilities will, according to estimates made, decrease in the future.

KEY EXCHANGE RATES

		1995		1994	
		Income statement	**Balance sheet**	Income statement	Balance sheet
United States	USD	**4.3643**	**4.3586**	5.2233	4.7432
UK	GBP	**6.8915**	**6.7410**	7.9854	7.4090
Sweden	SEK	**0.6130**	**0.6546**	0.6761	0.6358
Germany	DEM	**3.0466**	**3.0435**	3.2162	3.0615
Holland	NLG	**2.7198**	**2.7185**	2.8680	2.7337
Spain	ESP	**0.0350**	**0.0359**	0.0390	0.0360
Australia	AUD	**3.2344**	**3.2470**	3.8166	3.6800
New Zealand	NZD	**2.8654**	**2.8453**	3.0960	3.0344
France	FRF	**0.8741**	**0.8906**	0.9404	0.8873

1. PERSONNEL COSTS

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Wages, salaries and fringe benefits	1,388.3	1,489.0	184.1	179.1
Pension costs	102.2	104.5	32.6	35.2
Other personnel costs	373.4	406.8	78.6	77.1
Total	1,863.9	2,000.3	295.3	291.4

The above amounts are on accrual basis. Remuneration to the members of the Supervisory Board and Board of Directors as well as the President of Huhtamäki Oy (23 people) amounted to FIM 3.6 million; the corresponding figures for the Group were FIM 27.1 million and 48 people. The members of the Board of Directors and the President of Huhtamäki Oy are entitled to retirement at the age of 60.

2. DEPRECIATION AND AMORTIZATION

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Depreciation by function:				
Production	335.3	337.0	35.0	32.5
Sales and marketing	7.8	8.5	1.0	0.8
Administration	35.8	37.7	3.2	2.7
Other depreciation and amortization	67.6	81.8	33.8	34.2
Total (FAS)	446.5	465.0	73.0	70.2
Depreciation by asset type:				
Buildings and structures	56.1	62.3	20.6	20.6
Machinery and equipment	332.0	333.3	34.9	32.0
Goodwill	51.6	60.8	-	-
Other intangible assets	11.7	14.0	21.8	22.3
Total depreciation (IAS)	451.4	470.4	77.3	74.9
Depreciation on revalued assets	-4.9	-5.4	-4.3	-4.7
Total depreciation (FAS)	446.5	465.0	73.0	70.2

3. FINANCIAL INCOME/EXPENSE

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Interest income	60.2	55.8	2.0	1.8
Intercompany interest income	-	-	82.9	93.8
Interest income from associated companies	0.2	-	-	-
Dividend income	0.6	0.8	2.9	4.1
Other financial income	31.9	22.4	4.4	20.1
Other intercompany financial income	-	-	3.3	4.0
Interest expense	-194.8	-181.8	-8.5	-16.5
Intercompany interest expense	-	-	-44.0	-46.0
Interest expense to associated companies	-0.2	-	-	-
Other financial expense	-29.6	-28.5	-5.8	-5.6
Total (FAS)	-131.7	-131.3	37.2	55.7
Other	-	-	-0.2	-4.9
Total (IAS)	-131.7	-131.3	37.0	50.8

4. EXCEPTIONAL ITEMS

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Exceptional income	1.2	-	-	-
Exceptional expense	-44.8	-25.1	-30.6	-105.0
Group contributions, net	-	-	141.8	145.5
Total	-43.6	-25.1	111.2	40.5

Exceptional expense items contain mainly various restructuring charges.

5. FIXED ASSETS

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Intangible rights				
Acquisition cost at beginning	127.3	149.8	3.7	3.3
Additions	4.9	4.8	0.8	1.7
Disposals	-3.5	-17.1	-	-1.3
Changes in exchange rates	-0.3	-10.2	-	-
Acquisition cost at end	128.4	127.3	4.5	3.7
Accumulated amortization	-17.7	-15.2	-1.1	-0.8
Intangible rights, net	110.7	112.1	3.4	2.9
Goodwill				
Acquisition cost at beginning	1,284.9	1,536.1	-	-
Additions	2.8	1.2	-	-
Disposals	-17.4	-41.5	-	-
Changes in exchange rates	-56.4	-210.9	-	-
Acquisition cost at end	1,213.9	1,284.9	-	-
Accumulated amortization	-346.3	-320.6	-	-
Goodwill, net	867.6	964.3	-	-
Other capitalized expenditure				
Acquisition cost at beginning	129.7	128.3	175.5	179.5
Additions	7.5	22.0	1.0	3.7
Disposals	-21.2	-10.9	-2.4	-7.7
Changes in exchange rates	-2.1	-9.7	-	-
Acquisition cost at end	113.9	129.7	174.1	175.5
Accumulated amortization	-71.2	-70.9	-140.8	-121.7
Other capitalized expenditure, net	42.7	58.8	33.3	53.8
Land				
Acquisition cost at beginning	136.7	152.4	17.5	15.0
Additions	2.7	8.6	0.4	2.5
Disposals	-11.6	-9.3	-	-
Change in exchange rates	-7.0	-15.0	-	-
Acquisition cost at end	120.8	136.7	17.9	17.5
Buildings and constructions				
Acquisition cost at beginning	1,527.0	1,534.2	533.4	514.6
Additions	73.1	158.2	19.0	19.7
Disposals	-19.3	-28.6	-	-0.9
Changes in exchange rates	-43.2	-136.8	-	-
Acquisition cost at end	1,537.6	1,527.0	552.4	533.4
Accumulated depreciation	-469.4	-452.5	-186.2	-170.2
Buildings and constructions, net (FAS)	1,068.2	1,074.5	366.2	363.2
Accumulated depreciation on revaluation	-86.9	-82.0	-79.7	-75.4
Buildings and constructions, net (IAS)	981.3	992.5	286.5	287.8
Machinery and equipment				
Acquisition cost at beginning	3,732.4	3,756.8	414.2	376.3
Additions	314.8	538.9	40.2	44.1
Disposals	-57.1	-120.0	-4.8	-6.2
Changes in exchange rates	-156.8	-443.3	-	-
Acquisition cost at end	3,833.3	3,732.4	449.6	414.2
Accumulated depreciation	-2,126.7	-1,902.9	-228.8	-197.7
Machinery and equipment, net	1,706.6	1,829.5	220.8	216.5
Other tangible assets				
Acquisition cost at beginning	264.2	240.7	13.9	12.5
Additions	31.6	57.1	0.5	1.5
Disposals	-11.4	-14.9	-0.4	-0.1
Changes in exchange rates	-8.1	-18.7	-	-
Acquisition cost at end	276.3	264.2	14.0	13.9
Accumulated depreciation	-193.3	-186.9	-12.4	-12.6
Other tangible assets, net	83.0	77.3	1.6	1.3
Construction in progress and advance payments				
Acquisition cost at beginning	232.6	530.0	1.6	0.5
Additions	136.4	167.6	11.3	1.6
Transfers	-253.5	-390.1	-1.6	-0.5
Changes in exchange rates	-16.6	-74.9	-	-
Acquisition cost at end	98.9	232.6	11.3	1.6

FIM 33.8 million capitalized interest included above (1994 FIM 39.3 million).

Taxation value of fixed assets (Finland):	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Land	12.3	12.8	12.3	12.8
Buildings	146.0	141.2	145.4	140.6

6. INVESTMENTS IN SUBSIDIARIES

The list contains operative companies, holding companies and other subsidiaries with significant assets. A complete statutory list is enclosed in the official statutory accounts which may be obtained from the company on request. Foreign subsidiaries' nominal value expressed in local currency (1,000). Subsidiaries' book value expressed in holding companys's currency (1,000).

Huhtamäki Oy's shareholding in subsidiaries:

Name	Number of shares	Size of holding %		Nominal value	Book value %	Group holding
Huhtamaki Belgium S.A.	1	0.1	BEF	10.0	1.0	100.0
Huhtamaki Finance B.V.	729,972	100.0	NLG	729,972.0	1,898,659.0	100.0
Huhtamäki Finance Oy	50	100.0		50,000.0	50,000.0	100.0
Huhtamaki (Leiras) Singapore Pte. Ltd.	130,000	100.0	SGD	130.0	342.0	100.0
Leaf Iberia, S.A.	1,387,450	100.0	ESP	1,387,450	82,220.0	100.0
Leaf (Schweiz) AG	100	100.0	CHF	100.0	5,543.0	100.0
Leiras Oy	10,000	100.0		10,000.0	10,000.0	100.0

Taxation value of the subsidiary shares amounted to FIM 2,067.3 million.

Subsidiary shares owned by Huhtamaki Finance B.V.:

Name	Number of shares	Size of holding %		Nominal value		Book value	Group holding %
Huhtamaki A/S	9,000	100.0	DKK	9,000.0	NLG	11,009.0	100.0
Huhtamaki (Australia) Pty. Ltd	13,052,750	100.0	AUD	13,053.0	NLG	87,129.0	100.0
Huhtamaki Belgium S.A.	215,010	99.9	BEF	2,150,100.0	NLG	7,142.0	100.0
Huhtamäki (Deutschland) GmbH	1	100.0	DEM	15,050.0	NLG	31,432.0	100.0
Huhtamaki Holdings France S.A.R.L.	29,000	100.0	FRF	2,900.0	NLG	1,539.6	100.0
Huhtamaki, Inc.	100	100.0	USD	0.1	NLG	199,394.0	100.0
Huhtamaki Ltd	41,928	100.0	GBP	41,928.2	NLG	139,238.5	100.0
Huhtamaki (New Zealand) Ltd	12,223,400	100.0	NZD	12,223,400.0	NLG	11,934.0	100.0
Huhtamaki Norway A/S	950	100.0	NOK	950.0	NLG	249.0	100.0
Huhtamaki Sweden AB	171,000	100.0	SEK	17,100.0	NLG	9,669.0	100.0
Leaf Ireland Ltd	643,357	100.0	IEP	643.4	NLG	1,602.0	100.0
Leaf Poland Sp. z o.o.	6,427	100.0	PLN	5,433.2	NLG	5,804.0	100.0
Maple Leaf Asia, Ltd	100	100.0	USD	100.0	NLG	3,029.7	100.0
Polarcup (East Asia) Ltd	10,500,000	100.0	HKD	10,500.0	NLG	2,635.0	100.0
Polarcup Poland Sp. z o.o.	52,731	100.0	PLN	11,520.9	NLG	11,100.0	100.0
Polarcup S.A.	430,000	100.0	ESP	2,150,000.0	NLG	40,772.0	100.0
Polarcup Singapore Pte. Ltd.	14,000,000	100.0	SGD	14,000.0	NLG	8,727.1	100.0
Polarcup S.r.l.	13,420,000	100.0	ITL	13,420,000.0	NLG	15,206.0	100.0
Sweetheart B.V.	200	100.0	NLG	100.0	NLG	2,092.2	100.0

Subsidiary shares owned by Huhtamaki A/S:

Leaf Danmark A/S	30,500	100.0	DKK	30,500.0	DKK	37,129.0	100.0
Leiras A/S	300	100.0	DKK	300.0	DKK	211.0	100.0
Polarcup Danmark A/S	3,000	100.0	DKK	3,000.0	DKK	112.0	100.0

Subsidiary shares owned by Huhtamaki (Australia) Pty. Ltd:

Polarcup (Australia) Ltd	9,241,700	100.0	AUD	9,241.7	AUD	9,241.7	100.0

Subsidiary shares owned by Huhtamaki Belgium S.A.:

Leaf Belgium S.A.	2,292	100.0	BEF	5,000.0	BEF	138,731.0	100.0
Polarcup Belgium S.A.	990	100.0	BEF	10,000.0	BEF	10,000.0	100.0

Subsidiary shares owned by Huhtamäki (Deutschland) GmbH:

Leaf GmbH	-	100.0	DEM	10,050.0	DEM	10,287.0	100.0
Polarcup GmbH	-	100.0	DEM	17,100.0	DEM	98,776.0	100.0

Subsidiary shares owned by Huhtamaki Holdings France:

Name	Number of shares	Size of holding %		Nominal value		Book value	Group holding %
Plastyl S.A.	1,600	99.5	FRF	1,200.0	FRF	438.0	99.5
Polarcup France S.A.	50,000	100.0	FRF	5,000.0	FRF	2,791.6	100.0

Subsidiary shares owned by Huhtamaki, Inc.:

Chlorodont B.V.	8,070	100.0	NLG	4,035.0	NLG	27,513.0	100.0
Donruss Trading Cards, Inc.	95	95.0	USD	0.0	USD	0.0	95.0
Ford Gum & Machine Company, Inc.	400,000	100.0	USD	400.0	USD	2,902.9	100.0
L. S. Heath & Sons, Inc.	5,687	100.0	USD	0.0	USD	60,894.0	100.0
Hollywood Brands, Inc.	1,000	100.0	USD	1.0	USD	105,000.0	100.0
Leaf Confectionery, Inc.	100,000	100.0	USD	400.0	USD	35,765.8	100.0
Leaf Canada, Inc.	1	100.0	CAD	1.0	USD	11,300.6	100.0
Leaf Group B.V.	7,100	100.0	NLG	7,100.0	USD	2,868.0	100.0
Leaf Holland B.V.	400	100.0	NLG	400.0	NLG	13,180.9	100.0
Leaf, Inc.	9,500,000	100.0	USD	0.1	USD	98,645.0	100.0
Leiras Pharmaceuticals, Inc.	100	100.0	USD	0.1	USD	1.0	100.0
United Confections, Inc.	1,000	100.0	USD	0.0	USD	1,800.0	100.0

Subsidiary shares owned by Huhtamaki Ltd:

Leaf United Kingdom Ltd	11,250,000	100.0	GBP	11,250.0	GBP	12,696.1	100.0
Leaf (U.K.) Ltd	3,800,100	100.0	GBP	3,800.1	GBP	3,800.1	100.0
Polarcup Ltd	1,000,004	100.0	GBP	1,000.0	GBP	15,513.7	100.0

Subsidiary shares owned by Huhtamaki (New Zealand) Ltd:

Polarcup (New Zealand) Ltd	195,700	100.0	NZD	391.4	NZD	30,693.0	100.0

Subsidiary shares owned by Huhtamaki Norway A/S:

Leaf Norge A/S	30,000	100.0	NOK	3,000.0	NOK	11,334.0	100.0
Leiras Norge A/S	50	100.0	NOK	50.0	NOK	50.0	100.0
Polarcup A/S	950	100.0	NOK	950.0	NOK	1,000.0	100.0

Subsidiary shares owned by Huhtamaki Sweden AB:

Leaf Sverige AB	692,000	100.0	SEK	34,600.0	SEK	259,472.5	100.0
Leiras AB	500	100.0	SEK	50.0	SEK	50.0	100.0
Polarcup AB	1,500	100.0	SEK	1,500.0	SEK	16,894.8	100.0

Subsidiary shares owned by Leiras Oy:

Oy Medikalis Ab	5,000	100.0		500.0		500.0	100.0

7. INVESTMENTS IN ASSOCIATED AND OTHER COMPANIES

FIM 1,000 Name	Number of shares	Size of holding %	Nominal value (1,000)	Book value (1,000)
Owned by Huhtamäki Oy:				
Associated companies:				
Arabian Paper Products Co.	1,600	40.0	SAR 1,600	2,689
Oy Pharmacal Ab	1,000	50.0	600	2,477
Pharmacia-Leiras AB	400	50.0	SEK 4,000	39,443
Other:				
European Development Capital Corporation B.V.	36,129	1.6	USD 1,000	1,213
MTV Oy	1,427	2.6	713	2,141
Repligen Corporation	30,514	2.2	USD 30	1,610
Suomen Osakekeskusrekisteri Osuuskunta	8	1.6	560	560
Vakuutusosakeyhtiö Sampo	6,782	0.0	137	218
Owned by the Group:				
Associated companies:				
Dulsa S. de R.L. de C.V.	-	50.0	USD -	USD 6,019
Leiras Speciality Products Oy	50	50.0	50	50.0
Plastono Embalagens Lda	-	50.0	PTE -	FRF 3,276
Wuxi Leaf Confectionery Co. Ltd	-	50.0	USD -	USD 3,868
Other:				
Aamulehti-yhtymä Oy	50,694	0.7	507	2,185
Merita	1,409,022	0.2	14,090	27,702
Vakuutus Oy Pohjola	117,664	0.3	543	8,686

Taxation value of the shares owned by the parent company in companies outside the Group amounted to FIM 45.8 milllion while that of the shares owned by the Group was FIM 65.7 million.

8. INVENTORIES

In 1995, the profit impact of the difference between the FIFO method and the LIFO method applied by Leaf, Inc. was FIM -4.3 million (1994: FIM -3.3 million). The impact on the value of the inventories was FIM -4.6 million (1994: FIM -0.3 million).

9. RECEIVABLES

FIM million	Group		Huhtamäki Oy	
	1995	1994	**1995**	1994
Current				
Trade receivables	**1,120.3**	1,016.1	**98.7**	93.7
Intercompany trade receivables	**-**	-	**26.8**	31.3
Trade receivables from associated companies	**2.0**	-	**-**	-
Loan receivables	**232.2**	150.4	**-**	-
Intercompany loan receivables	**-**	-	**1,147.7**	1,607.7
Other receivables	**356.9**	339.2	**24.1**	40.2
Other intercompany receivables	**-**	-	**164.0**	161.6
	1,711.4	1,505.7	**1,461.3**	1,934.5
Long-term				
Loan receivables	**118.3**	29.5	**0.7**	0.9
Intercompany loan receivables	**-**	-	**21.3**	46.0
Other long-term receivables	**93.0**	-	**-**	-
	211.3	29.5	**22.0**	46.9
Total receivables	**1,922.7**	1,535.2	**1,483.3**	1,981.4

Loan receivables from directors of Group companies were FIM 1,1 million.

10. LOANS

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Current				
Bank loans - current portion	181.6	230.2	-	-
Other loans - current portion	3.7	3.1	-	6.5
Obligations under finance leases				
- current portion	3.4	4.5	-	0.3
Short-term loans	1,040.6	558.5	25.6	31.5
Intercompany loans	-	-	228.0	257.7
Loans from associated companies	8.2	-	-	-
	1,237.5	796.3	253.6	296.0
Long-term				
Bank loans	1.115.1	1,250.0	0.3	0.3
Pension loans	161.2	162.6	125.0	126.7
Intercompany loans	-	-	489.6	492.3
Other long-term loans	17.9	19.4	1.4	-
Obligations under finance leases	3.3	7.1	-	0.3
	1,297.5	1,439.1	616.3	619.6
Changes in long-term loans and repayments				
Bank loans				
Jan. 1, 1995	1,480.2		0.3	
Increases	616.8		-	
Decreases	753.8		-	
Changes in exchange rates	-46.5		-	
	1,296.7		0.3	
Repayments 1996	181.6		-	
Dec 31, 1995	1,115.1		0.3	
Pension loans Dec 31, 1995				
From pension foundations	161.1		125.0	
Others	0.1		-	
Repayments				
1996	188.7		-	
1997	120.4		0.3	
1998	219.3		0.3	
1999	239.3		489.5	
2000	439.3		0.3	
2001-	279.2		125.9	

11. OTHER LONG-TERM LIABILITIES AND PROVISIONS

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Deferred taxes	233.1	252.8	75.2	78.3
Other	98.2	95.0	-	-
Total (IAS)	331.3	347.8	75.2	78.3
Deferred taxes on untaxed reserves	-114.5	-116.6	-75.2	-78.3
Intercompany loans	-	-	490.7	492.3
Other	-	-	0.3	0.3
Total (FAS)	216.8	231.2	491.0	492.6

12. PAYABLES

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Trade payables	449.1	529.6	71.1	64.7
Intercompany payables	-	-	9.9	12.7
Taxes payable	125.0	175.5	32.0	40.0
Other payables and accrued expenses	692.2	652.7	62.9	68.2
Total	1,266.3	1,357.8	175.9	185.6

13. SHARE CAPITAL OF THE PARENT COMPANY

	Number of shares	FIM
Series K, total	12,499,558	249,991,160.00
redeemed	28,155	563,100.00
Outstanding Dec. 31, 1995	12,471,403	249,428,060.00
Series I		
Jan. 1, 1995	17,013,193	340,263,860.00
Increase due to warrants	169,600	3,392,000.00
Outstanding Dec. 31, 1995	17,182,793	343,655,860.00
Total	29,682,351	593,647,020.00
Total outstanding Dec. 31, 1995	29,654,196	593,083,920.00

The nominal value of each share is FIM 20.00.

The loan with warrants issued in 1991 will entitle to a maximum subscription of 129,700 series I shares in 1996 and 1997. The loan with warrants issued in 1993 will entitle to a maximum subscription of 291,000 series I shares in 1998, 1999 and 2000. A total of 420,700 series I shares can be subscribed based on the loans with warrants, which represents a share capital increase of FIM 8,414,000 mk.

Members of the Supervisory Board and the Board of Directors owned on 31 Dec. 1995 a total of 100,687 shares in Huhtamäki Oy. These shares represent 0.09% of the voting rights.

14. CHANGES IN EQUITY

FIM million	Group	Huhtamäki Oy
IAS		
Share Capital		
Balance at beginning	590.3	590.3
Increase in 1995	3.3	3.3
Balance at end	593.6	593.6
Share premium		
Balance at beginning	1,594.3	1,594.3
Increase in 1995	11.5	11.5
Balance at end	1,605.8	1,605.8
Revaluation fund		
Balance at beginning	15.0	15.0
Balance at end	15.0	15.0
Consolidation difference		
Balance at beginning	-64.1	-
Decrease in 1995	-164.2	-
Balance at end	-228.3	-
Retained earnings		
Balance Jan. 1, 1995	1,525.2	851.2
Changes in exchange rates	42.1	-
Dividends paid	-117.9	-117.9
Net income of the period	179.8	183.8
Balance Dec. 31, 1995	1,629.2	917.1

FIM million	Group	Huhtamäki Oy
FAS		
Restricted equity:		
Share capital Jan. 1, 1995	590.3	590.3
Increase in 1995	3.3	3.3
Share capital Dec. 31, 1995	593.6	593.6
Share premium Jan. 1, 1995	1,594.3	1,594.3
Increase in 1995	11.5	11.5
Share premium Dec. 31, 1995	1,605.8	1,605.8
Revaluation fund Jan. 1, 1995	15.0	15.0
Revaluation fund Dec. 31, 1995	15.0	15.0
Consolidation difference Jan. 1, 1995	-64.1	-
Decrease in 1995	-164.2	-
Consolidation difference Dec. 31, 1995	-228.3	-
Total restricted equity	1,986.1	2,214.4
Non-restricted equity:		
Retained earnings Dec. 31, 1994	1,257.6	689.5
Changes in exchange rates	42.1	-
Dividends 1995	-117.9	-117.9
Net income 1995	191.1	217.7
Retained earnings Dec. 31, 1995	1,372.9	789.3
Transfer from untaxed reserves		
Jan. 1, 1995	349.6	-
Decrease in 1995	-6.3	-
Dec. 31, 1995	343.3	-
Total non-restricted equity	1,716.2	789.3

15. COMMITMENTS AND CONTINGENCIES

FIM million	Group	Huhtamäki Oy
Operating lease payments:		
Lease payments under non-cancellable leases:		
1996	73.4	1.2
1997 and thereafter	294.8	0.9
Total	368.2	2.1
Capital expenditure commitments:		
1996	29.3	3.6
1997 and thereafter	-	-
Total	29.3	3.6
Liabilities for pension commitments (Finland):		
Uncovered liability deficit of pension foundation Jan 1, 1995	3.8	1.0
Increase in liability in 1995	5.6	4.0
Transferred to cover liability deficit	-2.0	-1.5
Uncovered liability deficit Dec. 31, 1995	7.4	3.5
Total liability of pension foundation	175.8	135.5
Other pension commitments	30.4	26.4
Mortgages:		
For own debt	119.0	44.9
Guarantee obligations:		
For subsidiaries	-	2,242.2
For associated companies	1.8	1.8
For others	0.5	0.5

16. CHANGES IN VOLUNTARY RESERVES (FAS)

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
(- = increase, + = decrease)				
Reserve for change in inventory valuation	**+5.9**	+16.1	**+5.9**	+5.9
Other voluntary reserves	**+26.5**	-	**+16.3**	-
	+32.4	+16.1	**+22.2**	+5.9
Deferred tax impact	**-8.1**	- 4.0	**-**	-
	+24.3	+12.1	**+22.2**	+5.9

17. SPECIFICATION OF ADJUSTMENTS TO NET INCOME

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Net income for the period (FAS)	**191.1**	317.9	**217.7**	169.0
Depreciation difference	**18.0**	28.1	**9.9**	8.7
Change in voluntary reserves	**-24.4**	-12.1	**-22.2**	-5.9
Depreciation on revaluation	**-4.9**	-5.4	**-4.3**	-4.7
Gain/loss on equity of associated companies	**-**	-	**-20.3**	5.0
Other	**-**	4.1	**3.0**	-0.7
Net income for the period (IAS)	**179.8**	332.6	**183.8**	171.4

18. SPECIFICATION OF ADJUSTMENT TO SHAREHOLDERS' EQUITY

FIM million	Group 1995	Group 1994	Huhtamäki Oy 1995	Huhtamäki Oy 1994
Shareholders' equity (FAS)	**3,702.3**	3,742.7	**3,003.7**	2,889.1
Reclassification from untaxed reserves	**-**	-	**225.6**	234.8
Accumulated depreciation on revaluation	**-86.9**	-82.0	**-79.7**	-75.4
Cumulative gain/loss on equity of associated companies	**-**	-	**-10.5**	11.1
Other	**-**	-	**-7.6**	-8.5
Shareholders' equity (IAS)	**3,615.4**	3,660.7	**3,131.5**	3,051.1

FINNISH ACCOUNTING STANDARDS (FAS)

With current Finnish Accounting Standards, the differences between FAS and IAS have partially disappeared.

The following shows the principal items resulting in differences in the Group and the parent company financial statements prepared in accordance with the Finnish Accounting Standards and the International Accounting Standards.

1. Depreciation on revalued tangible assets
Depreciation on revaluation of buildings is not allowed according to FAS. In Huhtamaki's financial statements according to IAS, they are depreciated over a period of 25 years.

2. Untaxed reserves and taxation
The difference between accelerated depreciation and straight line depreciation, as well as other untaxed reserves have been divided between unrestricted equity and deferred tax in the IAS and the Group FAS statements.

3. Associated companies
In the financial statements according to IAS, associated companies are included applying the equity accounting method also for the parent company.

PROPOSAL OF THE BOARD OF DIRECTORS

On December 31, 1995, Group non-restricted equity amounted to FIM 1,716,201,982.00.
On December 31, 1995, Huhtamäki Oy's non-restricted equity was FIM 789,249,461.29,
of which amount the net income for the financial period was FIM 217,691,153.12.

The Board proposes distribution of the earnings as follows:

- to the shareholders 20.0% of the nominal value of share or FIM 4.00 a share	118,616,784.00
- to be left in the non-restricted equity	670,632,677.29
	789,249,461.29

The Board proposes that the payment of the dividends be commenced on April 18, 1996. For shareholders, who have not transferred their shares to the book-entry securities system by April 15, 1996, the dividends will be paid after transfer of the shares to the book-entry securities system.

Helsinki, February 12, 1996

Timo Peltola Keijo Suila Eero Aho
Mikael Lilius Tuomo Lähdesmäki Matti Tikkakoski

AUDITORS' REPORT

We have audited the accounting records and the financial statements, as well as the administration for the year 1995, ended December 31, 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 our audit we express an opinion on these financial statements and the company's administration.

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

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

Helsinki, February 12, 1996

Thor Nyroos Heikki Koskelainen
CPA CPA

DEFINITIONS FOR KEY INDICATORS

Earnings per share	=	Profit after financial items ./. minority interest + share of associated companies' profits ./. actual taxes / Average issue-adjusted number of shares
Calculated earnings per share	=	Profit after financial items ./. minority interest + share of associated companies' profits ./. actual taxes ./. calculated tax liability related to changes in reserves / Average issue-adjusted number of shares
Dividend yield	=	100 x issue-adjusted dividend / Issue-adjusted share price at Dec. 31
Equity per share	=	Equity / Issue-adjusted number of shares at Dec. 31
Calculated shareholders' equity per share	=	Equity + untaxed reserves ./. tax liability latent in untaxed reserves / Issue-adjusted number of shares at Dec. 31
P/E ratio	=	Issue-adjusted share price at Dec. 31 / Earnings per share
Market capitalization	=	The number of shares issued in the different share series at Dec. 31 multiplied by the corresponding share prices on the stock exchange
Return on invested assets	=	100 x (profit after financial items + interest expenses + other financial expenses) / Balance sheet total ./. interest-free liabilities (average)
Return on shareholders' equity	=	100 x (profit after financial items ./. actual taxes) / Equity + minority interest (average)
Net debt to equity	=	Interest bearing net debt / Equity
Solidity	=	100 x (equity + minority interest) / Balance sheet total ./. advances received
Current ratio	=	Current assets / Current liabilities
Times interest earned	=	Operating earnings + depreciation and amortization / Net interest expenses

MAIN COUNTRIES OF OPERATION

Country	Net sales FIM million	Personnel	Main operating companies
Finland	2,042	2,919	Huhtamäki Oy Leaf Finland Polarcup Finland Leiras Oy
USA	2,050	2,083	Leaf, Inc. Donruss Trading Cards, Inc.
UK	894	1,643	Leaf United Kingdom Ltd Polarcup Ltd
Holland	593	606	Leaf Holland B.V. Polarcup Benelux B.V.

Country	Net sales FIM million	Personnel	Main operating companies
Germany	640	547	Leaf GmbH Polarcup GmbH
Sweden	407	444	Leaf Sverige AB Leiras AB Polarcup AB
Spain	243	437	Leaf Iberia S.A Polarcup S.A.
Australia	199	338	Polarcup (Australia) Ltd
Denmark	236	298	Leaf Danmark A/S Leiras A/S
France	356	291	Polarcup France S.A.

ADMINISTRATION AND AUDITORS

Supervisory board

Chairman

Asko Tarkka*, L.L.M.

Vice Chairman

Markku Mannerkoski*, President

Members

Pirkko Alitalo, Director
Timo Arjas, Executive Secretary
Jan Ekberg, President, CEO
Paavo Hohti*, Secretary General
Eero Ikkala, Professor
Matti Ilmanen, MSc (Pol)
Juhani Jaakkola, Professor
Juhani Leppä, L.L.B.
Yrjö Niskanen*, President, Chairman of the Board
Kari Ola, Senior Vice President, Finance, from April 5, 1995
Kauko Pihlava, L.L.Lic., until April 5, 1995
Jouni Riskilä, Chairman
Jorma Routti, Professor
Pertti Voutilainen*, President

* Member of the Executive Committee

Board of directors

Chairman

Timo Peltola, President and CEO

Vice Chairman

Keijo Suila, Executive Vice President

Members

Eero Aho, Executive Vice President
Mikael Lilius
Tuomo Lähdesmäki
Matti Tikkakoski

Auditors

Thor Nyroos, CPA
Heikki Koskelainen, CPA

Deputies

Pertti Keskinen, CPA
Esko Välimäki, until April 5, 1995
Esa Kailiala, CPA, from April 5, 1995

Mr. Paavo Hohti, Secratary General of the Finnish Cultural Foundation, interviewed by well-known tv journalists, Ms. Ripsa Koskinen (left) and Mr. Urpo Martikainen, at Huhtamaki's 75th Anniversary celebration.

THE BOARD MEMBERS

From left: Matti Tikkakoski, Timo Peltola, Keijo Suila, Tuomo Lähdesmäki, Mikael Lilius and Eero Aho

Timo Peltola

Born 1946, President and CEO since 1989, and Chairman of the Board since 1993. A graduate of the Turku School of Economics, he joined Huhtamaki in 1971 after two years with Finnish Unilever. He held marketing positions in Jalostaja and a Danish subsidiary before being appointed President of Polarcup in 1981. He was elected to the Board in 1984 and was appointed Executive Vice President two years later.

Keijo Suila

Born 1945, Executive Vice President since 1992, Vice Chairman of the Board from 1996. A graduate of the Helsinki School of Economics, he joined Finnish Unilever in 1968 and served as Vice President, Marketing, before becoming Executive Vice President of Oy Sinebrychoff Ab in 1981. He joined Huhtamaki in 1985 to become President of Leaf Europe. He was appointed President and CEO of Leaf Group in 1988 and became a Board member in 1989.

Eero Aho

Born 1939, Executive Vice President since 1989. A graduate of the University of Helsinki, he started his career as a lawyer with Finnish Cultural Foundation. Joined Huhtamaki in 1970 as Counsel and Secretary to the Board of Directors. He was elected to the Board in 1979 and became Corporate Vice President for Finance and Administration in 1980. Since 1995 responsible for Corporate Development.

Mikael Lilius

Born 1949, is a graduate of the Helsinki Swedish School of Economics and Business Administration. After an international career in marketing, he joined Huhtamaki in 1981 as Polarcup's Vice President, Marketing. In 1984 he became President of Polarcup. He was elected to the Board in 1986 and was responsible for the Group's packaging activities until 1989 when he became President of KF Industri AB, Sweden. In 1991 he was appointed President of Incentive AB.

Tuomo Lähdesmäki

Born 1957, is a graduate of the Helsinki University of Technology and the European Institute of Business Administration (INSEAD). He joined Nokia Group in 1983 and served as Vice President, Nordic countries, of Nokia Mobile Phones until 1989. He then served the Swiss SMH Group as General Manager of Swatch Telecommunications until 1991, when he joined Huhtamaki to become President and CEO of Leiras. He was elected to the Board in 1992.

Matti Tikkakoski

Born 1953, is a graduate from the Helsinki School of Economics. He joined Huhtamaki in 1980 and became in 1985 President, Polarcup Singapore. In 1988-89 he headed Polarcup Group's Asia-Pacific Division, and was subsequently appointed President of Polarcup's Northern Europe Division. In 1994 he became Huhtamaki's Senior Vice President, Asia. In 1995 he was appointed President of Polarcup Group and was elected to the Board.

Organization as of March 1,1996

HUHTAMAKI

PRESIDENT, CEO
Timo Peltola

EXECUTIVE VICE PRESIDENT
Eero Aho

EXECUTIVE VICE PRESIDENT
Keijo Suila

Corporate Staff

FINANCE
Hannu Kottonen

COMMUNICATIONS
Markku Pietinen

HUMAN RESOURCES
Hannele Salminen

LEAF

PRESIDENT
STRATEGY
EUROPE, ASIA
Keijo Suila

STRATEGIC DEVELOPMENT
Martin Pearce

FINANCE
Timo Salonen

HUMAN RESOURCES
Geoff Matthews

OPERATIONS
John Aspin

PRESIDENT
AMERICAS
Robert Clouston

FINANCE
Krister Björkqvist

OPERATIONS
Lex Prichard

SALES AND
MARKETING
Greg Barratt

HUMAN RESOURCES
Joel Dant

LEGAL AFFAIRS
Juha Salonen

FORD GROUP
George Stege

CANADA
Eric Baty

LATIN AMERICA
Robert Durk

Regional Management

NORDIC EAST, FINLAND,
BALTIC COUNTRIES
Kalle Tanhuanpää
RUSSIA
Tapio Riihinen
POLAND
Tapio Pajuharju

NORDIC WEST,
SWEDEN
Ove Anonsen
DENMARK
Per Snejbjerg
NORWAY
André Gobel

CENTRAL,
NETHERLANDS,
GERMANY
André Veerman
BELGIUM,
FRANCE
Jan Janssens
SWITZERLAND
Kristofer Roelli

WEST,
UNITED KINGDOM
Stephen Barnett
IRELAND
Charles Sproat
IBERIA
Francesc Tous

CHINA
Pentti Ikävalko

DONRUSS TRADING
CARDS, INC.
Robert Clouston

POLARCUP

PRESIDENT
Matti Tikkakoski

FINANCE
Timo Salonen

TECHNICAL OPERATIONS
Matti Tikkakoski
Bob Harris

Segment Management

FAST FOOD, DAIRY
Mark Johnson

ICE CREAM
Mark Staton

PREPARED MEALS,
PREPACKED FOODS
Dominique Kieffer

EDIBLE FATS AND
SPREADS
Joel Portnoj

VENDING
Jan Lång

Business Unit Management

FINLAND
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SWEDEN
Henk Venneman
NORWAY
Odd Thue
RUSSIA
Olli Koponen

UNITED KINGDOM
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Mark Crossley
SINGAPORE
Ivan Teh

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PRESIDENT
Tuomo Lähdesmäki

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Klaus Relander

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