

A N N U A L R E P O R T

CULTOR 1996





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INFORMATION FOR SHAREHOLDERS

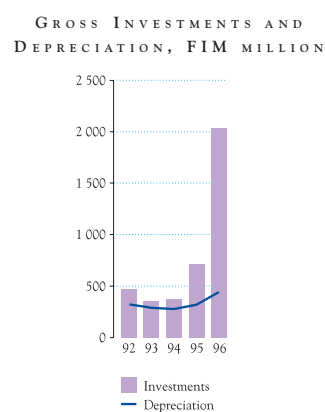
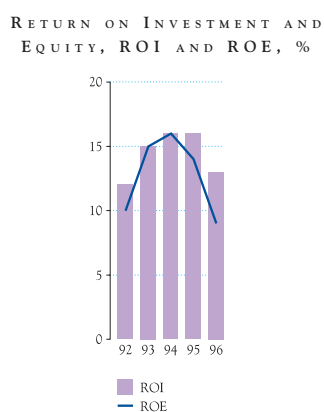
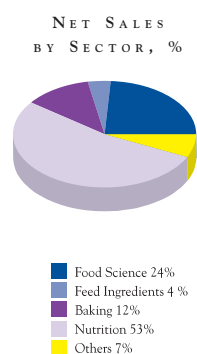
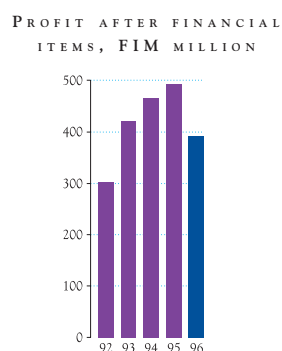
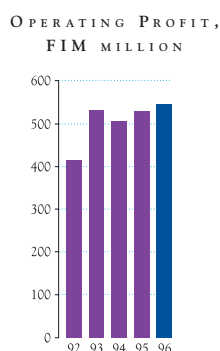
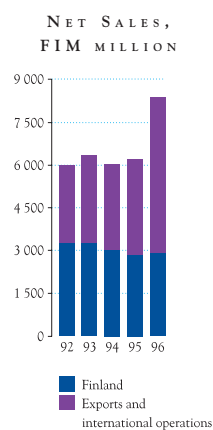
The Annual General Meeting of Shareholders of Cultor Ltd. will be held at 2 p.m. at the Helsinki Exhibition Centre	April 11, 1997
Result of fiscal 1996	March 13, 1997
Annual Report for 1996	April 4, 1997
Interim Report for January 1, 1997 - April 30, 1997	May 28, 1997
Interim Report for January 1, 1997 - August 31, 1997	October 8, 1997
Reviews are published in Finnish, English, and Swedish, and are available from:	
Cultor Ltd. Investor Relations and Corporate Communications P.O. Box 105, FIN-00241 Helsinki, Finland Telephone +358 9 148 3894 Fax +358 9 148 3294	

KEY FIGURES

	1996 1.1. - 31.12.	1995 1.1. - 31.12.	1994 1.1. - 31.12.	1993 1.12. - 30.11.
Net sales, FIM million	8 362	6 201	6 016	6 359
Exports and international operations, %	65	54	50	48
Operating profit, FIM million	545	528	505	531
Profit after financial items, FIM million	391	494	467	421
Profit for the period, FIM million	283	335	320	301
Return on investment, ROI, %	12.5	15.8	15.5	14.8
Return on equity, ROE, %	9.4	13.9	15.7	15.3
Equity-to-assets ratio, %	36.5	47.8	47.4	37.3
Net gearing, %	85.2	20.9	7.6	47.0
Balance sheet total, FIM million	7 932	5 795	5 374	5 962
Net cash flow from operations, FIM million	412	432	649	610
Gross investments, FIM million	2 034	715	376	353
Average number of personnel	7 016	5 688	5 304	5 159
Earnings/share, FIM	12.71	14.91	14.84	14.75
Equity/share, FIM	117.06	108.52	99.45	86.91
Cash flow/share, FIM	30.75	29.45	28.20	27.72
Dividend/share, FIM	5.00 ^e	5.00	4.50	2.50

^e The dividend shown for 1996 is that proposed by the Board of Directors.

The income statements for 1994-1996 have been consolidated using average exchange rates for the periods, while that for 1993 has been consolidated using the exchange rates for the balance sheet date. Genecor has been consolidated according to the proportional consolidation method in 1995 and 1996, before that as an associated company.



CULTOR TODAY

Cultor is one of the world's leading companies in high-performance nutrition products. Activities are focused on food and feed ingredients, animal and fish feeds, sugar, bakery products, and enzymes. Cultor customers include bakers, brewers, consumers, fish and livestock farmers, and food manufacturers.

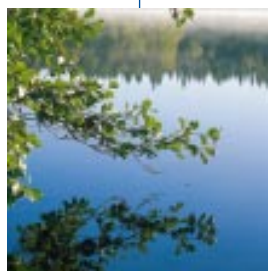
Cultor is global - with exports and international operations accounting for some 65% of net sales. The Group operates in all the world's main markets, and has production in 17 countries; including plants producing food ingredients and enzymes in the US, fish feed in Chile, sugar in Finland, and bakery products in the Baltic countries. Cultor employs some 7,200 people, of whom around 55% are based outside Finland.

Cultor is leading-edge technology - and offers its customers highly innovative solutions designed to open up new, value-added application opportunities. We combine in-depth expertise in R & D and advanced process technologies with a commitment to cost-efficient, environmentally aware manufacturing.

Cultor's technological know-how and intellectual property assets are increasingly central to the Group's success; and we have registered thousands of industrial rights, including patents, models, trademarks and product approvals.

Cultor is a sound investment - and has grown profitably throughout the 1990s, by combining businesses providing steady cash flow with activities in areas offering excellent growth opportunities. This has generated a sixfold increase in value since the early 1990s for Cultor's shareholders, who numbered 10,960 at the end of 1996, through positive share price performance and a shareholder-friendly dividend policy.

Cultor Food Science offers one of the most advanced portfolios of specialty food ingredients, and supplies customers in more than 100 countries. Innovative products from Xyrofin include xylitol, lactitol, and Litesse® low-calorie bulking agents. Products from the Flavour Division are used in areas such as beverages and processed foods. Protectants produces antioxidants and antimicrobial agents; and Specialty Fats markets the Benefat™ family of salatrim-based fats.



Cultor Feed Ingredients consists of Finnfeeds International (FFI), the world's leading supplier and developer of feed enzymes; Finnsugar Bioproducts (FSB), the market leader in betaine; and Pacific Protein, a Chilean-based producer of fish meal and fish oils. FFI

enzymes added to pig and poultry diets make a valuable contribution to enhancing feedstuffs; while betaine products from FSB offer farmers and fish farmers improved growth performance.

Cultor Baking operates 24 local bakeries and a frozen dough factory in Finland, together with Leibur in Estonia and Hanzas Maiznica in Latvia, through its Vaasa Bakeries Division. The Vaasamills Division is the world's third-largest crispbread producer, with Vaasamills based in Finland and Siljans Knäcke in Sweden.

Cultor Nutrition comprises three divisions. Ewos is the world's second largest producer of salmon feed, and the leading technology company in the field. Finnsugar manufactures a complete range of sugar products; while Suomen Rehu is Finland's leading industrial feed company, and operates a feed supplement business in the Nordic region, the Baltic Rim countries, and Russia.

Genencor International, a 50/50 joint venture with Eastman Chemical Co., is the world's second largest producer of industrial enzymes.

CULTOR GROUP IN 1997

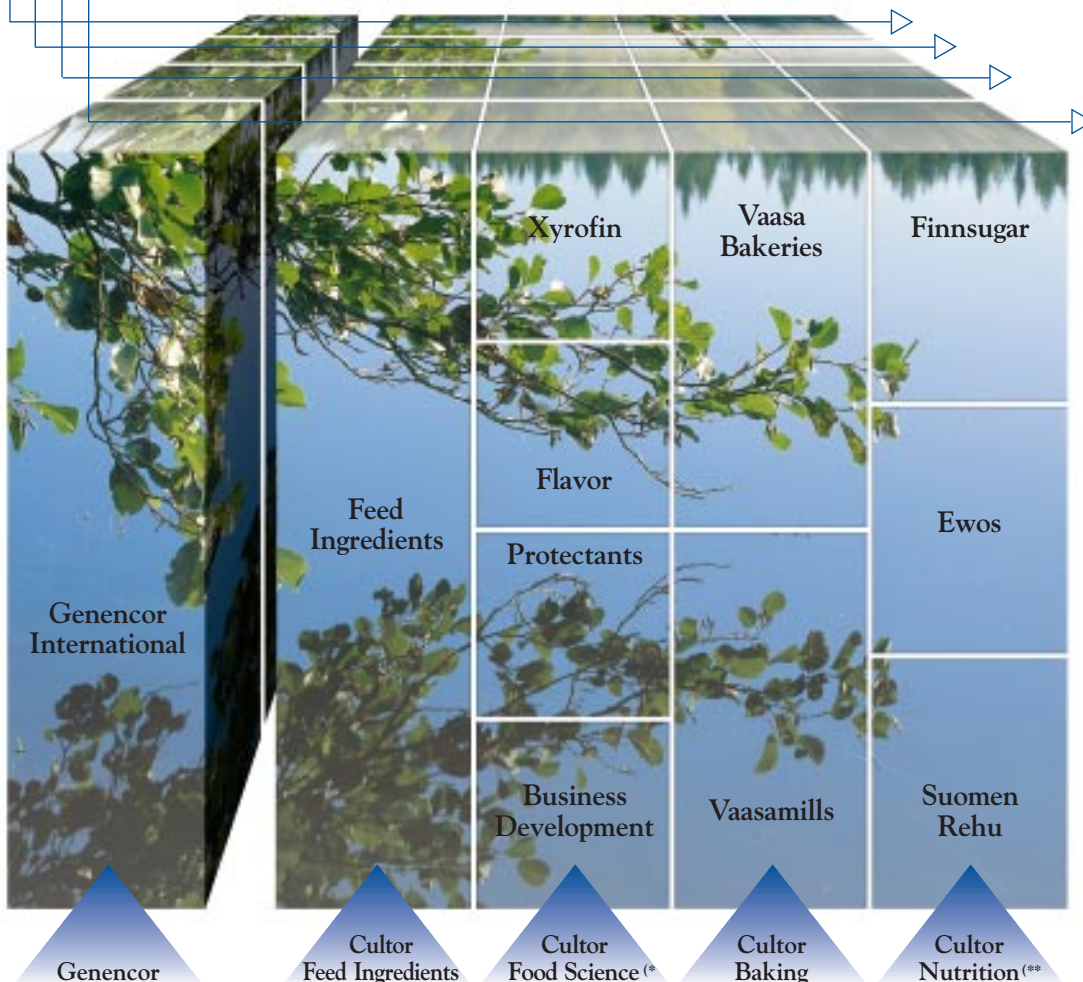
VALUE PROCESS RESPONSIBILITIES

Shareholder Value, Filip Frankenhaeuser

Customer Orientation, Juha Järvinen

Sustainable Development, Juha Kurkinen

Competence, Tom Weymarn



(* Fine Ingredients has been merged into Protectants.

(** Svenska Foder was sold in November 1996.

EXECUTIVE COMMITTEE

Björn Mattsson (Chairman)
 Tom Weymarn
 Richard Cooper
 Filip Frankenhaeuser
 Juha Järvinen
 Juha Kurkinen
 Håkan Laurén
 Esko Lindstedt
 Daniel Pardo

CORPORATE STAFF

Finance, Filip Frankenhaeuser
 Legal, Juha Kurkinen
 International Trade Policy, Esko Lindstedt
 Technology, Daniel Pardo
 Cultor Technology Center, Matti Leisola
 Investor Relations and Corporate Communications, Raija Kariola
 Human Resources, Riitta Vasara
 New Markets, Theo van Assendelft
 Real Estate, Olavi Hernelahti

BUILDING LASTING SUCCESS



A YEAR OF STRUCTURAL CHANGE

We succeeded in both strengthening and clarifying Cultor's position during 1996.

We moved ahead in a number of areas to advance our long-term strategy of shifting an increasing proportion of our business to higher value-added products capable of providing end-products with the properties and qualities that today's customers are increasingly calling for. Thanks to the systematic work we have done to strengthen the Group's structure and financial base, we were well-placed to face the challenge posed by important acquisitions as part of this.

A number of important structural changes were made during 1996. Integrating the Food Science business acquired from Pfizer was a major operation, and involved reviewing technologies and products; focusing on common strengths; developing efficiency and cost structures; and bringing a large number of new people into Cultor.

Parallel to this, the Group expanded its portfolio through the addition of the enzymes activities acquired by Genencor from Solvay and the bakery business acquired from Elanto by Cultor Baking, and the integration of Hanzas Maiznica. Further structural changes were brought by the divestment of our holding in Svenska Foder, Ewos' activities in Sweden and Denmark, and those of Cultor Food Science's itaconic acid and dairy product businesses in the United States.

We will continue to focus on implementing our chosen strategic direction in the future.

Technology know-how is a key resource

Cost-efficiency based on the right corporate structure lies at the heart of a successful business; our competitiveness comes from the added value that our technological know-how can offer our customers. Technology is a major resource for Cultor's businesses, and a central success factor in many product areas.

Technology is an important contributor to success for Ewos, amongst others. I believe that technology offers a valuable key to reducing the cyclicity typical of Ewos' business resulting from problems associated with raw material supply, through the development of alternative sources of protein for fish feed production. The beneficial impact of technological success here goes beyond Ewos and Cultor because of fish farming's importance for the world as a whole.

Our goal is to focus increasingly on natural solutions in developing our products and processes. Many of the products we offer reflect today's growing trend towards more healthy, natural life-styles; these include xylitol and our other specialty sweeteners, the Litesse® family of polydextroses, and flavours. Biotechnology is one of our strong core technologies, particularly processes using industrial enzymes and synthesis based on enzyme reactions.

Healthier living

Today's concept of healthier living includes an emphasis on low-calorie and low-fat products, as well as special dietary products. I believe that functional and similar foods will gain market share at a growing rate as consumers' purchasing habits change and develop around the world. By offering our customers access to our extensive

expertise in food ingredients and how their properties can be combined in successful product development, we will ensure ourselves an increasing presence in these markets.

A similar trend is evident in the area of feed ingredients. These products, promoting improved feed utilization and animal well-being and health, are another core Cultor know-how strength. Their significance will only grow as greater emphasis is given to more natural forms of animal production, and this development will further reinforce the growth prospects for Cultor Feed Ingredients.

Sustainable competitive advantage

A company's success is always dependent on the success of its customers. Correctly understanding customer needs underpins successful customer relationships, and opens up opportunities for developing new products, services, and know-how. Using and benefiting from new technology calls for openness and transparency, both of which help ensure that customers have the right to know the origin of the raw materials used in the products offered to them and their product histories when they make their purchase decisions.

Quality and environmental certification is also important. Suomen Rehu, for example, has been able to successfully strengthen its market position by capitalizing on its patented expertise and certified quality and environmental management systems.

Improved performance in 1997

Cultor recorded a satisfactory result in 1996. It was the first year that EU regulations affected the full range of our activities. The decline seen in the performance of our sugar business was in line with our expectations. Ever-tougher competition and the limits imposed by the quota system mean that continued improvements in efficiency in this area will be essential. On the acquisitions front, our greatest challenge during the year was the integration of the food ingredients business purchased from Pfizer.

Our result in 1997 will see an improvement on our 1996 performance, and I believe that this trend will continue. All of our divisions are well-placed in the marketplace. The acquisitions, rationalization, and business growth we have

implemented in recent years will all contribute to this development.

Cultor is in the growth stage of its corporate life-cycle. I have used the term quantum leap to describe the growth in net sales which I believe we will achieve around the year 2000. It is easy to see that organic growth alone will be insufficient to generate this expansion, and that we will also require further acquisitions. Another important strategic task we need to focus on in developing the Group will be ensuring that we make better use of, and strengthen, our synergies.

A healthy dividend

The value of Cultor's shares rose steadily during 1996, and our stock was among the most traded on the Helsinki Stock Exchange. I am very satisfied to note that Cultor's personnel, through the Group's Personnel Fund, are among our 20 largest owners.

Outside Finland, our American Depository Receipt (ADR) programme offers an alternative investment route.

Increasing shareholder value is an important task for companies. Increased share value and liquidity, together with a healthy dividend policy, are all good indicators of the success of this. We have said that we will pay shareholders an annual dividend equivalent to around one-third of our earnings per share (EPS); this year, the Board has proposed a dividend of FIM 5 a share, which is 39% of our EPS.

In thanking our shareholders for the confidence they have shown in Cultor, I would also like to extend my thanks to Cultor's personnel and customers, whose close interaction is so important to our goal of lasting success; and to our suppliers, with whose help we can achieve development and quality targets that we set together and that benefit both of us.

A company's success is ultimately based on people, and the roles each and every one of them play. Cultor's future will be built on people working together.



Björn Mattsson
President & CEO

CULTOR AND SUSTAINABLE DEVELOPMENT



GOALS

Sustainable development is one of Cultor's core values; and embraces environmental protection, quality, protection of intellectual capital, and legal and ethical compliance.

The central goal of Cultor's environmental policy is to create a system of values covering quality and environmental protection that takes into account the environmental impact of the Group's products and production processes throughout the chain extending from raw materials production to packaging and product usage.

Cultor's environmental goals are based on a set of principles entitled 'Cultor and the Environment' approved by the Group's Board of Directors in 1991, and embody the environmental management principles set out in the International Chamber of Commerce's Business Charter on Sustainable Development. We pay particular attention to raw materials, the new challenges posed by biotechnology, and the ethical questions related to these areas. Cultor aims to anticipate customers' demands and expectations in the food area, across issues such as purity, quality, impact on health, and safety.

ENVIRONMENTAL SYSTEMS

Cultor has set itself the goal of introducing a documented environmental management system that either forms part of a quality system or supplements such a system in all of its major business units. Systems of this type, together

with their associated certification, improve the ecological competitiveness of both Cultor's own business activities and those of our customers.

The first certification of an environmental management system based on the ISO 14001 standard to be granted to a feed industry company worldwide was received by Suomen Rehu in November. Vaasamills and Finnsugar are aiming for ISO 14001 certification in 1997, and Ewos in 1999. Timetables for Cultor's other divisions will be confirmed at a later date.

A number of environmental audits were carried out during 1996 as part of the continuous development of the Group's environmental systems, at sites including the Porkkala Sugar Refinery, Suomen Rehu's Vaasa plant, and facilities operated by Svenska Foder. Audits will be continued in the future, mainly as part of maintaining and improving environmental management systems.

Environmental accounting

A Group-level database has been developed for use by all Cultor locations to support the further development of environmental systems. Designed to assist in the Group's environmental accounting and reporting, the database contains location-specific ecobalance information on raw material and packaging usage, energy and water use, production volumes, emissions, and waste. Data on environmental investments and operating costs is also included. Information contained in the permit register and the collection of envi-

ronmental legislation documentation compiled for operations in Finland is also used in the ongoing development of environmental systems at production locations.



A Group-wide survey of environmental costs was started at the end of 1996. This will provide a detailed annual overview of true environmental costs, including hidden costs, environmental investments, and any possible financial provisions made to cover the costs associated with terminating specific operations or site restoration.

Operating costs associated with environmental protection totalled FIM 46 million in 1996, of which environmental and energy taxes incorporated in the price of purchases of fuel and energy in Finland accounted for FIM 20 million. Environmental protection-related investments totalled FIM 12 million. The small size of this figure is largely explained by the fact that a large number of environmental investments have been made in previous years. The environmental protection component of R & D expenditure has not been included.

SECTOR REVIEWS

Cultor Food Science

An extensive review of the environmental, health, and safety status of the Food Science Group's sites and business was carried out during the due diligence stage of the acquisition. A modernization programme valued at FIM 26 million will be implemented, largely during 1997

and 1998, at the Grasse site in France to ensure that it meets all aspects of Cultor standards.

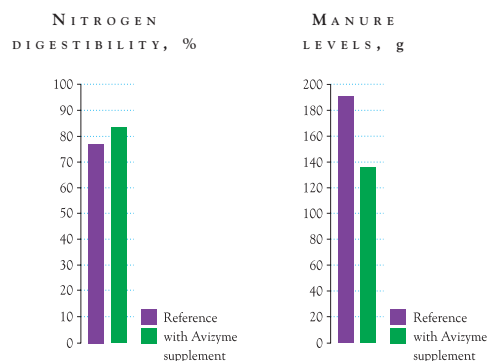
The Chemical Oxygen Demand (COD) component of treated waste water at Xyrofin's plant at Thomson in the US rose unacceptably following production capacity expansion. Levels were brought down during 1996 following the installation of enhanced equipment. An investment totalling FIM 10 million will be made to double waste water treatment capacity at the site, to come on stream in January 1998.

Changes in the composition of waste water streams at Xyrofin's Kotka plant in Finland caused unexpected treatment problems in spring 1996. These were resolved through collaboration between Xyrofin and the local environmental and municipal authorities. Xyrofin and the municipal authorities have invested around FIM 1 million in waste water pretreatment, more efficient monitoring, and re-engineering at the municipal waste water facility.

A new plant producing xylose, a raw material used in xylitol manufacture, is due to start operation at Lenzing in Austria in 1997. Incorporating sophisticated internal recycling systems, the plant's production processes will not produce any direct wastewater loading.

Cultor Feed Ingredients

Livestock farmers can significantly reduce their environmental impact through the use of enzyme-based feed ingredients. These offer enhanced digestibility and nutritional value, and



Total nitrogen excretion of poultry fed on diets including Finnfeeds' Avizyme supplements are 29% lower than normal.



can reduce manure levels by as much as 17% and total nitrogen excretion by some 30%. Finnfeeds International is the world's market leader in feed ingredients, and introduced two new environmentally compatible feed ingredients in 1996:

Avizyme® 1500 and Porzyme® 9300, designed for corn and soya-based poultry feeds and wheat-based pig feeds respectively.

In addition to its use as a feed ingredient, natural betaine derived from sugar beet molasses has also been found to be suitable for novel applications in helping plants adapt to tough growing conditions. Patents covering innovations in this area have been applied for in a number of countries. Betaine solutions sprayed onto plant leaves, for example, have a beneficial effect on crops grown in hot and dry conditions, or where salt levels in the soil are unusually high. Studies have shown that using Greenstim® betaine increases the yield of field-grown tomatoes by as much as 10 - 15%.

The fish oil and fish meal producer Pacific Protein enhanced its raw material operations through the adoption in 1996 of a fishing policy highlighting the principle of maintaining the local ecological balance. At its production plant in Chile, the company has invested in a heat recovery system that will allow virtually all waste heat generated during the drying process to be recovered. A new water recycling system for fish unloading, to be installed during 1997, will enable waste water disposed of via sea outfalls to be reduced by 80%.

Cultor Baking

Vaasamills extended its rye contract farming activities started in 1995. Under the contract system, guidelines are laid down for the use of environmentally compatible cultivation methods. New harvest forecasting models are also introduced, together with cultivation techniques designed to optimize crop yield and minimize the use of fertilizers and herbicides and pesticides through careful timing of their application. Marketing of crispbread produced from contract-grown rye started in Germany in the latter part of 1996.

New information from international research work on the dietary benefits of rye became

available that showed that rye fibre can make a valuable contribution to reducing the incidence of coronary-related mortalities.

Increasing attention is being devoted to the ingredients used in fresh bakery products. Vaasa Bakeries has prepared for what it expects to be growing demand for organic products by planning for a new range of products of this type to be produced at the Jokipakari Bakery in Liperi, opened in 1996.

Vaasa Bakeries has continued its EKV-2000 energy and commodities usage reduction programme. Studies have been carried out at seven bakeries. Energy and commodity usage at the division's bakery units in Estonia and Latvia has also been investigated, and premises surveys carried out. The work in Estonia has already led to actions being taken to modernize local energy systems. A uniform index-based monitoring system has also been created for all bakeries.

Soil was contaminated at the site of the Nelo Bakery in Lahti in the summer as a result of oil leaking from a corroded tank, but damage was limited. The affected soil was treated immediately in cooperation with the local authorities.

Cultor Nutrition

Suomen Rehu's new ISO 14001-based environmental management system has extended the division's ISO 9001 quality system to create a total management system that will further improve the management and development of the division's operations. The ISO 14001 system covers all five of Suomen Rehu's locations in Finland and its staff function. Some two years of

active work went into building and introducing the system prior to certification, and involved all the division's personnel.

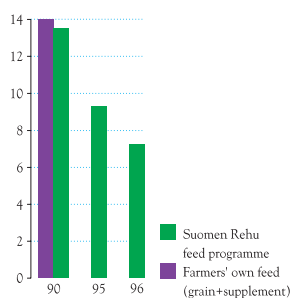
Suomen Rehu has applied for patents for numerous feed products and feeding methods contributing to a reduction in farming-related environmental impact and improved animal health and human well-being. The phosphate loading in manure from chicken and pork production in Finland fell by some 260 tonnes over 1995 as a result of new feed programmes offered by Suomen Rehu, enabling the division to halve its use of phosphates, a non-renewable natural resource.

Suomen Rehu has also developed the Puna-heltta Omega™ feeding concept, designed for farmers producing a new type of healthier egg. The latter contains significantly higher levels of beneficial essential fatty acids than conventional eggs. Feed antibiotics have not been included in cattle and poultry feed products produced by Suomen Rehu since 1995. Antibiotic-free feed options have also been developed for pig producers.

Research and advice work carried out by the Sugar Beet Research Centre, owned by Cultor's Sucros Ltd., contributed to a further reduction in the level of environmental impact resulting from sugar beet farming in Finland. Some 90% of Finland's sugar beet is now grown in line with the requirements of the EU's environmental support programme. This is up 10% on the figure for 1995. Insecticide and herbicide use has also fallen by nearly 8% compared to 1995.

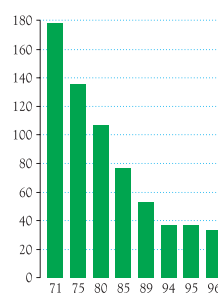
Production-related environmental impact at the sugar beet processing plant at Salo has been cut following an investment in additional soil

PHOSPHATE LOADING,
PHOSPHATE, g/FISH KG



Phosphate loadings from pig farms using Suomen Rehu's feed programmes are virtually half those of farms using their own feed systems.

NITROGEN LOADING,
NITROGEN, KG



Computed nitrogen loading generated by a fish farm in Norway to produce 1000 kg of fish (salmon) using Ewos feed products.

settlement basins to improve the efficiency of the waste water treatment plant. A high-efficiency electrostatic precipitator has been in operation at the Säkylä plant since 1995.

The results of an ecobalance study on sugar beet-based products completed at the end of 1995 are being put to valuable use in environmental protection programmes and target-setting.

Maintaining a clean environment in the water areas in which it operates, and preserving the level of natural biodiversity, are important components of Ewos' approach to sustainable development. During 1996, Ewos launched the Vextra® Delta range of high-energy salmon diets. With a guaranteed fat content of 36%, the new range promotes rapid growth, enabling fish farmers to produce one kilogram of fish for less than one kilogram of feed. Raw material needs will be reduced as a result, and will be reflected in lower levels of environmental impact from transport, packaging, and fish farming.

Ewos has also developed a new sea lice treatment, Lepsidon®, which can be used in-situ without the need, as previously, for isolating affected fish or interrupting their feeding. This will contribute a useful improvement to fish health.

As part of Cultor's acquisition of Ewos at the end of the 1980s, the Group took over the Jönåker pesticide compounding and packaging plant in Nyköping, Sweden. The Jönåker business was sold in 1995, and a full clean-up and restoration of the site has now been completed in accordance with local environmental regulations. Cultor will continue to monitor run-off and rainwater at the site on a systematic basis for the next three years.

Genencor International

Extensive environmental risk evaluation studies were carried out as part of the due diligence process linked to acquisitions made from Royal Gist-Brocades and Solvay. Actions implemented following these studies during 1996 included the replacement of the acetone-based post-treatment that was previously used during enzyme manufacture by Gist-Brocades at Brugge in Belgium with a hazard-free water-based system. In addition to eliminating explosion and fire hazards, it

has also proved possible to reduce energy and water usage and noise and odour nuisance levels.

A documented environmental management system has been developed at Genencor's Hanko plant in line with the ISO 14001 standard. The intention is to extend this to match EMAS levels in 1997.

ETHICAL ISSUES AND SUSTAINABLE DEVELOPMENT

The level of interest among our stakeholders in ethical questions related to the environment, particularly raw materials, the quality of foodstuffs, animal welfare, and the challenges raised by modern biotechnology continues to grow.

Ethical issues have also become a factor influencing decisions taken by investors. Ethical funds and some pension funds are increasingly investing in companies that are committed to taking ethical issues into account in their activities.

Cultor received a number of enquiries from representatives of funds of this type during 1996, on issues such as animal trials, environmental management, and human resource questions. Serious attention was given to these enquiries and detailed answers were provided.

Through a holistic approach to these and related issues, Cultor aims to anticipate the demands and expectations of its stakeholders and society as a whole, in line with its corporate value of promoting sustainable development throughout all its activities. Taking early account of ethical issues, in areas such as research and development and investment decisions, is seen as important.

Debate on the ethical implications of the use of gene technology in food applications is only just beginning. To date, Cultor has used this technology in the manufacture of industrial enzymes, and looks positively on the responsible use of modern biotechnology. Consumers' and customers' views and opinions on questions related to gene technology are important to Cultor, and we are committed to keeping consumers, in particular, informed about the use of this technology in foodstuffs, thereby guaranteeing continued consumer choice.



CAPITAL STOCK AND SHARES

Share price and trading

The highest and lowest price of Cultor's Series I share during 1996 was FIM 270 and FIM 178; and the highest and lowest price of the Company's Series II share was FIM 256 and FIM 178. As of the end of the fiscal year, the share prices stood at FIM 250 (Series I) and FIM 237 (Series II). Turnover of Series I and Series II shares totalled 3,934 million and 5,669 million shares respectively, equivalent to approximately 42% of Cultor's total shares. Trading volume was FIM 2,039 million.

Capital stock

According to Cultor Ltd.'s Articles of Association, the Company's minimum capital stock is FIM 252,000,000, and maximum capital stock FIM 1,008,000,000. The Company's paid-up and registered capital stock on December 31, 1996 stood at FIM 276,570,000.

Share series

The nominal value of Cultor Ltd.'s shares is FIM 12. As of December 31, 1996, the Company's capital stock was divided into two series of shares as follows:

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

Series I shares entitle holders to 10 votes at the Annual General Meeting of Shareholders, and Series II shares to 1 vote. All shares entitle their holders to an equal dividend.

Board authorization

The Annual General Meeting authorized the Board of Directors on April 11, 1996 to increase the Company's share capital and/or issue convertible bonds and/or bonds with warrants. The maximum number of Series II shares, nominally valued at FIM 12, available for subscription on the basis of a rights issue or issues, or through convertible bond issues and/or issues of bonds with warrants, was set at 4,000,000, equivalent to a total nominal value of a maximum of FIM 48,000,000. This authorization is effective for one year from the date of the meeting. The

decision to deviate from shareholders' subscription privilege was taken to provide the Group with the possibility of using the Company's shares, either directly or indirectly, to finance acquisitions, make cooperation arrangements, or in other situations of major economic significance where their use is deemed appropriate. The authorization has not been exercised.

Ownership

Shares owned by members of the Board of Directors, the President, and Executive Vice President numbered 2,143 and represented 10,675 votes at the end of the fiscal year. Shares owned by the President, Executive Vice President, and other members of the Corporate Management numbered 3,430 and represented 32,680 votes. In addition, the members of the Corporate Management own a convertible bond loan taken in 1992 valued at FIM 177,000 of the share capital. Authorization granted by the Board of Directors was not exercised. Detailed coverage of the Corporate Management's convertible bond loan can be found on Page 33.

The number of shares owned by the Cultor Group Personnel Fund has increased. As of the end of fiscal 1996, the number totalled 85,700, representing 857,000 votes.

The total number of shareholders registered under the book-entry system at the end of the fiscal year was 10,960. Foreign shareholders held 51.8% of the shares of Cultor Ltd., and 44.4% of voting rights. Shares held in trust accounted for 36.2% of Cultor Ltd.'s capital stock as of December 31, 1996, and 21.9% of the votes.

Stock Exchange quotation and book-entry system

Cultor Ltd. shares are listed on the Helsinki Stock Exchange. The ISIN codes under the international system of numbering listed shares are FI0009002844 (Series I) and FI0009002869 (Series II). The shares of Cultor Ltd. joined the book-entry system on 22 October 1993. At the end of the fiscal period, 99.9% of the shares had been registered under the book-entry system. The minimum trading block of shares for both series is 100 shares. The taxation values per share of Series I and Series II shares are FIM 175 and FIM 160 respectively.

Share Capital	1996	1995	1994	1993	1992
Share capital, FIM million	276.57	276.57	276.57	276.57	276.57
Series I restricted	-	-	-	-	153.63
unrestricted	182.16	182.16	182.16	182.16	28.53
Series II restricted	-	-	-	-	38.03
unrestricted	94.41	94.41	94.41	94.41	56.38

Share Issues

No share issues took place during the period (1992-1996).

Number of Shares

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

Earnings and Dividend

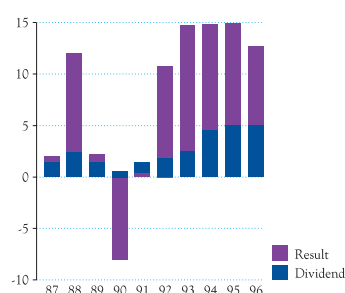
Earnings/share, FIM	12.71	14.91	14.84	14.75	10.81
Earnings/share, incl. warrant bonds, FIM	12.40	14.71	-	-	-
Equity/share, FIM	117.06	108.52	99.45	86.91	107.08
Dividend/share, FIM	5.00*	5.00	4.50	2.50	1.80
Dividend, FIM million	115.24*	115.24	103.71	57.62	41.49
Dividend/result, %	39.35	33.53	30.32	16.95	16.86
Dividend, %					
Series I	2.00	2.78	3.52	1.79	2.20
Series II restricted	-	-	-	-	2.52
unrestricted	2.08	2.78	3.52	1.80	2.40
P/E-ratio					
Series I	19.68	12.07	8.62	9.49	7.59
Series II restricted	-	-	-	-	6.61
unrestricted	18.93	12.07	8.62	9.42	6.94

Earnings/share includes results in associated companies. Calculation formulae are given on Page 43.

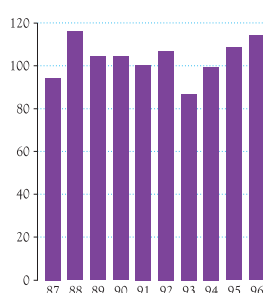
A share issue adjusted figure is not given because no share issues took place during the period.

(* Board proposal.

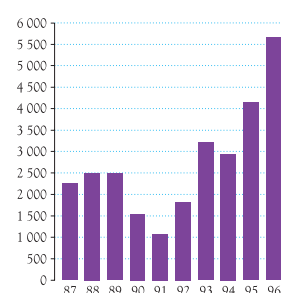
EARNINGS AND DIVIDEND/
SHARE, FIM



EQUITY/SHARE, FIM



MARKET CAPITALIZATION,
FIM MILLION



Value of Shares	1996	1995	1994	1993	1992
Exchange quotation: At the end of the fiscal year, FIM					
Series I	250.00	180.00	128.00	140.00	82.00
Series II restricted	-	-	-	-	71.50
unrestricted	237.00	180.00	128.00	139.00	75.00
Average, FIM					
Series I	214.27	151.27	143.95	120.95	58.27
Series II restricted	-	-	-	73.20	48.36
unrestricted	210.92	155.36	142.51	111.82	51.43
Adjusted, FIM					
Series I	250.00	180.00	128.00	140.00	82.00
Series II restricted	-	-	-	-	71.50
unrestricted	237.00	180.00	128.00	139.00	75.00
Market capitalization, FIM million	5 659.60	4 148.55	2 950.08	3 218.78	1 823.73

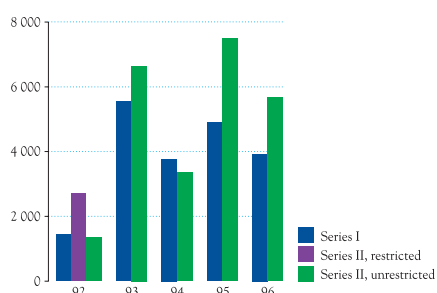
Trading	1996	1995	1994	1993	1992
Trading volume, FIM million					
	2 039	1 905	1 021	1 431	285
Turnover of shares (1,000 shares)					
Series I	3 934	4 892	3 769	5 558	1 449
Series II restricted	-	-	-	-	2 702
unrestricted	5 669	7 499	3 356	6 644	1 357
Average trading volume/trading day					
Series I	15 735	19 647	15 017	22 144	5 818
	FIM	3 371 640	2 971 999	2 161 693	2 678 352
Series II restricted	-	-	-	10 948	10 853
	FIM	-	-	63 854	524 809
Series II unrestricted	22 677	30 117	13 369	26 471	5 452
	FIM	4 782 992	1 905 180	2 959 860	280 377

Shareholders	1996	1995	1994	1993	1992
Number	10 960	11 566	12 819	12 736	16 797

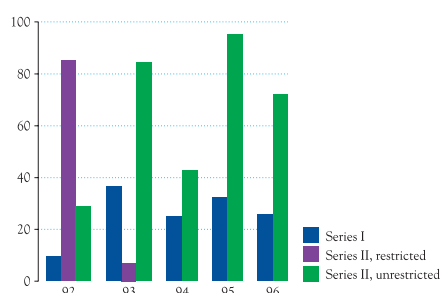
Shareholders (December 31, 1996)

Shares, number	Number	% of holders	% of shares	% of votes
1 - 30	2 548	23.3	0.2	0.2
31 - 100	3 840	35.0	1.1	1.2
101 - 500	3 237	29.5	3.3	3.9
501 - 1 000	704	6.4	2.2	2.4
1 001 - 5 000	513	4.7	4.6	5.3
5 001 - 10 000	47	0.4	1.4	1.5
Over 10 000	71	0.7	87.1	85.5
	10 960	100.0	99.9	99.9
Shares not in the book-entry system			0.1	0.1
Total			100.0	100.0

TRADING VOLUME, 1,000



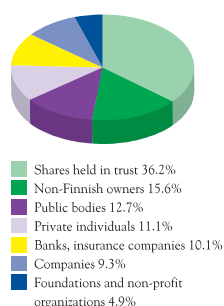
TRADING, %



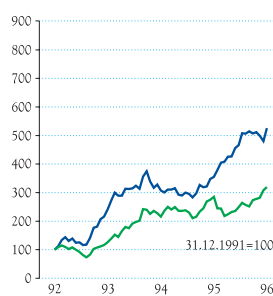
20 MAJOR SHAREHOLDERS
AS OF DECEMBER 31, 1996

Shareholder	Number of shares		total	% of total shares	Votes	% of total votes
	Series I	Series II				
Groupe Sucrier S.A.	2 160 000		2 160 000	9.37	21 600 000	13.53
Société Financière des Sucres S.A.	1 100 000		1 100 000	4.77	11 000 000	6.89
Sopagri S.A.	220 000		220 000	0.95	2 200 000	1.38
Soreas S.A.	89 446		89 446	0.39	894 460	0.56
1. Finasucre S.A.	3 569 446		3 569 446	15.49	35 694 460	22.36
Turengin Juurikkaantuottajat Oy	807 645		807 645	3.50	8 076 450	5.06
Naantalin Juurikkaantuottajat Oy	540 162		540 162	2.34	5 401 620	3.38
Salon Juurikkaantuottajat Oy	499 838		499 838	2.17	4 998 380	3.13
Central Union of Agricultural Producers and Forest Owners	441 299		441 299	1.91	4 412 990	2.76
Foundation of Central Union of Agricultural Producers	7 588		7 588	0.03	75 880	0.05
2. Producers' Organizations	2 296 532		2 296 532	9.96	22 965 320	14.38
Pension-Varma, Mutual Insurance Company	1 296 402		1 296 402	5.62	12 964 020	8.12
Nova Life Insurance Co. Ltd.	339 668	23 500	363 168	1.58	3 420 180	2.14
3. Pension Varma	1 636 070	23 500	1 659 570	7.20	16 384 200	10.26
Industrial Insurance Company Ltd.	670 000	157 984	827 984	3.59	6 857 984	4.30
Sampo Insurance Company Limited	172 500		172 500	0.75	1 725 000	1.08
Kaleva Mutual Insurance Company		119 400	119 400	0.52	119 400	0.07
Sampo Enterprise Insurance Company Limited		40 000	40 000	0.17	40 000	0.03
Otso Loss of Profits Insurance Company Ltd.		25 000	25 000	0.11	25 000	0.02
4. Sampo Group	842 500	317 384	1 159 884	5.03	8 742 384	5.48
Pension Insurance Company Ilmarinen Ltd.	102 000	512 000	614 000	2.66	1 532 000	0.96
Pohjola Insurance Company Ltd.	121 700	96 900	218 600	0.95	1 313 900	0.82
Suomi Mutual Life Assurance Company	22 000	163 000	185 000	0.80	383 000	0.24
Salama Life Assurance Company	23 900	79 300	103 200	0.45	318 300	0.20
5. Pohjola Group	223 700	608 900	832 600	3.61	2 845 900	1.78
6. Polaris Pension Fund	375 000	75 000	450 000	1.95	3 825 000	2.40
7. Municipality Pension Fund	55 700	238 400	294 100	1.28	795 400	0.50
Tapiola General Mutual Insurance Company	114 000		114 000	0.49	1 140 000	0.71
Tapiola Mutual Pension Insurance Company	44 200		44 200	0.19	442 000	0.28
Tapiola Mutual Life Assurance Company	20 000		20 000	0.09	200 000	0.13
8. Tapiola Insurance Company	178 200		178 200	0.77	1 782 000	1.12
9. Instrumentarium Pension Fund	104 000		104 000	0.45	1 040 000	0.65
10. Cultor Group Personnel Fund	85 700		85 700	0.37	857 000	0.54
11. Blomberg, Anne-Sofie	55 297	2 950	58 247	0.25	555 920	0.35
12. William and Ester Otsakorpi Fund	50 000		50 000	0.22	500 000	0.31
13. Jenny and Antti Wihuri Fund	37 400		37 400	0.16	374 000	0.23
14. Merita Nordia Mutual Fund	35 000		35 000	0.15	350 000	0.22
15. Bonsdorff, Veikko Olavi		33 801	33 801	0.15	33 801	0.02
16. von Frenckell, Christoffer	33 000		33 000	0.14	330 000	0.21
17. von Frenckell, Ralf Johan Christoffer, estate	25 831	5 700	31 531	0.14	264 010	0.17
18. Finnish Red Cross		28 500	28 500	0.12	28 500	0.02
19. Verdandi Pension Insurance Ltd	18 000	7 700	25 700	0.11	187 700	0.12
20. Yksityisyrittäjien säätiö	21 844	2 449	24 293	0.11	220 889	0.14
20 Major Shareholders Total	9 643 220	1 344 284	10 987 504	47.68	97 776 484	61.24

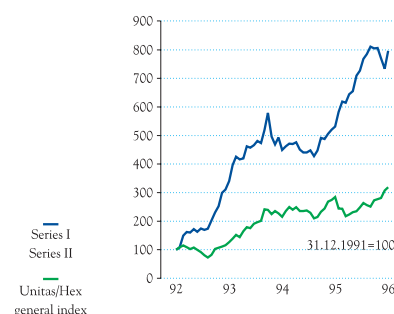
DISTRIBUTION OF SHARES



PRICE DEVELOPMENT, SERIES I



PRICE DEVELOPMENT, SERIES II



REPORT OF THE BOARD OF DIRECTORS

GENERAL REVIEW

Net sales of the Cultor Group totalled FIM 8,362 million, up 35% on 1995 (1995: FIM 6,201 million). The bulk of this growth derived from acquisitions made during the year. Over half came from the businesses acquired from Pfizer, although Ewos, Xyrofin, and Feed Ingredients (Finnfeeds International (feed enzymes) and Finnsugar Bioproducts (betaine)) increased their net sales by over 20%.

The Group's operating profit totalled FIM 545 million (528 million). 1996 was characterized by raw material supply difficulties and higher raw material prices which could not be passed on to Cultor products in the early part of the year. The Group turned in a weaker performance during the first four months of the year than in 1995 as a result. This trend continued into May and June, but during July and August performance strengthened significantly.

The last four months of 1996 were the best of the year for Cultor. Net sales developed positively, and the improvement seen in overall performance confirmed that the changes that had been implemented contributed the desired effect. It also proved possible to eliminate the negative impact on performance resulting from high raw material prices.

The businesses acquired from Pfizer made a positive contribution to the Group's result.

The Board proposes paying a dividend of FIM 5.00 a share for 1996, equivalent to 39% of earnings per share.

GROUP RESULT

The Group's net sales rose by 35% over 1995 to FIM 8,362 million (6,201 million). Net sales within all Cultor sectors increased. Exchange rate fluctuations contributed approximately 3% to consolidated net sales. Net sales generated by international activities totalled FIM 5,241 million, equivalent to 65% of total net sales.

Cultor acquired Pfizer Inc.'s Food Science Group on January 29, 1996 for a total purchase price of USD 360 million. Goodwill and intangible assets accounted for some USD 163 million of the purchase price, and this sum will be depreciated over 15 years.

Sales of Cultor Baking increased as a result of the acquisition of Elanto's bakery operations in

January 1996 and the shift in the status of Latvian-based Hanzas Maiznica from being an associated company to a subsidiary in July. Net sales at Genencor International were boosted following the completion in June of the acquisition of Solvay's industrial enzyme activities. 50% of each entry in Genencor's income statement, balance sheet, and notes are included in the Group's consolidated figures, in line with Cultor's 50% holding. Comparative data for 1995 has been changed accordingly.

The Group's operating profit totalled FIM 545 million (FIM 528 million). The last four months of the year were the Group's best, and matched expectations. International activities accounted for FIM 312 million of operating profit, equivalent to 57% of the total.

The Group's profit after financial items totalled FIM 391 million (FIM 494 million), equivalent to 4.7% of net sales.

The Group's net financial costs totalled FIM 154 million (FIM 34 million), or 1.8% of net sales (0.6%). The increase over 1995 can be attributed to the funding requirement linked to the Pfizer purchase and financing costs associated with Genencor.

The Group's interest-bearing net debt rose from FIM 1.8 billion to FIM 2.3 billion compared to FIM 500 million in 1995. Net gearing increased as a result to 85% (21%), while the debt-to-equity ratio dropped to 37% (48%).

Taxes paid by the Group for the year amounted to FIM 75 million (FIM 133 million) and were exceptionally low, resulting from the cessation of activities in a number of countries. The tax rate levied on ongoing businesses was 29%.

The Group recorded a profit for the year of FIM 283 million (FIM 335 million).

The Group's return on investment for the year was 12.5% (15.8%), and return on equity 9.4% (13.9%). Earnings per share were FIM 12.71 (FIM 14.91).

SECTOR REVIEWS

A new corporate structure reflecting the Group's expanded international presence was introduced in January 1996.

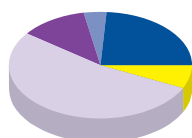
Cultor Food Science

Cultor Food Science (CFS) was created on January 29, 1996 through the integration of Pfizer Inc.'s Food Science Group with Cultor's Xyrofin and Flavoring Divisions.

CFS recorded net sales of FIM 2,035 million in 1996 (FIM 641 million). The businesses acquired from Pfizer accounted for FIM 1,296 million (11 months) of this. Sales developed in line with expectations, strengthening towards the end of the year. Operating profit totalled FIM 167 million (FIM 96 million). One-off costs associated with the acquisition amounted to FIM 28 million. The acquired businesses made a positive contribution to the Group's result.

Xyrofin's performance during 1996 was held back by supply problems associated with key raw materials, particularly during the first part of the year. Despite this, net sales clearly exceeded 1995 levels, and Xyrofin was able to maintain or grow market share in all its core product areas. Flavor saw positive progress, both in terms of market development and sales. Profitability improved as a result of product mix adjustments and a cost-reduction programme. Protectants' performance was overshadowed by strong price competition, particularly in traditional food preservatives, which slowed the pace of the shift in demand to more advanced food preservatives.

NET SALES
BY SECTOR, %



Product portfolio evaluation during the year resulted in the divestment of some non-strategic businesses. An agreement was signed in November covering the sale of the itaconic acid business to Cargill, Inc. in a transaction valued at over FIM 200 million. The dairy line was sold to Royal Gist-Brocades in December for USD 6.5 million (FIM 30 million).

The sector's result in 1997 is expected to represent an improvement over that for 1996.

Cultor Feed Ingredients

Cultor Feed Ingredients' net sales rose by 8.5% over 1995 to FIM 370 million (FIM 341 million). Combined sales of Finnfeeds International and Finnsugar Bioproducts grew by over 20%, while sales at Pacific Protein were well down on 1995. Operating profit totalled FIM 58 million (FIM 46 million), a good result given the substantial technology investments made during the year.

Finnfeeds invested in expanding its customer service network. Completion of an investment aimed at expanding capacity at the Vaasa site in Finland is scheduled for spring 1997.

Finnsugar Bioproducts' sales grew particularly well in the United States, where a liquid form of Betafin[®] has been introduced. Operations in the United States were strengthened, and debottlenecking work carried out to boost capacity at the Naantali production unit in Finland.

The sector's result in 1997 is expected to increase over that achieved in 1996.

Cultor Baking

Cultor Baking's favourable development continued in 1996. Net sales totalled FIM 994 million, up 19% on 1995 (FIM 835 million). The main factors contributing to this were the acquisition of Elanto's bakery operations in January and the consolidation of Latvian-based A/S Hanzas Maiznica into the Cultor Group at the beginning of July after Cultor increased its voting rights from 48% to 51%. Operating profit increased considerably to FIM 80 million (FIM 62 million).

Vaasa Bakeries successfully strengthened its market share in Finland and maintained good profitability. The success of Vaasan brand products, various development projects, and internal

efficiency improvement measures all contributed to the division's good result. Investments included the construction of the new Jokipakeri bakery, and the addition of new frozen dough production capacity.

Vaasamills' net sales decreased slightly compared to 1995. Profitability improved significantly, however, thanks to the successful implementation of a rationalization programme.

The sector's result in 1997 is expected to improve over that for 1996.

Cultor Nutrition

Cultor Nutrition recorded net sales of FIM 4,615 million, up 11% on 1995 (FIM 4,155 million); operating profit was lower, however, at FIM 288 million (FIM 380 million).

The year proved more difficult than expected. All divisions suffered from substantial increases in raw material prices, particularly during the first half. Price increases and aggressive cost-cutting gradually brought profitability back to normal levels, and the second-half result was better than during the corresponding period in 1995.

Net sales of Suomen Rehu remained at 1995 levels, while those of Finnsugar, Ewos, and Svenska Foder increased. Finnsugar sales were helped by exports, and Ewos benefited from positive developments among its customers in the salmon farming industries in Chile and North America. Earnings at Ewos and Svenska Foder reached 1995 levels, but those at Suomen Rehu fell short of 1995 performance as a result of raw material problems during the first six months of the year. Finnsugar earnings continued to decline, as anticipated.

In Chile, Cultor strengthened its focus on the fish feed business by acquiring Mainstream's fish feed activities in March; a 20% minority holding in the company's fish farming activities has been retained. Ewos completed the sale of its fish feed businesses in Denmark and Sweden to Aller Mølle A/S on December 2, and sold its fish feed businesses in Spain and Greece to Provimi Holding b.v. on March 11, 1997, as part of a continued concentration on the major salmon farming countries.

Finnsugar and Cerestar Scandinavia A/S signed a letter of intent to establish a joint sales

company to market syrups and dextrose in Finland and North-West Russia.

Cultor's 54.3% holding in Svenska Foder was sold on November 29 to the Danish company Korn- og Foderstof Kompagniet A/S (KFK) for SEK 155 million (FIM 106 million). A loss of FIM 13 million was made on this transaction and has been included under exceptional items.

In December, Cultor sold Suomen Rehu's silage preservatives business in Finland and the Group's 50% holding in the silage preservatives producer and packer, SSV-Säilöntä Oy, to Kemira Chemicals Ltd. The combined net sales of these businesses totalled some FIM 82 million.

Ewos is expected to record a better result in 1997 than in 1996, and the sector as a whole record a modest improvement.

Genencor International

Genencor recorded net sales of USD 265 million. The company finalized its acquisition of Solvay S.A.'s industrial enzymes business in July, agreed under a letter of intent signed in November 1995. A delay in the original acquisition schedule resulting from regulatory approval requirements slowed expected sales development and the implementation of rationalization measures. It was not until the last four months of the year therefore that the positive benefits of the acquisition began to make themselves felt, and these are expected to continue to feed through into 1997. Genencor's operating profit improved over 1995, and its profit after tax was positive.

Genencor is in the process of streamlining its portfolio to concentrate on its core enzyme business. As part of this, the Snomax[®] SnowInducer ice nucleating protein business was sold in December.

Genencor's 1997 result is expected to be clearly better than the 1996 figure.

RESEARCH AND DEVELOPMENT

Research and development expenditure during 1996 totalled FIM 221 million (FIM 143 million), and is included in annual expenses.

CAPITAL EXPENDITURE AND DEPRECIATION

The Group's gross capital expenditure totalled FIM 2,034 (FIM 715 million), while sales of fixed assets yielded FIM 323 million (FIM 102 million). The most important acquisitions were the purchase of Pfizer's Food Science Group, the purchase of Solvay's industrial enzymes business, and the consolidation of Elanto's bakery business into Vaasa Bakeries. The most significant capital investments were the construction of a xylose plant at Lenzing in Austria, and fish feed plant investments in Chile and Norway.

Depreciation of FIM 443 million (FIM 320 million) was booked on fixed assets.

Capital expenditure by sector was as follows:

FIM million	1996	1995
Cultor Food Science	1 363	52
Cultor Feed Ingredients	35	44
Cultor Baking	92	61
Cultor Nutrition	150	265
Other & Group investments	394	293
Total	2 034	715

FINANCING

Financing the purchase of Pfizer's Food Science Group was the single largest financing-related issue for the Group during 1996. A number of loan arrangements were made to cover this transaction. An international, syndicated revolving loan facility was negotiated in February, with a

credit limit of USD 270 million and a repayment period of seven years. A two-part USD 194 million, 10 and 12-year Private Placement loan agreement was signed in the United States in May. Genencor also secured a USD 140 million, 10-year Private Placement facility, mainly to finance outstanding debts.

As of the end of the fiscal year, the Group's net liabilities totalled FIM 2.3 billion (FIM 500 million). Net gearing rose to 85%, compared to 21% in 1995; as of April 30, 1996 net gearing stood at 101%.

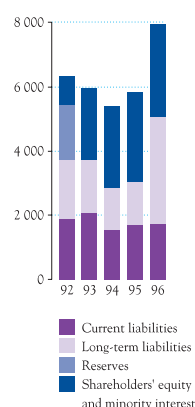
Financial expenses were in line with expectations. Net financial expenses totalled FIM 154 million (FIM 34 million), equivalent to 1.8% of net sales (0.6%).

PERSONNEL

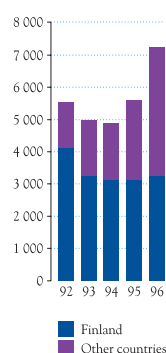
The Group employed a total of 7,205 people (5,601) as of the end of the year. Average personnel strength rose to 7,016 (5,688). Acquisitions increased the average number of Group employees by 1,321. Svenska Foder, sold in November, employed an average of 251 people.

The Parent Company employed 268 people (261) as of the end of the year; average personnel strength was 269 (265).

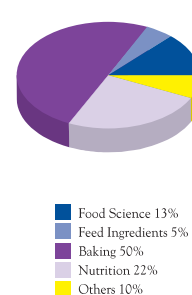
FINANCIAL STRUCTURE, FIM MILLION



PERSONNEL



PERSONNEL BY SECTOR, %



Personnel by business area
at the end of the year was as follows:

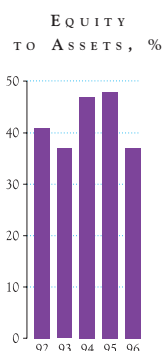
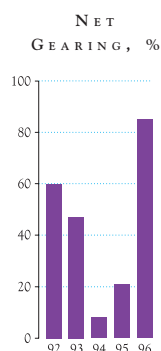
Sector	31.12.1996	31.12.1995
Cultor Food Science	938	403
Cultor Feed Ingredients	345	345
Cultor Baking	3 604	2 169
Cultor Nutrition	1 623	2 063
Other & Group investments	695	621
Total	7 205	5 601

PERSONNEL FUND

The 1996 bonus payable to members of the Personnel Fund amounted to FIM 6.2 million (FIM 11.6 million).

SHARE CAPITAL

The Annual General Meeting authorized the Board of Directors on April 11, 1996 to increase the Company's share capital and/or issue convertible bonds and/or bonds with warrants. The maximum number of Series II shares, nominally valued at FIM 12, available for subscription on the basis of a rights issue or issues, or through



convertible bond issues and/or issues of bonds with warrants, was set at 4,000,000, equivalent to a total nominal value of a maximum of FIM 48,000,000. This authorization is effective for one year from the date of the meeting. The decision to deviate from shareholders' subscription privilege was taken to provide the Group with the possibility of using the Company's shares, either directly or indirectly, to finance acquisitions, make cooperation arrangements, or in other situations of major economic significance where their use is deemed appropriate.

The authorization has not been exercised and the Board does not have other authorizations to make share issues or float new issues of convertible bonds or bonds with warrants.

BOARD OF DIRECTORS, PRESIDENT, AND AUDITORS

The Annual General Meeting held on April 11, 1996 confirmed the following eight people as members until the 1997 meeting: Mr. Eero Utter, who has served as Chairman, Mr. Sakari Heikkilä, Mr. Ralf Lehtonen, Mr. Jouko K. Leskinen, Mr. Olivier Lippens, Mr. Paul Lippens, Mr. Pekka Rinne, and the Company's President and CEO, Mr. Björn Mattsson.

Mr. Tauno Haataja, Authorized Public Accountant, has acted as Auditor, and SVH Coopers & Lybrand Oy as Deputy Auditors.

OUTLOOK FOR THE FUTURE

Cultor's divisions and units are well-placed for 1997 in terms of their market position. The impact of the Group's investments, structural changes, and rationalization implemented in recent years is expected to make a positive contribution to the 1997 result.

Cultor's result tends to strengthen in the second half of the year. We expect the Group's performance to improve during 1997 and the result to be close to that achieved in 1995.

PROPOSAL ON THE ALLOCATION OF PROFITS

According to the consolidated balance sheet on December 31, 1996, the unrestricted equity amounted to FIM 1 906 228 000, including distributable equity of FIM 1 290 554 000. The parent company's retained earnings according to the balance sheet on December 31, 1996 are as follows:

from previous years	1 776 799 374.42 mk
for the fiscal year	43 349 840.23 mk
<u>total</u>	<u>1 820 149 214.65 mk</u>

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

a dividend of	
FIM 5.00 per share	115 237 500.00 mk
the balance carried forward	
to retained earnings	1 704 911 714.65 mk
<u>total</u>	<u>1 820 149 214.65 mk</u>

Helsinki, March 12, 1997

Eero Utter

Sakari Heikkilä

Ralf Lehtonen

Jouko K. Leskinen

Olivier Lippens

Paul Lippens

Björn Mattsson
President & CEO

Pekka Rinne

CONSOLIDATED INCOME STATEMENT

	1.1.-31.12. 1996	%	Proforma 1.1.-31.12. 1995	%
Net sales (1)	8 361 837	100.0	6 200 759	100.0
Cost of goods sold	-6 509 286		-4 787 589	
Gross profit	1 852 551	22.2	1 413 170	22.8
Sales and marketing expenses	-635 704		-388 223	
Administrative expenses	-464 177		-345 327	
Other operating expenses	-321 254		-247 809	
Other operating income	108 925		87 506	
Share of result of associated companies	4 300		9 199	
Operating profit (2), (3), (4)	544 641	6.5	528 516	8.5
Financial income and expenses (5)				
Dividend income	626		6 038	
Interest income from non-current investments	20 074		37 493	
Other financial income	85 386		67 644	
Interest expenses	-190 935		-108 364	
Other financial expenses	-69 045		-37 250	
	-153 894	-1.8	-34 439	-0.6
Profit after financial items	390 747	4.7	494 077	8.0
Extraordinary income and expenses (6)	-9 480	-0.1	-9 010	-0.1
Profit before taxes and minority interest	381 267	4.6	485 067	7.8
Direct taxes (7)	-77 465	-0.9	-124 930	-2.0
Minority interest	-20 446	-0.2	-25 435	-0.4
Profit for the period	283 356	3.4	334 702	5.4

The comparison period has been revised to include Genencor according to the proportionate consolidation method (Proforma).

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

CONSOLIDATED BALANCE SHEET

ASSETS	31.12.1996	%	Proforma 31.12.1995	%
Fixed and other non-current assets (8)				
Intangible assets				
Goodwill and intangible rights	1 024 157		389 106	
Other intangible assets	61 665		30 600	
	1 085 822	13.7	419 706	7.2
Tangible assets				
Land and water	108 291		100 534	
Buildings	807 566		735 023	
Machinery and equipment	1 834 708		1 333 959	
Other tangible assets	8 376		16 397	
Advance payments and construction in progress	313 104		120 485	
	3 072 045	38.7	2 306 398	39.8
Financial and other non-current assets				
Shares in associated companies	61 125		104 768	
Other shares	26 421		49 226	
Other non-current assets	100 000		135 998	
	187 546	2.4	289 992	5.0
Current assets (9)				
Inventories				
Raw materials and consumables	314 469		456 270	
Work in progress	94 219		67 827	
Finished products	745 697		522 377	
Other inventories	48 457		28 490	
	1 202 842	15.2	1 074 964	18.5
Receivables				
Trade receivables	1 412 160		874 895	
Loan receivables	163 648		93 988	
Prepaid expenses and accrued income	83 135		147 093	
Other receivables	159 687		112 403	
	1 818 630	22.9	1 228 379	21.2
Investments				
Other marketable securities	95 865	1.2	104 511	1.8
Cash and cash equivalents				
	469 125	5.9	371 229	6.4
	7 931 875	100.0	5 795 179	100.0

LIABILITIES	31.12.1996	%	Proforma 31.12.1995	%
Shareholders' equity				
Restricted equity (10)				
Share capital	276 570		276 570	
Reserve fund	479 109		478 845	
Revaluation fund	36 000		36 000	
	791 679	10.0	791 415	13.7
Unrestricted equity (11)				
Contingency fund	58 677		58 677	
Retained earnings	1 564 195		1 316 452	
Profit for the period	283 356		334 702	
	1 906 228	24.0	1 709 831	29.5
Minority interest	185 681	2.3	265 689	4.6
Payables (12)				
Long-term				
Debentures	593		614	
Loans from credit institutions	1 592 736		247 786	
Pension loans	404 937		442 452	
Deferred tax liability	330 008		392 984	
Other long-term liabilities	991 456		256 195	
	3 319 730	41.9	1 340 031	23.1
Current				
Loans from credit institutions	114 874		239 305	
Pension loans	31 313		32 412	
Advances received	40 688		7 324	
Trade payables	832 276		659 490	
Accrued liabilities and deferred income	393 358		440 620	
Other current payables	316 048		309 062	
	1 728 557	21.8	1 688 213	29.1
	7 931 875	100.0	5 795 179	100.0

The comparison period has been revised to include Genencor according to the proportionate consolidation method (Proforma).

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

CONSOLIDATED STATEMENT OF CHANGES IN THE FINANCIAL POSITION

	1.1.-31.12. 1996	Proforma 1.1.-31.12. 1995
Cash flow from operations		
Operating profit	544 641	528 516
Share of result of associated companies	-4 300	-9 199
Depreciation	443 418	320 432
Financial expenses (net)	-153 894	-34 439
Extraordinary items	-9 480	-9 010
Direct taxes	-111 697	-117 660
Cash flow from operations	708 688	678 640
Change in trade and other receivables	-392 589	-73 703
Change in inventories	-143 463	-139 898
Change in trade payables	238 973	-33 136
Change in net working capital, increase (-)/decrease (+)	-297 079	-246 737
Net cash flow from operations	411 609	431 903
Investments in fixed assets	-2 033 615	-714 929
Proceeds from sales of fixed assets	323 107	102 104
Net investments	-1 710 508	-612 825
Net cash flow from operations after investments	-1 298 899	-180 922
Change in long-term loan receivables	-117 232	15 483
Change in long-term borrowings	2 011 796	-78 970
Change in current financial assets	-74 632	48 736
Change in current borrowings	-213 666	-9 433
Change in liabilities, increase (+)/decrease (-)	1 606 266	-24 184
Other items		
Dividends paid	-115 237	-103 714
Change in minority interest	-102 880	-11 805
Cash and cash equivalents as of 1.1.	475 740	796 365
Cash and cash equivalents as of 31.12.	564 990	475 740
Increase (-)/decrease (+) in cash	-89 250	320 625
Cash flow from operations over gross investments	20.24%	60.41%

Figures in thousands of FIM.

ACCOUNTING PRINCIPLES APPLIED IN 1996 CONSOLIDATION

Extent of the consolidated financial statements and accounting principles applied

The consolidated financial statements include, in addition to Cultor Ltd., companies in which Cultor Ltd. holds, either directly or through subsidiaries, more than half of the voting rights - with the exception of dormant companies and real-estate companies of minor significance and which have no effect on the disclosure of a true and fair view. The Genencor Group is included using the proportional consolidation method by taking into account the 50% share which represents Cultor's holding, of each row included in the income statement, balance sheet and notes. Companies in which the Group exercises considerable influence (20 - 50% of the voting rights) and a significant holding (over 20%), i.e., associated companies, have been consolidated in the accounts according to the equity method. Subsidiaries acquired during the fiscal year have been included in the consolidated financial statements as from the time of acquisition, and subsidiaries sold off up to the time of sale.

The consolidated financial statements have been prepared according to the Finnish Accounting Standards, which essentially conform with EU accounting standards. The preparation of the consolidated financial statements follows the acquisition cost method. Before carrying out the final consolidation, the separate financial statements of Group companies have been adjusted in accordance with the Group's uniform accounting policies.

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

Goodwill amounts consolidated prior to December 1, 1993 are depreciated over a 10-year period and amounts that have arisen after this date over 5 - 20 year periods.

Sales are recorded upon shipment of products and customer acceptance, if any, or performance of services, net of sales taxes, delivery costs of

sold products, credit losses and other sales adjustment items. Research and development costs are booked in the financial period during which they are incurred.

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

The Group's pension arrangements conform to the custom and practice prescribed by the local legislation of different countries. Pension expenditures have been booked as expenses of the fiscal year. Future losses that are judged to be imminent and apparent, and the amount of which can be estimated with sufficient accuracy, are shown under liability items in the balance sheet.

The minority interest share of the consolidated equity, as well as of the net profit for the fiscal year, have been calculated prior to the elimination of intra-Group transactions.

Valuation and periodization principles

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

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

Investments which are classified as financial assets are generally valued at the purchase cost or the probable sale price on the balance sheet

date, whichever is lower (market value). Changes in market values are booked to expenses or income. The premiums paid in purchasing financial assets are charged as an expense over the maturity of the investments.

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

Items denominated in foreign currencies

All items in the profit and loss accounts of foreign subsidiaries in the consolidated accounts are translated into Finnish markka at monthly-based average exchange rates for the year, and balance sheets at the rates on the balance sheet date.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Sector information

By sector	Net sales, MFIM				Operating profit, MFIM			
	1996	%	1995	%	1996	%	1995	%
Food Science	2 035	24	641	10	167	28	96	16
Feed Ingredients	370	4	341	5	58	10	46	8
Baking	994	12	835	13	80	13	62	11
Nutrition	4 615	53	4 155	65	288	49	380	65
Others	625	7	460	7	-48		-56	
Internal transactions	-277		-231					
	8 362	100	6 201	100	545	100	528	100

"Others" includes Genecor, Group eliminations, corporate staff, and other operations.

By market area	Net sales, MFIM				Operating profit, MFIM			
	1996	%	1995	%	1996	%	1995	%
Finland	2 941	35	2 836	46	233	43	309	59
EU	2 356	28	1 757	28	61	11	68	13
North America	1 404	17	513	8	183	34	74	14
Other countries	1 661	20	1 095	18	68	12	77	14
	8 362	100	6 201	100	545	100	528	100

2. Personnel, wages, and salaries

By sector	Personnel at the end of the period				Average number of personnel			
	1996	%	1995	%	1996	%	1995	%
Food Science	938	13	403	7	915	13	418	7
Feed Ingredients	345	5	345	6	350	5	324	6
Baking	3 604	50	2 169	39	3 077	44	2 225	39
Nutrition	1 623	22	2 063	37	1 983	28	2 082	37
Others	695	10	621	11	691	10	639	11
	7 205	100	5 601	100	7 016	100	5 688	100

The salaries and emoluments of the Board of Directors and President of the Parent Company amount to 3.8 MFIM.

The pension age of the Managing Director and the Deputy Managing Director of the Parent Company has been agreed as 60 years.

The pension commitments of subsidiaries' managements are determined according to normal local pension practice.

The Parent Company is responsible for a pension liability in the amount of 2 MFIM, which is shown on the balance sheet as a long-term liability.

Other social expenses include bonus transfers of 6.2 MFIM based on personnel fund legislation.

By market area	Personnel at the end of the period				Wages and salaries in the income statement			
	1996	%	1995	%	1996	%	1995	%
Finland	3 246	45	3 130	56	524 872	52	505 294	66
EU	613	9	783	14	178 577	18	123 242	16
North America	722	10	300	5	179 406	18	94 522	12
Other countries	2 624	36	1 388	25	119 533	12	48 428	6
	7 205	100	5 601	100	1 002 388	100	771 486	100

Personnel expenses	1996	%	1995	%
Wages, salaries, and the monetary value of fringe benefits, of which salaries and emoluments to the Group's Board of Directors and Presidents	1 045 235	80	801 961	78
Pension expenses	29 173		26 453	
Other social expenses	119 777	9	109 641	10
	139 113	11	119 737	12
	1 304 125	100	1 031 339	100

Figures in thousands of FIM.

3. Other operating expenses	1996	1995
Total research and development costs	221 073	143 429
% of net sales	3	2

4. Depreciation

Depreciation by balance sheet categories and typical depreciation periods:	1996	1995	
Intangible assets	5 - 15 years	43 067	9 015
Goodwill	5 - 20 years	12 050	3 234
Consolidation goodwill	5 - 20 years	41 900	31 637
Other intangible assets	5 - 10 years	7 008	6 694
Buildings	25 years	48 327	43 143
Machinery and equipment	5 - 10 years	290 119	224 924
Other tangible assets	10 years	947	1 785
Total	443 418	320 432	

Depreciation by operations

Production	315 309	244 260
Sales and marketing	26 000	7 839
Administration	23 787	23 243
Other, including goodwill depreciation	78 322	45 090
Total	443 418	320 432

5. Financial income and expenses	1996	1995
Interest income from current investments	38 749	40 789
Exchange rate differences, net	-41 488	-13 735
Net interests of net sales, %	-1.6	-0.5
Net interest of average net debts, %	9.4	9.0

6. Extraordinary items	1996	1995
Profit made on sales of fixed assets	0	10 185
Abandonment of businesses	-13 229	0
Items referring to previous years:		
Unemployment insurance fees	3 749	-12 625
Profit sharing scheme	0	-6 570
	-9 480	-9 010

7. Direct taxes	1996	1995
Taxes for the period	109 111	125 532
Change in deferred tax liability	-34 232	7 270
Taxes for previous fiscal years	2 586	-7 872
	77 465	124 930

The low tax rate during the fiscal year is a consequence of the cessation of businesses in several countries. The tax rate calculated on ongoing businesses amounts to 29%.

8. Fixed and other non-current assets

	Acquisition cost, 1.1.	Changes in exch.rates	Additions	Disposals	Acquisition cost, 31.12.	Revaluations, 1.1.	Changes in exch.rates	Additions	Disposals	Revaluations, 31.12.	depreciation, 31.12.	Accumulated	Net book value, 31.12.
1996													
Intangible rights	152 405	6 237	576 641	-9 028	726 255							-103 216	623 039
Goodwill	32 313	148	120 625	-3 488	149 598							-24 468	125 130
Consolidation goodwill	440 335	-5 429	62 526	-19 951	477 481							-201 493	275 988
Other intangible assets	54 826	741	37 370	-62	92 875							-31 210	61 665
Land and water	66 870	625	12 739	-5 902	74 332	33 664	295	0	0	33 959			108 291
Buildings	983 494	36 537	132 259	-89 357	1 062 933	80 814	250	0	0	81 064		-336 431	807 566
Machinery and equipment	3 138 788	80 548	842 774	-314 470	3 747 640							-1 912 932	1 834 708
Other tangible assets	29 815	-458	207	-12 198	17 366							-8 990	8 376
Total	4 898 846	118 949	1 785 141	-454 456	6 348 480	114 478	545	0	0	115 023	-2 618 740	3 844 763	
1995													
Intangible rights	179 962	-11 701	6 972	-22 887	152 346							-57 963	94 383
Goodwill	32 369	-56	0	0	32 313							-12 101	20 212
Consolidation goodwill	349 606	-18 483	90 444	-3 537	418 030							-143 519	274 511
Other intangible assets	47 554	-1 071	10 699	-2 356	54 826							-24 226	30 600
Land and water	57 663	-658	11 460	-1 595	66 870	33 995	0	0	-331	33 664			100 534
Buildings	967 089	-10 672	83 540	-56 463	983 494	81 064	-250	0	0	80 814		-329 285	735 023
Machinery and equipment	3 105 648	-58 772	352 251	-263 174	3 135 953							-1 801 994	1 333 959
Other tangible assets	26 814	-142	4 302	-1 159	29 815							-13 418	16 397
Total	4 766 705	-101 555	559 668	-351 171	4 873 647	115 059	-250	0	-331	114 478	-2 382 506	2 605 619	

Consolidation goodwill

The differences that have arisen in the elimination of shares in subsidiaries have been allocated in part to fixed asset items and have been shown in part as a separate consolidation goodwill item on the balance sheet.

The elimination difference relating to balance sheet items as of 31.12.96 has been allocated to land areas in the amount of 4.5 MFIM and to buildings in the amount of 5.3 MFIM.

Consolidation goodwill depreciation in the consolidated income statement totals 43.0 MFIM (-95: 35.4 MFIM) and the part of the Group reserve booked as income totals 1.1 MFIM (-95: 3.5 MFIM).

Book value of consolidation goodwill is 276.2 MFIM (-95: 275.5 MFIM) and of the Group reserve 0.3 MFIM (-95: 1 MFIM).

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

The non-current part of trade receivables arises from a business divestiture, and the receivable will be amortized in equal annual payments by the end of January 1999.

Net book value of machines and equipment as of 31.12. is 1,646.4 MFIM (-95: 1,220.8 MFIM).

Inconsistency in the opening balance sheet values is due to changes in the Group's structure.

Taxation values	1996	1995
Shares	540 545	499 916
Land and water	45 170	37 654
Buildings	526 848	460 026
Total	1 112 563	997 596

9. Receivables	1996	1995
Liquid assets	564 990	475 740
Non-interest-bearing trade receivables	1 597 765	943 829
Interest-bearing current receivables	220 865	284 550
Total	2 383 620	1 704 119

Receivables from associated companies	23 350	22 026
Loan receivables from Board members and managing directors	50	247

Receivables falling due after one year or more

Trade receivables	137 924	0
Loan receivables	37 760	44 371
Other receivables	0	22 758
Total	175 684	67 129

10. Restricted equity

Restricted equity	1996	1995
Share capital as of 1.1.		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Share capital as of 31.12.		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Revaluation fund	36 000	36 000
Reserve fund		
As of 1.1.	478 845	478 702
- increase	264	143
As of 31.12.	479 109	478 845

11. Unrestricted equity

	1996	1995
Contingency fund	58 677	58 677
Retained earnings		
As of 1.1.	1 651 154	1 442 193
Profit for the period	283 356	334 702
Dividends paid	-115 237	-103 714
Uncashed dividends	0	293
Translation difference	28 278	-22 320
As of 31.12.	1 847 551	1 651 154
Distributable funds included in retained earnings:	1 290 554	1 027 051

12. Payables

Long-term liabilities with annual amortization by currency as of Dec. 31, 1996:

	FIM	USD	Other	Total
%	16	77	7	100

Long-term liabilities falling due after five years or more and their repayment schedule:

	Outstanding at 31.12.1996	Repayments 1997	1998	1999-2001	2002 or later
Loans from credit institutions	1 707 610	114 874	47 114	746 799	798 804
Pension loans	436 250	31 313	28 347	26 363	350 227
Warrant bonds	593	0	182	411	0
Other interest-bearing long-term liabilities	933 653	1 200	0	0	932 454
	3 078 106	147 387	75 643	773 573	2 081 485

Total payables	1996	1995
Non-interest-bearing liabilities	1 873 985	1 632 280
Interest-bearing liabilities	3 174 302	1 395 964
	5 048 287	3 028 244

Liabilities to associated companies	4 821	14 971
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Contingent liabilities of the Group and Parent Company

	Group		Parent Company	
	1996	1995	1996	1995
Own obligations				
Pledged securities	114 684	129 306	0	80 000
Mortgages	482 059	581 276	65 005	154 250
Group companies				
Guarantees			261 422	238 868
Pledged securities			100 000	0
Mortgages			43 245	0
On behalf of company management				
Guarantees	0	0	0	0
On behalf of associated companies				
Guarantees	11 593	19 141	127 691	290 772
Pledged securities	23 340	7 780	0	0
On behalf of others				
Guarantees	22 182	25 981	16 993	16 139
Pledged securities	655	0	0	0
Mortgages	9 288	0	0	0
Leasing liabilities, not included in debts				
Portion falling due during the following year	4 623	217 303		
Amount remaining	5 194	21 976		
Other liabilities	27 393	40 779		

	Group	
	1996	1995
Derivative instruments		
	Total nominal value of contracts	
I Interest rate derivatives		
Forward rate agreements	100 000	500 000
Interest rate options bought	92 878	87 172
Interest rate swaps	958 053	837 765
II Currency derivatives		
Forward contracts	3 128 802	1 801 393
Currency swaps	10 234	10 234
Currency options bought	32 507	0
Currency options sold	32 507	0
III Other derivative instruments		
Commodity futures	0	0

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

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

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

Warrant B: entitles subscription from May 3 to August 31, 1999 at a subscription price equalling the average rate of the deals closed for the shares in Series II of Cultor Ltd. on the Helsinki Stock Exchange between November 1, 1995 and October 31, 1996. Thus the subscription price was FIM 208.35.

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

Under the subscription terms, the share capital may be increased by a maximum of FIM 5,580,000 and by a maximum of 465,000 new shares.

The Cultor Group uses derivative instruments for hedging purposes. The Group hedges foreign currency-denominated receivables and liabilities as well as foreign currency-denominated equity of subsidiaries and associated companies.

Currency hedges are valued at market rates on the balance sheet date and the interest portion of the forward contracts are periodized on an accrual basis. The exchange rate differences on forward contracts made for equity hedging purposes are booked against translation differences.

The future foreign currency-denominated cash flow of certain Group companies is hedged over a maximum period of 12 months. According to hedge accounting, the impact on the result of hedging transactions made under these forward contracts is not booked until they have fallen due, i.e. against the underlying transactions.

The Cultor Group also hedges the interest rate risk arising from interest-bearing receivables and liabilities mainly with forward rate agreements and interest rate swaps. The profit impact of these hedges is periodized on an accrual basis against the interest rate of the hedged item.

SUBSIDIARIES AND ASSOCIATED COMPANIES BY SECTOR IN 1996

	Group's share of voting rights, %	Group's share of equity, TFM	Parent comp. holding, %	Shares owned by parent company			Currency	Net result in the latest published financial statement, TFM	Book closing date	Fiscal year, months
				Number	Nominal value (1 000)	Book value, TFM				
CULTOR FOOD SCIENCE										
Group companies										
Cultor Food Science Belgium N.V., Belgium	100	100	-87	99.92	1 249	1 249	BEF	186	-274	
Cultor Food Science B.V., The Netherlands	100	100	-2 939						-3 116	
Cultor Food Science do Brasil Ltda, Brazil	100	100	-1 238	99.99	9 999	11	USD	50	-1 308	
Cultor Food Science Ltd., Canada	100	100	7 729						270	
Cultor Food Science GmbH, Germany	100	100	2 895	100				6 066	-1 731	
Cultor Food Science Inc., U.S.A.	100	100	635 755						70 073	
Cultor Food Science Japan K.K., Japan	100	100	42 313	100				79 520	4 133	
Cultor Food Science México S.A. de C.V., Mexico	100	100	1 637	98	49	7	USD	1 101	550	
Cultor Food Science Pty Ltd., Australia	100	100	-1 716	100				6	-1 676	
Cultor France S.A., France	100	100	79 661						19 317	
Cultor (Guangzhou) Company Ltd., China	100	100	354	100				348	0	
Flavoring AB, Sweden	100	100	13 725	100	40 000	4 000	SEK	61 974	-180	
Nissin Sweeteners Co.Ltd., Japan	55	55	1 971	55	11 000	5 500	JPY	526	829	
Xyrofin Far East KK, Japan	100	100	1 267						18	
Xyrofin Oy, Finland	100	100	83 308	100	107 000	107 000	FIM	120 670	-10 404	
Xyrofin UK Ltd., Great Britain	100	100	1 393						-4 225	
Xyrofin Süßmittel, Austria	100	100	-3 843	100				219	-3 408	
CULTOR FEED INGREDIENTS										
Group companies										
Finnfeeds Group, Great Britain	60	60	45 349						23 374	
Finnugar Bioproducts, Inc., U.S.A.	100	100	-8 475						-5 302	
Pesquera Pacific Protein S.A., Chile	95	95	112 481						8 404	
Associated companies										
Pacific Fisheries S.A., Chile	50	50	14 308						4 934	31.12.96 12
Pesquera Cojinova S.A., Chile	50	49	9 032						6 205	31.12.96 12
CULTOR BAKING										
Group companies										
Joutsenolainen Oy, Finland	100	100	-57						-18	
Leibur AS, Estonia	75	75	29 691	75	750	27 000	EEK	12 056	6 212	
Siljans Knäcke AB, Sweden	100	100	832	100	20 000	2 000	SEK	9 326	955	
Vaasa Bakeries Ltd., Finland	100	100	124 175	100	115 000	115 000	FIM	115 320	1 167	
Vaasamills Ltd., Finland	100	100	153 725	100	155 000	155 000	FIM	155 000	-143	
A/S Hanzas Maiznica, Latvia	51	51	20 737	48	526 619	526	LVL	29 622	-486	
Associated companies										
Villähteen Leipä Oy, Finland	40	40	587						113	30.04.96 12

	Group's share of voting rights, %		Group's holding, %		Shares owned by parent company			Net result in the latest published financial statement, TFIM		Fiscal year, months
	Group's share of equity, TFIM	Parent comp. holding, %	Number	Nominal value (1 000)	Currency	Book value, TFIM	Book closing date			
CULTOR NUTRITION										
Group companies										
Agrivit A.S., Norway	100	100	107	100	100	100	NOK	844	45	
Baltic Feed Ltd., Latvia	75	75	3 819	75	5 199	260	LVL	4 422	-201	
Ewos AB, Sweden	100	100	7 112						1 376	
Ewos Aqua AS, Norway	100	100	95 366						25 361	
Ewos Canada Ltd., Canada	100	100	33 025						16 563	
Ewos Chile S.A., Chile	100	100	119 831						8 083	
Ewos U.K. Ltd., Great Britain	100	100	46 679						4 991	
Ewos Polfarm Ltd., Poland	75	75	2 730	75	147	18	PLZ	4 396	-571	
Ewos S.A., Spain	100	100	12 987	100	400 000	400	ESP	18 232	-4 267	
Finnewos Agri A.S., Norway	100	100	-73						-108	
Neson Oy, Finland	92	92	27 880						-1	
Porkkalan Sokeripuhdistamo Oy, Finland	80	80	184 108						2	
Rehu-Eesti A.S., Estonia	100	100	9						-3	
Sucros Oy, Finland	80	80	404 750	23	800 000	80 000	FIM	80 000	59 039	
Suomen Rehu Oy, Finland	100	100	414 100	100	1 473 684	147 368	FIM	408 344	17 821	
Finnsugar Ltd., Finland	100	100	271 861	100	269 000	269 000	FIM	269 000	3 071	
Teknosan AB, Sweden	100	100	2 244	100	752	752	SEK	4 108	0	
Associated companies										
Mainstream Salmones y Alimentos S.A., Chile	20	20	11 480							31.12.96
Pacific Aqua Salmon Farming Partnership, Canada	48	48	25 198						-3 568	23.11.96 12
OTHERS										
Group companies										
Cultor Holding France S.A., France	100	100	2 002	93	53 997	5 400	FRF	4 596	-3 180	
Cultor Holland B.V., The Netherlands	100	100	509 799	100	401	40	NLG	518 202	14	
Cultor U.K. Ltd., Great Britain	100	100	88 455	100	10 000	1 000	GBP	64 441	7 129	
Cultor U.S. Inc., U.S.A.	100	100	535 316						-10 517	
Finnsugar Cultor Sverige AB, Sweden	100	100	75 101	100	1 000 000	101 000	SEK	75 643	15 426	
Genencor International Inc., U.S.A.	50	50	622 232	35	2 485		USD	504 403	2 762	

OTHER SHARES HELD BY THE GROUP

	Group's holding, %	Number	Nominal value, TFIM	Book value, TFIM
Mildola Oy, Finland	17.5	210	2 100	12 828
MTV Oy, Finland	2.0	1 120	561	1 479
Shares of housing corporations and real estate companies				7 867
Other shares				4 247
TOTAL				26 421
Shares in associated companies held by the Group:				61 125
Total other shares on the consolidated balance sheet				87 546

A complete list of the shareholdings of Cultor Ltd. is available at the Group's Accounting Department at Head Office.

PARENT COMPANY
INCOME STATEMENT

	1.1.-31.12.		1.1.-31.12.	
	1996	%	1995	%
Net sales	182 203	100.0	115 663	100.0
Cost of goods sold	-122 678		-69 912	
Gross profit	59 525	32.7	45 751	39.6
Sales and marketing expenses	-8 712		-8 834	
Administrative expenses	-82 241		-76 626	
Other operating expenses	-28 302		-29 484	
Other operating income	19 545		8 865	
Operating profit (1), (2), (3)	-40 185	-22.1	-60 328	-52.2
Financial income and expenses (4)				
Dividend income	17 546		100 343	
Interest income from non-current investments	146 992		104 384	
Other financial income	21 019		38 388	
Interest expenses	-180 258		-110 960	
Other financial expenses	-47 958		-17 096	
	-42 659	-23.4	115 059	99.5
Result after financial items	-82 844	-45.5	54 731	47.3
Extraordinary income and expenses (5)	132 842	72.9	289 254	250.1
Profit before reserves and taxes	49 998	27.4	343 985	297.4
Increase (-) or decrease (+) in accelerated depreciation	20		-171	
Direct taxes (6)	-6 668	-3.7	-82 106	-71.0
Profit for the period	43 350	23.8	261 708	226.3

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

PARENT COMPANY
STATEMENT OF CHANGES IN
THE FINANCIAL POSITION

	1.1.-31.12.		1.1.-31.12.	
	1996		1995	
Cash flow from operations				
Operating profit	-40 185		-60 328	
Depreciation	43 600		18 531	
Financial expenses (net)	-42 659		115 059	
Extraordinary items	296 210		310 104	
Direct taxes	-8 763		-82 106	
Cash flow from operations	248 203		301 260	
Change in trade and other receivables	50 024		-14 062	
Change in inventories	-6 107		-10 570	
Change in trade payables	39 268		-14 559	
Increase (-)/decrease (+) in net working capital	83 185		-39 191	
Net cash flow from operations	331 388		262 069	
Investment in fixed assets	-1 024 563		-390 562	
Proceeds from sales of fixed assets	16 690		18 392	
Net investments	-1 007 873		-372 170	
Net cash flow from operations after investments	-676 485		-110 101	
Change in long-term loan receivables	102 348		31 333	
Change in long-term borrowings	1 814 174		-113 370	
Change in current financial assets	-743 231		120 014	
Change in current borrowings	-342 730		-122 154	
Increase(+)/decrease(-) of loans	830 561		-84 177	
Other items				
Dividends paid	-115 237		-103 714	
Cash and cash equivalents at 1.1.	271 771		569 763	
Cash and cash equivalents at 31.12.	310 610		271 771	
Increase (-)/decrease (+) in cash	-38 839		297 992	

PARENT COMPANY BALANCE SHEET

ASSETS	31.12.1996	%	31.12.1995	%
Fixed and other non-current assets				
Intangible assets (7)				
Intangible rights	259 888		8 578	
Goodwill	192		292	
Other intangible assets	2 480		2 055	
	262 560	4.4	10 925	0.2
Tangible assets (7)				
Land and water	55 915		55 915	
Buildings	145 604		136 804	
Machinery and equipment	50 920		53 998	
Other tangible assets	2 728		2 975	
Advance payments and construction in progress	5 272		1 308	
	260 439	4.3	251 000	5.5
Financial and other non-current assets (8)				
Other bonds and shares	534 785		485 999	
Shares in subsidiaries	2 267 397		1 772 585	
Other investments	187 498		289 846	
	2 989 680	49.6	2 548 430	55.6
Current assets				
Inventories				
Raw materials and consumables	14 285		11 136	
Work in progress	3 606		2 300	
Finished products	9 602		7 936	
Other inventories	1 592		1 605	
	29 085	0.5	22 977	0.5
Receivables (9)				
Trade receivables	37 268		23 020	
Loan receivables	1 734 697		1 072 050	
Prepaid expenses and accrued income	301 677		365 949	
Other receivables	99 588		19 004	
	2 173 230	36.1	1 480 023	32.3
Investments				
Other marketable securities	86 379	1.4	100 588	2.2
Cash and cash equivalents	224 231	3.7	171 183	3.7
	6 025 604	100.0	4 585 126	100.0

LIABILITIES	31.12.1996	%	31.12.1995	%
Shareholders' equity				
Restricted equity (10)				
Share capital	276 570		276 570	
Reserve fund	451 367		451 367	
Revaluation fund	36 000		36 000	
	763 937	12.7	763 937	16.7
Unrestricted equity (11)				
Contingency fund	58 112		58 112	
Retained earnings	1 776 799		1 630 329	
Profit for the period	43 350		261 708	
	1 878 261	31.2	1 950 149	42.5
Reserves (12)				
Accelerated depreciation	75 527		75 546	
Voluntary provisions				
Other reserves	15 127		11 359	
	90 654	1.5	86 905	1.9
Payables (13)				
Long-term				
Bonds and debentures	593		614	
Loans from credit institutions	1 138 157		210 924	
Pension loans	132 450		125 059	
Other long-term liabilities	920 580		41 009	
	2 191 780	36.4	377 606	8.2
Current				
Loans from credit institutions	16 060		101 297	
Pension loans	10 234		9 413	
Advances received	27 315		0	
Trade payables	28 893		35 357	
Accrued liabilities and deferred income	47 552		29 135	
Other current payables	970 918		1 231 327	
	1 100 972	18.3	1 406 529	30.7
	6 025 604	100.0	4 585 126	100.0

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

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Personnel expenses	1996	%	1995	%
Wages, salaries, and the monetary value of fringe benefits	60 113	74.5	57 197	75.7
Pension expenses	13 807	17.1	10 626	14.1
Other personnel expenses	6 766	8.4	7 763	10.3
	80 686	100.0	75 586	100.0

2. Expenses	1996	1995
Total research and development costs	25 636	23 987
% of net sales	14.1	18.5

3. Depreciation

Depreciation by balance sheet categories and their generally applied depreciation periods:		Depreciation according to plan		Change in deprec. difference	
		1996	1995	1996	1995
Intangible assets	5-10 years	26 180	638	2 269	176
Goodwill	5-10 years	100	1 933	0	167
Other intangible assets	5-10 years	789	767	97	75
Buildings	25 years	4 695	4 650	-2 570	-3 213
Machinery and equipment	5-10 years	11 589	10 325	163	2 858
Other tangible assets	10 years	247	218	1	1
Depreciation difference of sold fixed assets		0	0	20	107
Total		43 600	18 531	-20	171

Depreciation by operations

Production	31 850	5 294
Administration	9 570	9 670
Other	2 180	3 567
Total	43 600	18 531

4. Financial income and expenses	1996	1995
Interest income from non-current investments	146 992	104 383
Interest income from current investments	18 562	17 632

Internal financial income and expenses of the Group

Dividend income from Group companies	17 340	97 293
Interest income from non-current investments from Group companies	123 154	71 334
Other interest income from Group companies	9 579	6 604
Other financial income from Group companies	2 308	2 430
Interest expenses paid to Group companies	-42 373	-68 406

5. Extraordinary items

Group contributions	257 713	314 553
Mergers and demergers of subsidiaries	-8 680	-25 299
Reduction of share values of subsidiaries	-116 191	0
	132 842	289 254

6. Income taxes

Taxes for previous fiscal years	-3 543	-6 881
Taxes for the period	-5 220	-75 225
	-8 763	-82 106
Withholding taxes in our favour	2 095	0
Taxes in the income statement	-6 668	-82 106

Figures in thousands of FIM.

7. Fixed and other non-current assets

1996	Acquisition cost at 1.1.	Additions	Disposals	Acquisition cost at 31.12.	Revaluations	Accumulated depreciation at 31.12.	Net book value at 31.12.	Accum. depr. difference at 31.12.
Intangible rights	11 892	277 500	-10	289 382		-29 494	259 888	2 486
Goodwill	4 500	0	0	4 500		-4 308	192	-8
Other intangible assets	5 480	1 214	0	6 694		-4 214	2 480	507
Land and water	25 919	0	0	25 919	29 996	0	55 915	0
Buildings	116 188	13 495	0	129 683	57 321	-41 400	145 604	47 776
Machinery and equipment	162 653	9 080	-590	171 143		-120 223	50 920	24 766
Other tangible assets	9 027	0	0	9 027		-6 299	2 728	0
Total	335 659	301 289	-600	636 348	87 317	-205 938	517 727	75 527
1995								
Intangible rights	9 723	2 169	0	11 892		-3 314	8 578	217
Goodwill	4 500	0	0	4 500		-4 208	292	-8
Other intangible assets	5 068	412	0	5 480		-3 425	2 055	410
Land and water	15 754	10 691	-526	25 919	29 996	0	55 915	0
Buildings	115 160	1 028	0	116 188	57 321	-36 705	136 804	50 346
Machinery and equipment	144 391	18 698	-435	162 653		-108 655	53 998	24 583
Other tangible assets	9 360	315	-649	9 027		-6 052	2 975	-2
Total	303 956	33 313	-1 610	335 659	87 317	-162 360	260 616	75 546

	1996	1995
Balance sheet value of machinery and equipment at 31.12.	35 835	37 156

Taxation values	1996	1995
Shares	2 714 130	2 340 524
Land and water	22 583	22 312
Buildings	72 286	63 472
Total	2 808 999	2 426 308

8. Financial and other

non-current assets	1996	1995
Group companies		
Other investments	87 498	189 846

9. Receivables

Receivables falling due after one year or more:		
Loan receivables	1 659 232	709 811

Receivables from Group companies and associated companies

Trade receivables/Group comp.	16 956	6 671
Trade receivables/associated comp.	16	11
Prepaid expenses and accrued income/Group companies	286 407	343 808
Loan receivables/Group comp.	1 676 117	1 043 585
Other receivables/Group comp.	2 739	8
	1 982 235	1 394 083

Loan receivables

Loan receivables from the Board of Directors and President	0	55
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10. Changes in equity

Restricted equity	1996	1995
Share capital at 1.1.		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570
Share capital at 31.12.		
Series I	182 160	182 160
Series II	94 410	94 410
Total	276 570	276 570

Revaluation fund	36 000	36 000
Reserve fund	451 367	451 367

11. Unrestricted equity

	1996	1995
Contingency fund	58 112	58 112
Retained earnings at 1.1.	1 892 036	1 733 749
Profit for the period	43 350	261 708
Dividends paid	-115 237	-103 714
Uncashed and expired dividends	0	293
At 31.12.	1 820 149	1 892 036

12. Voluntary reserves	1996	1995
Accumulated difference of total depreciation and depreciation according to plan at 1.1. ^(*)	75 547	75 375
Change in income statement	-20	171
Accumulated difference of total depreciation and depreciation according to plan at 31.12.	75 527	75 546
Reserve for transitional phase at 1.1. ^(*)	15 127	11 359
Change in income statement	0	0
Reserve for transitional phase at 31.12.	15 127	11 359

13. Payables

Long-term

Long-term liabilities falling due after five years or more:	1996	1995
Loans from credit institutions	338 947	0
Pension loans	98 884	94 000
Bonds ^(**)	0	432
Other long-term liabilities	900 917	0
	1 338 748	94 432

Liabilities to group- and associated companies	1996	1995
Trade payables/Group companies	7 323	21 156
Trade payables/associated comp.	0	168
Accrued liabilities and deferred income/Group comp.	21 700	4 394
Liabilities/Group companies	943 545	1 112 636
Other long-term liabilities/Group companies	19 424	39 569
	991 992	1 177 923

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

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

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CULTOR LTD.

I have audited the accounting, financial statements and corporate governance of Cultor Ltd. for the period 1.1. - 31.12.1996. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President & CEO. Based on my audit, I express an opinion on these financial statements and on corporate governance.

I have conducted the audit in accordance with Finnish Standards on Auditing. These standards require that I perform the audit to obtain reasonable assurance as to whether the financial statements are free of material mis-statement. 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 presentation of the financial statements. The purpose of my audit of corporate governance is to examine that the members of the

Board of Directors and the President & CEO have legally complied with the rules of the Companies' Act.

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

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

Helsinki, March 14, 1997

Tauno Haataja
Authorized Public Accountant

FINANCIAL RISK MANAGEMENT

The Group's treasury operations are handled by Cultor Ltd.'s Treasury, which is responsible for securing the Group's liquidity and hedging the Group's balance sheet and result against currency, interest rate, and counterparty risks. Risk exposure is managed using interest and currency forward contracts, currency and interest rate swap contracts, futures, options, loans, deposits, and risk netting arrangements. These instruments are not used as a means to generate additional earnings.

Liquidity risk

Cultor has agreed long-term committed credit lines up to approximately FIM 1.4 billion with its banks to secure the Group's liquidity. Marketable securities, bank deposits, and unused credit lines as of the end of the fiscal year totalled some FIM 700 million.

Currency risk

The Cultor Group's currency position is based on loans and loan receivables denominated in foreign currencies, off-balance sheet receivables and payments denominated in foreign currencies, and equity invested in subsidiaries and their businesses. The most important and useful hedging method is to net different currency risks across the Group. Forward contracts, currency swap contracts, and purchases of currency options are used.

The most important currency in Cultor's currency position is the US dollar, which accounts for around 60% of the total position (FIM 3.2 billion). International sales accounted for 65% of the Group's total net sales of FIM 8.4 billion in 1996. The majority of these sales took place outside Finland and mainly in local currencies. Estimated foreign currency sales and purchases are hedged using forward contracts approved by the relevant business unit. See Page 33.

A currency risk is also associated with the Green ECU. For example, the sugar beet payments made to Finnish farmers vary in line with fluctuations in the exchange rate between the Green ECU and the Finnish markka. Because of the structure of the exchange rate of the Green ECU, forward contract markets in this area are virtually non-existent, making currency hedging difficult.

Currency forward contracts, currency swap contracts, and options purchased

Forward contracts are booked under two categories, depending on whether they are based on exchange rate differences or interest rate differences. Exchange rate differences are booked in the income statement, while interest rate differences are periodized across the duration of contracts. The result of forward contracts used to hedge cash flows is booked against the items being hedged as the contracts mature (hedge accounting).

Exchange rate differences in currency swap contracts are booked in the same way as exchange rate differences in currency loans, with contract currencies booked at the closing day rate and the resulting difference entered in the income statement.

The market value of options is booked at the time the books are closed against the exchange rate difference in the value of the item being hedged.

The shareholders' equity of foreign subsidiaries is also hedged according to agreed rules. The exchange rate differences of the forward contracts used are booked in the consolidated balance sheet against translation differences in shareholders' equity. The terms of outstanding currency hedging instruments at the end of the fiscal year vary from a few days to one year.

Shareholders' equity of foreign subsidiaries

On the basis of our current currency position and the currencies of the countries that will most probably adopt the EURO, we estimate that savings in currency exchange transactions could be in the order of FIM 1.5 million a year. The EURO will probably play a larger role than billing associated with countries using the currency would indicate, however, which would bring additional savings for Cultor.

Impact of the EURO on Cultor's currency position

Cultor hedges itself against interest rate risks by dividing interest-bearing loans and investments by currency into fixed-interest and floating-interest items. Risks are assessed by monitoring maturity profiles and comparing contract interest rates to market rates. To achieve the desired balance, interest rate swap contracts are also used, together with purchases of interest rate options, and interest rate forward contracts and futures. See Page 33.

Interest rate risks

The differences between contract interest rates and closing rates by the year-end are generally periodized towards the end of the contract period. If interest rate hedging is focused on a specific interest-bearing item, hedging impact is periodized using the accrual principle against the interest of the hedged item. The terms of interest rate instruments vary from a couple of months to four years.

Derivative contracts are made with banks having very low levels of credit risk. Deposits and investments are made according to standard rules. The credit losses associated with receivables have been small; and Cultor has not considered insurance cover for receivables necessary, given the extent of the assessed risk and the cost of insurance premiums.

Counterparty risk

Following Finland's accession to the EU, accompanied by the switch to the EU sugar price regime, the significance of commodity futures markets in hedging prices has considerably reduced. Cultor has not therefore hedged raw sugar prices through the commodity markets. Finnish grain prices follow EU prices, which are not directly linked to the world prices used by commodity exchanges. As a result, hedging grain prices through the exchanges would be possible only occasionally. The prices of some raw materials are selectively hedged by making longer-term purchase agreements with suppliers.

Raw material risks

10 YEAR DATA

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
<i>Information before 1993 is not comparable, because of changes in accounting principles.</i>										
Profitability										
Operating profit, %	6.5	8.5	8.4	8.3	6.9	5.0	1.8	2.5	7.0	3.9
Return on investment, ROI, %	12.5	15.8	15.5	14.8	12.0	8.1	3.6	4.6	10.9	6.1
Return on equity, ROE, %	9.4	13.9	15.7	15.3	10.3	3.1	-7.5	-0.2	11.1	4.2
Financing										
Quick ratio	1.4	1.0	1.2	1.1	1.0	1.0	1.0	1.1	1.5	1.3
Current ratio	2.1	1.6	1.8	1.5	1.5	1.4	1.4	1.5	2.2	2.1
Net cash flow from operations	412	432	649	610	611	611				
Net gearing, %	85.2	20.9	7.6	47.0	60.4	74.9	99.6			
Equity-to-assets ratio, %	36.5	47.8	47.4	37.3	41.4	38.3	34.5	39.3	47.2	49.8
Income statement, FIM million										
Net sales	8 362	6 201	6 016	6 359	6 015	5 823	5 009	4 599	4 051	3 591
Share of net sales from foreign activities, %	65	54	50	48	45	48	44	32	28	18
Exports from Finland	673	680	610	646	446	392	354	426	333	216
Wages and salaries	1 002	771	660	719	750	762	615	538	454	390
Depreciation according to plan	443	320	277	291	321	291	245	219	186	155
Operating profit	545	528	505	531	415	293	89	117	285	141
Financial expenses (net)	154	34	38	110	113	167	201	86	5	40
Profit after financial items	391	494	467	421	302	125	-112	31	280	97
Profit for the period	283	335	320	301	-53	82	-100	-179	120	184
Balance sheet, FIM million										
Fixed assets	4 345	3 016	2 531	2 790	3 277	3 144	3 356	2 990	2 020	1 659
Inventories	1 203	1 075	853	882	893	897	1 115	933	975	929
Financial assets	2 384	1 704	1 889	2 190	1 959	1 967	2 791	2 173	2 262	1 461
Shareholders' equity	2 698	2 501	2 292	2 003	761	872	835	999	1 049	980
Distributable funds in retained earnings	1 291	1 027	742	336	76	187	142	213	438	394
Liabilities	5 048	3 028	2 830	3 739	3 704	3 942	4 830	3 756	2 828	2 093
Deferred tax liability	330	393	377	415						
Balance sheet total	7 932	5 795	5 374	5 962	6 315	6 380	7 356	6 182	5 353	4 172
Others										
Gross investments, FIM million	2 034	715	376	353	475	513	921	1 446	462	309
Net investments, FIM million	1 711	613	241	-27	148	211	379			
Value added, FIM million	2 292	1 880	1 672	1 768	1 759	1 618	1 145	1 047	1 103	825
Personnel, average	7 016	5 688	5 304	5 159	5 640	6 193	5 317	4 636	4 226	3 955
Value added/employee, TFIM	327	331	315	343	312	261	215	226	261	209
Dividend distribution										
(Board proposal -96, TFIM)	115 237	115 237	103 714	57 619	41 485	33 188	13 828	31 172	51 954	31 172
Transfer to the Personnel Fund, TFIM	6 168	11 567	10 373	5 845	2 118					

DEFINITIONS OF KEY RATIOS

Return on equity, ROE, %	=	$\frac{\text{Profit after financial items – taxes for the period}}{(\text{Shareholders' equity} + \text{minority interest}), \text{ annual average}}$	x 100 %
Return on investment, ROI, %	=	$\frac{\text{Profit after financial items} + \text{interest and other financing expenses}}{(\text{Balance sheet total} - \text{non-interest-bearing liabilities}), \text{ annual average}}$	x 100 %
Quick ratio	=	$\frac{\text{Financial assets}}{\text{Current liabilities} - \text{advances received}}$	
Current ratio	=	$\frac{\text{Financial assets} + \text{inventories}}{\text{Current liabilities}}$	
Net gearing, %	=	$\frac{\text{Interest-bearing liabilities} - \text{interest-bearing deposits and receivables}}{\text{Shareholders' equity}}$	x 100 %
Equity-to-assets ratio, %	=	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}}$	x 100 %
Value added	=	Operating profit + depreciation by operations + personnel costs	
RONA, %	=	$\frac{\text{Operating profit}}{\text{Average capital employed}}$	x 100 %
Earnings/share	=	$\frac{\text{Profit for the financial year} + \text{extraordinary items}}{\text{Number of shares}}$	
Cash flow/share	=	$\frac{\text{Cash flow from operations}}{\text{Number of shares}}$	
Shareholders' equity/share	=	$\frac{\text{Shareholders' equity}}{\text{Number of shares}}$	
Dividend/share	=	$\frac{\text{Dividend distribution}}{\text{Number of shares}}$	
Dividend/result	=	$\frac{\text{Dividend distribution}}{\text{Profit for the financial year} + \text{extraordinary items}}$	
Dividend yield %	=	$\frac{\text{Dividend /share}}{\text{Stock price, book closing day}}$	x 100 %
P/E-ratio	=	$\frac{\text{Stock price, book closing day}}{\text{Earnings/share}}$	
Market capitalization	=	Number of shares x stock price by series, book closing day	

1996 IN FOCUS

January

Construction work started on a new FIM 300 million xylose plant in Lenzing, Austria for Xyrofin. Completion is scheduled for summer 1997.

A new group structure was announced, designed to match the Group's current business profile and increased level of international activities.

The acquisition of Pfizer Inc.'s Food Science Group, valued at USD 352 million, was completed on January 29. Combining Pfizer's activities with Cultor's specialty sweeteners and flavouring businesses has created one of the world's most advanced food ingredient players: Cultor Food Science.

February

The preliminary results for 1995 showed a small increase in consolidated operating profit to FIM 513 million (1995: FIM 505 million) on slightly lower net sales of FIM 5,767 million (FIM 6,016 million), of which 51% originated outside Finland. Earnings per share were FIM 14.91 (14.84).

March

The preliminary results were confirmed, and represented the fifth successive annual increase in Cultor's performance. A dividend of FIM 5 (FIM 4.50) was announced.

Ewos focused its Chilean business on fish feed by taking over full ownership of Mainstream's fish feed operations. Ewos retains a 20% minority holding in Mainstream's other activities.



April

The Group's final accounts and the dividend for 1995 were confirmed at the Annual General Meeting, which also authorized an increase in share capital. Eight members were elected to the Board of Directors.

May

A Private Placement loan agreement of USD 194 million was announced in the United States to finance the Food Science Group acquisition.

Cultor became exclusive global distributor to the feed industry for Aquasearch Inc.'s algae-based natural astaxanthin, used in salmon farming and poultry feeds. Cultor will also be responsible for application development.

June

Performance was in line with expectations, according to the interim report for the first four months of the year. Net sales at FIM 2,512 million were up 37% on the corresponding period in 1995 (FIM 1,832 million). Consolidated operating profit was slightly down at FIM 90 million (FIM 107 million), largely as a result of increases in raw material prices. Earnings per share were FIM 1.49 (2.86).

Cultor announced its intention to increase its voting rights in the Latvian bakery A/S Hanzas Maiznica from 48% to 51% in July, thereby consolidating the company into the Cultor Group. Hanzas Maiznica accounts for 30% of the production volume of the Vaasa Bakeries Division.

July

Cultor's 50/50 joint venture with Eastman Chemical Co., Genencor International, Inc., finalized its acquisition of Solvay S.A.'s industrial enzymes operations. The move strengthened Genencor's position as the world's number-two producer of these products, and followed a letter of intent signed in November 1995.



August

Ewos announced that it was to concentrate on the major salmon farming countries of Canada, Chile, Norway, and Great Britain, and sell its fish feed businesses in Denmark and Sweden to Aller Mølle A/S of Denmark. The deal also involves a licensing contract for Ewos fish feed products in Denmark and Sweden.

September

Suomen Rehu Oy announced the development of a new, complete feed-type health feed for cows: Ca Balans™. Use of the patent-pending feed will enable farmers to virtually eliminate milk fever, a common disease among milk cows. Deliveries of the feed began in the autumn.

A letter of intent was signed with Korn- og Foderstof Kompagniet A/S (KFK) of Denmark on the sale of Cultor's 54.3% holding in Svenska Foder AB. The move is a further step in Cultor's strategy of focusing on high value-added, technology-intensive areas.

Molecular biologist Dr Daniel Pardo of the Centre National de la Recherche Scientifique in France was appointed Senior Vice President, Technology.

October

Dr Philip Smith was appointed Managing Director of the Ewos Division.

The interim report for the first eight months of the year showed a reduced consolidated operating profit of FIM 301 million (FIM 360 million). This was mainly attributable to raw materials-related issues. The weaker trend that continued in May and June was followed by a significant improvement in July and August. Net sales of all Cultor sectors increased to a total of FIM 5,361 million (FIM 4,017 million). Earnings per share were FIM 5.55 (FIM 10.24).

November

Finnsugar Ltd. and Cerestar Scandinavia A/S signed a letter of intent to establish a joint sales company to market starch syrups and dextrose in Finland and North-West Russia.

Cultor Food Science announced that it was to sell its itaconic acid business, a non-food-related activity, to Cargill, Inc. of the United States in a transaction valued in excess of FIM 200 million.

Suomen Rehu Oy became the world's first company in the feed industry to receive environmental certification based on the ISO 14001 standard. This comes after the company became the first in the Finnish feed sector to be granted ISO 9001 quality certification in 1994.

The sale of Cultor's 54.3% holding in Svenska Foder AB to KFK of Denmark for FIM 106 million was completed.

December

Cultor Food Science announced the USD 6.5 million sale of its dairy ingredients business to Royal Gist-Brocades N.V. of Holland. Production facilities in Milwaukee, Wisconsin were excluded from the deal.

Cultor's 50% holding in the silage preservatives producer and packager, SSV-Säilöntä Oy, was sold to Kemira Chemicals Ltd. The latter company also took over Suomen Rehu's silage preservatives business in Finland.



CULTOR FOOD SCIENCE

*Cultor Food Science (CFS)
was created in January 1996 through the combination of Pfizer Inc.'s
Food Science Group with Cultor's Xyrofin and Flavoring Divisions. CFS comprised four divisions
and one business unit in 1996: Xyrofin, Flavor, Protectants,
Fine Ingredients, and Specialty Fats.*





Håkan Laurén

SUCCESSFUL CONSOLIDATION

Establishing a new structure for integrated operations following the successful creation of Cultor Food Science was a key goal during 1996. The new organization included a plan to consolidate corporate functions, R&D, technical service, and North American sales and marketing in a new Customer and Technology Center located in Ardsley, New York. This move is designed to enhance strategic focus and customer service and is expected to be completed by July 1997. Operations have similarly been restructured and combined in Europe, Asia, and South America. New support systems have been developed and will be introduced in 1997.

Product portfolio evaluation was also high on the agenda in 1996, and resulted in the divestment of non-strategic businesses. Itaconic acid, an industrial chemical formerly managed by the Fine Ingredients Division, was sold to Cargill, Inc. The dairy line was sold to Royal Gist-Brocades N.V., and will mean the closure of the Milwaukee, Wisconsin facility by the end of the first quarter of 1997. Given CFS' clearly defined focus on specific food industry needs, some additional product divestments can be expected in the future.

Following completion of the integration process in 1997, including the transfer of the remainder of the products in the Fine Ingredients portfolio to the Protectants Division, CFS will comprise three divisions - Xyrofin, Flavor, and Protectants - together with Business Development, which will include the Specialty Fats Business Unit and Emerging Markets.

CFS recorded net sales of FIM 2,035 million during 1996; the businesses acquired from Pfizer

KEY FIGURES

	1996	1995
Net sales, FIM million	2 035	641
- Exports and international operations	1 967	569
Operating profit, FIM million	167	96
RONA, %	9.4	23.1
Investments, FIM million	1 363	52
Personnel on average	915	418

NET SALES

Division, FIM million	1996	1995
Xyrofin	948	581
Flavor	408	55
Protectants	333	-
Fine Ingredients	333	-
Other	35	15
Internal invoicing	-22	-10
Total	2 035	641

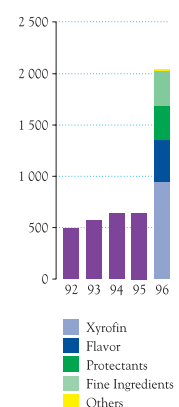
INVESTMENTS AND PERSONNEL

Division, FIM million	1996	1995	1996 personnel
Xyrofin	249	45	432
Flavor	5	5	244
Protectants	-	-	76
Fine Ingredients	-	-	29
Others	1 109	2	134
Total	1 363	52	915

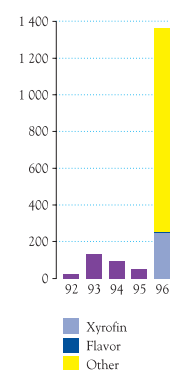
NET SALES BY MARKET AREA

Market areas, FIM million	1996	1995
Finland	68	72
EU	753	384
North America	819	49
Other countries	395	136
Total	2 035	641

NET SALES, FIM MILLION

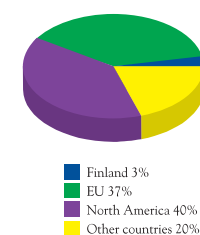


INVESTMENTS, FIM MILLION



(* "Other" includes Food Science acquisition costs in 1996.

NET SALES BY MARKET AREA, FIM MILLION



accounted for FIM 1,296 million (11 months) of this total. Sales developed according to expectations, with stronger performance towards the end of the year. Operating profit totalled FIM 167 million (1995: FIM 96 million). One-off costs associated with the acquisition amounted to FIM 28 million. The acquired businesses made a positive net contribution to the Group's result.

OUTLOOK FOR THE FUTURE

Now that the groundwork for future growth and value creation has been laid and the product line rationalized, CFS expects to strengthen its market position through organic growth and acquisitions and capacity increases in the years ahead. Steadily increasing demand for the ingredients CFS markets and manufactures is expected to continue in the global food industry.

In the near term, CFS intends making some important changes in key technical support facilities. The enlarged customer and application service centre at Redhill in Britain, the new facilities in Ardsley, New York and the pilot plant at Kantvik, Finland, together with other Cultor units, will all support the development of new products.

Various new products will be launched in 1997. Among these will be a new addition to the Benefat™ reduced-calorie fat family and a new version of Litesse®, Litesse III. CFS also expects to launch its first natural antioxidant.

Investments in xylitol and lactitol capacity are already under way to match the growth in demand for CFS' specialty sweetener products. A new xylose plant in Lenzing, Austria will come on stream, delivering raw material for xylitol production at our Kotka plant, around mid-1997. An increase in lactitol capacity is targeted for completion by the latter part of 1998, while plans for a Xylitol 2000 plant are currently in development. The capacity of the US Litesse plant has been enhanced to allow production to meet higher future market demand. CFS also now has increased production capability for flavour and brewery products.

Cultor Food Science's unique experience in areas such as monomer and polymer synthesis and its strong background in biotechnology and separation and crystallization techniques will become even more valuable in the future. This

strong technology base will enable CFS to grow by helping customers stay at the forefront of food innovation worldwide.

XYROFIN

The specialty polyols markets developed positively during 1996. Despite growing competition, Xyrofin was able to maintain or expand market share in all its core product categories. By developing additional capacity for existing products and introducing new grades and products, Xyrofin will be able to continue to increase its market share.

Although Xyrofin's performance in 1996 was held back by shortages of key raw materials for xylitol production, particularly during the first part of the year, net sales substantially exceeded 1995 levels. The shortages experienced in 1996 are not expected to be repeated following the development of a number of alternative suppliers and the start-up of the new xylose plant in Austria, thereby enabling stronger performance in 1997. After finalization of lactitol investments, Xyrofin's FIM 500 million investment plan announced in 1994 will have been completed.

Sales prospects in 1997 continue to look bright due to the expected launch of new consumer products in the oral hygiene sector, increased sales in Asia, and continued strong growth in established sugar-free confectionery markets in Europe.

After achieving exceptional growth in 1995, the Litesse family of one-calorie-per-gram bulking agents performed below 1995 levels. Growth was nevertheless achieved in a number of key markets and new consumer products continue to be developed and launched worldwide.

1996 was a successful year for the fructose business, with increased sales of specialty grades to higher value-added applications. This trend is expected to continue in 1997 with the installation of new, flexible production capacity at Kotka, Finland.

Product launches around the world in combination with Litesse® resulted in significantly increased demand for lactitol. Many opportunities exist for new lite products formulated using a combination of more than one CFS ingredient. Regulatory changes in the US resulted in lactitol and a number of other polyols becoming available to customers for the first time. A number of



new lactitol grades targeted at specific food and pharmaceutical market niches were launched during 1996, and these are expected to begin to yield sales in 1997.

The various new product introductions involving Litesse scheduled for 1997, together with Xyrofin's range of polyol products, will generate additional business in 1997. Major cost-saving initiatives implemented during 1996 will have a positive effect on 1997 performance, helping to create a strong low-cost platform.

FLAVOR

Favourable progress was achieved in terms of both market development and sales during 1996. Profitability improved as a result of product mix adjustments and a cost-reduction programme.

The Flavor Division continued to invest in new flavour technologies and flavour systems, and pursue efforts aimed at expanding its geographical presence and customer penetration in key beverage and food markets. The FTC Business Unit saw growth not only in its core market of flavoured specialty coffees, but also in associated segments of the hot beverage category, such as cocoas and flavoured teas. Favourable trends in these areas are expected to allow for sales growth into new markets in Japan and Western Europe.

Although sales in its key applications were adversely affected by an unusually cool summer in Europe, Flavoring AB recorded important progress in the development of carbonated soft drink flavour systems, and secured entry into new markets such as Russia.

Sales of novel natural extract products derived from specialty hops that enhance the taste profile and stability of beer developed positively. Most major breweries around the world now use products manufactured by CFS. The proliferation of new brand launches by major breweries, combined with the increased penetration of branded products in growing economies such as Latin America and China, continue to fuel demand for innovative, value-added ingredients.

Major initiatives were taken during the year to broaden the Veltol® flavour enhancer product line and applications, including the launch of a third-generation product with multiple applications, Veltol-Ultra®.

CAL's traditional natural products experienced a decline in sales, due to industry consolidation and lower demand, particularly in key European markets. The addition of various new innovations to the company's product portfolio, and the stronger profile this has given, will nevertheless help CAL secure its position as an important supplier in the future.

During 1997, the Division intends focusing on novel flavour developments linked to CFS' functional food ingredients.

PROTECTANTS

Despite a fall in overall sales, Protectants made significant progress in 1996 in its strategy of focusing on the development and marketing of specialty food preservatives. New markets and applications contributed to improved sales of erythorbates, a range of antioxidants that slow discolouration in meat, fruit, and vegetables. CFS maintained its leading market share in the sodium erythorbates markets, although sales were adversely affected by strong competition.

Strong growth of Natamax®, a preservative primarily utilized by the cheese industry, boosted sales. The division has been successful in continuing to enhance applications and market development for Natamax, and is working on product line extensions and emerging markets as a means to future growth.

The division's strong R&D effort is expected to result in the introduction of CFS' first natural antioxidant during 1997. The increasing importance of food safety requirements, together with the rapidly expanding level of food processing in many developing countries, is expected to result in increased demand for protectants.

SPECIALTY FATS

Cultor Food Science formally launched Benefat™, a family of salatri-m-based reduced-calorie fats, in the US and Japan, to a very positive response from the trade. As of the end of 1996, a total of 15 consumer products had been launched and additional products are ready for introduction in early 1997. A versatile ingredient that can be used in a wide variety of food applications, Benefat™ can look forward to a promising future.



CULTOR FEED INGREDIENTS

*Cultor Feed Ingredients
consists of Finnfeeds International, the world's
leading supplier and developer of feed enzymes; Finnsugar Bioproducts,
the market leader in betaine; and Pacific Protein,
a fish meal and fish oils producer
based in Chile.*





Richard Cooper

STRONG PERFORMANCE

Cultor Feed Ingredients' net sales totalled FIM 370 million in 1996, an increase of 8.5% over 1995. Combined sales at Finnfeeds and Finnsugar Bioproducts grew by more than 20%; although sales at Pacific Protein were well down on 1995. Operating profit reached FIM 58 million, up 26% over 1995, a good result given the substantial technology investments made during the year and the raw material supply problems experienced by Pacific Protein.

FEED INGREDIENTS

The underlying trends for feed production and feed ingredient usage are positive. The continuing growth in the world's population, increased urbanization, and the rising standard of living in the developing world are expected to increase the demand for meat, fish, and dairy products derived from intensively farmed livestock.

A strong trend towards more natural and ethical forms of animal production is evident in developed countries, exemplified by growing consumer concern over the general well-being of animals in the food production chain. Improving feed utilization continues to be a priority for animal producers as a means of offsetting increases in feed raw material prices and reducing environmental impact.

Cultor Feed Ingredients is well-positioned to benefit from these demands for increased food production and improved animal welfare, and the opportunities they have created for biotechnology-derived feed ingredients that improve the economics of animal production and the health

KEY FIGURES

	1996	1995
Net sales, FIM million	370	341
- Exports and international operations	368	339
Operating profit, FIM million	58	46
RONA, %	24.8	24.2

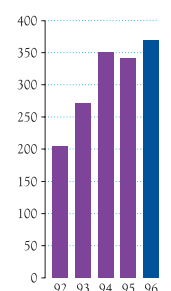
INVESTMENTS AND PERSONNEL

	1996	1995
Investments, FIM million	35	44
Personnel on average	350	324

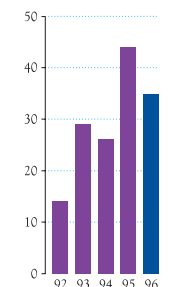
NET SALES BY MARKET AREA

Market area, FIM million	1996	1995
Finland	2	2
EU	118	118
North America	36	10
Other countries	214	211
Total	370	341

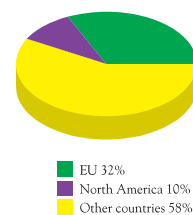
NET SALES, FIM MILLION



INVESTMENTS, FIM MILLION



NET SALES BY MARKET AREA, FIM MILLION



and welfare of livestock. Cultor's long involvement at the forefront of biotechnology development, combined with our strong understanding of animal nutrition, represents a unique combination of know-how. Cultor's pioneering development of feed enzymes is a good example of this capability, and Finnfeeds International continues to be the world's market leader in this segment. The Group's patented separation technology and animal nutrition know-how have also led to the successful development of new feed applications for betaine by Finnsugar Bioproducts.



OUTLOOK FOR THE FUTURE

It is estimated that less than 5% of global feed production is supplemented with either feed enzymes or betaine, which translates into substantial opportunities for market growth from new applications and new markets. Feed enzymes and betaine are seen by many in the industry as representing two of the most important animal nutrition innovations of the decade. With its leadership position in both these segments, Cultor is thus well-placed to exploit this exciting opportunity.

FINNFEEDS INTERNATIONAL

Finnfeeds is the sales and technology market leader in feed enzymes, a market that today totals over USD 100 million a year globally, up from less than USD 5 million in 1990. Strong growth is expected to continue in the foreseeable future.

Feed enzymes are natural products designed to improve the digestibility of feed raw materials, thereby increasing the availability of feed nutrients to animals. They are now routinely added to many wheat and barley-based diets, particularly in the poultry sector.

Wheat and barley-based feeds account for some 17% of global production, while feeds based on corn (maize) account for 60%. Wheat and barley-based diets are common in temperate

areas where these grains are the main ones produced, such as Europe and Australia. Elsewhere, wheat and barley were generally uncompetitive during 1996, with the exception of a short 'wheat window' in the United States in the early autumn which yielded significant feed enzyme sales.

During 1996, Finnfeeds test-marketed a unique product developed for corn-based poultry diets, with the potential to open up a completely new and much larger market segment for feed enzymes. A novel product specifically for pig diets based on wheat and wheat by-products was also launched. Wide acceptance of these product concepts by the feed industry is expected to considerably increase Finnfeeds' market potential.

Customer reach was significantly extended during 1996. An office was set up and staffed in St Louis to serve the large North American market. Offices were also opened in St Petersburg to serve the former Soviet Union; in Hong Kong to serve China; and in France. Further personnel were added to the sales teams in Singapore, the Netherlands, and Spain to enhance customer service. The ISO 9001 quality system was extended to cover this expansion.

Finnfeeds continues to work closely and successfully with Genencor International in the area of enzyme supply and development. A number of joint Finnfeeds / Genencor research projects are under way to develop new and more efficient enzymes for feed use. An investment project to increase the capacity of Finnfeeds' production plant at Vaasa in Finland will be completed during spring 1997.

With continuing competition in the feed enzymes market, the ability to secure a leading technology base, develop new enzymes, gain regulatory approval for innovative products, and demonstrate clear cost benefits to the end-user will be key to Finnfeeds' future success.

FINNSUGAR BIOPRODUCTS

Finnsugar Bioproducts (FSB) is the world's largest supplier of betaine, producing natural betaine from mainly sugar beet molasses using Cultor's patented separation technology. Betaine is a molecule present in many living organisms. In plants, it is one of the important osmolytes metabolized to help plants survive hard conditions, such as drought or frost; while in animals and humans betaine has a role in methylation reduction and acts as an osmotic regulator.

Sales growth in the US, where a liquid form of the Betafin® product has been introduced, was particularly good in 1996. Betaine is also, to a great extent, used in feeds for poultry and pigs, both for its impact on the growth and health of animals as well as for its function as a methyl donor. Chicken feed producers are now the largest market segment.

Expanded use for betaine

The first major betaine application specific to the osmotic function in animal nutrition was the addition of betaine to feeds for farmed salmon used when they are transferred from fresh to salt water (Finnstim®). Encouraging results have been obtained using betaine as a foliar fertilizer to improve yields in farming high-value crops in drought conditions. Extensive research is being carried out on plants such as tomatoes and cotton. Marketing of Greenstim® has started in selected markets. Betaine is also used in smaller volumes in the pharmaceutical, cosmetic, fermentation, and techno-chemical industries.

FSB's operations in the US have been strengthened through the addition of personnel in marketing, technical service, and raw material sourcing. The production unit at Naantali, Finland has carried out debottlenecking to increase capacity, and has introduced more efficient energy usage.

Betaine's success in the marketplace has led to increased competition. Communicating the benefits of betaine to the feed industry, and remaining the cost-leader, will be central to

FSB's continuing success. FSB's intellectual property rights, both in production technology and applications, will also be a significant element in our future success.

PACIFIC PROTEIN

Pacific Protein is a producer of high-quality fish meal based in Chile. The majority of output is used in aquaculture in Asia. Increasing aquaculture demand, combined with the high prices of competing sources of protein, led to high prices for fish meal during 1996. Sales were lower than in 1995, however, due to a fire at Pacific Protein's unloading facility in December 1995, which forced a two-month halt in production. This loss was mostly covered by insurance. Fishing in the early part of the year was good, but below average in the latter part of the year.

The company's plant was modernized during the normal maintenance shutdown between December 1995 and January 1996. Work included the installation of new equipment designed to maximize production of high-quality Prime and Super Prime fish meals. Two new modern fishing vessels were ordered with our Norwegian fishing partners; one of these was delivered in January 1997 and the other is expected in August 1997. These vessels will fish exclusively for Pacific Protein on long-term contracts, and they mark the conclusion of a five-year operations modernization and upgrading project.



CULTOR BAKING

Cultor Baking consists of Vaasa Bakeries and Vaasamills. The Vaasa Bakeries Division comprises Vaasa Bakeries Ltd. in Finland, and AS Leibur in Estonia and A/S Hanzas Maiznica in Latvia. The Vaasamills Division, the world's third-largest crispbread producer, consists of Vaasamills Ltd. and Siljans Knäcke AB.





Juha Järvinen

Juha Järvinen

IMPROVED PERFORMANCE CONTINUES

Cultor Baking's favourable development continued in 1996, with a 19% increase in net sales and a considerable improvement in operating profit. The main factors contributing to this were improved efficiency at Vaasamills and the consolidation of the fresh bakery operations of Hanzas Maiznica and Elanto. Organic growth continued in Cultor Baking's main markets, and our market position remained strong.

OUTLOOK FOR THE FUTURE

Cultor Baking's main focus is on the markets around the Baltic Rim. In addition to strengthening our position in Finland, we have succeeded in building a healthy position in fresh bakery products on the new markets of the Baltic countries, transferring baking and marketing know-how from Finland. Our experience and understanding of this environment is growing rapidly, and we have been able to benefit from direct contacts with end-customers in the region. This will enhance our potential for further growth and added value through expansion into new product areas or markets.

We will use the investments we have made in frozen dough technology and capacity for expansion into new product areas in Finland and elsewhere. Our operation is also well-positioned to meet the rapidly growing demand for fresh-baked products sold outside traditional retail channels.

KEY FIGURES

	1996	1995
Net sales, FIM million	994	835
- Exports and international operations	190	120
Operating profit, FIM million	80	62
RONA, %	18.8	14.5
Investments, FIM million	92	61
Personnel on average	3 077	2225

NET SALES

Division, FIM million	1996	1995
Vaasa Bakeries	832	666
Vaasamills	162	169
Total	994	835

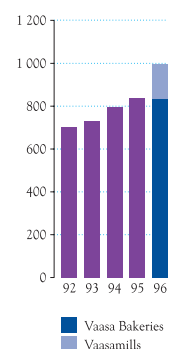
INVESTMENTS AND PERSONNEL

Division, FIM million	1996	1995	1996 personnel
Vaasa Bakeries	89	36	2 853
Vaasamills	3	25	224
Total	92	61	3 077

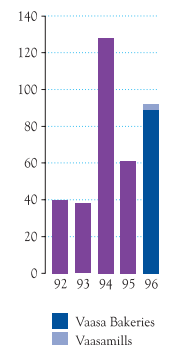
NET SALES BY MARKET AREA

Market area, FIM million	1996	1995
Finland	804	715
EU	47	47
Other countries	143	73
Total	994	835

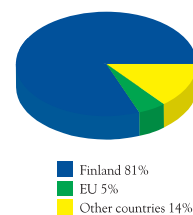
NET SALES, FIM MILLION



INVESTMENTS, FIM MILLION



NET SALES BY MARKET AREA, FIM MILLION



Our growth in crispbread will come mainly from international markets. Major actions were taken in 1996 to improve our long-term position in the two main markets of Sweden and Germany. Strong branding under the Vaasan umbrella remains important in Finland; elsewhere, the focus will be on Finn Crisp® and Siljans® to an increasing extent. We recognize that our marketing mix on the very competitive international market will need to be more closely tailored to the needs of specific local conditions.

Within this framework, we are developing new concepts and approaches based on the proven nutritional and health benefits of rye-based breads, designed to appeal to consumers worldwide keen to include a tasty fibre-rich bread in their daily diet.

VAASA BAKERIES

The demand for bakery products in Finland continued to grow in all product groups during 1996. The increase of 3 - 4% was mainly due to falling prices and the expansion of in-store baking, both of which made bakery products more attractive to consumers. Further concentration of the retail trade and the increasing number of in-store bakery units increased competition between local bakeries.

The bakery markets in the Baltic countries are an important area for Cultor Baking. Demand in Estonia has declined as bread has become more expensive relatively speaking, whereas volume development in Latvia has been more positive. We expect that more stable raw material prices will keep prices and demand at a satisfactory level in these important markets.

Increased market share in Finland

Vaasa Bakeries' local bakery chain strengthened its position in Finland during 1996, increasing its retail market share to 30%. While a strong market position was maintained in most areas, this improvement took place mainly in the Greater Helsinki area, where the acquisition of Elanto's bakery business in January had a substantial impact. Following the take-over, the focus has been on enhancing cooperation with the Karin Nyberg Bakery, also based in Greater Helsinki. The number of local bakeries rose to 24 as a consequence of the acquisition.



Following the start of production of kernel bread (Vaasan Täyshyvät) and Swiss rolls at the new Iso-Pakari bakery in Kotka at the end of 1995, the role of products sourced from a single, central location has increased.

Vaasa Bakeries successfully consolidated its market position in Finland and maintained good profitability. The success of Vaasan® brand products, various development projects, and internal efficiency improvement actions all contributed to better profitability. The largest development projects during 1996 were the establishment of benchmarking functions, quality development, and measures designed to improve the taste and freshness of products.

The construction of the new Jokipakari bakery represented an important step forward. Production of Vaasa Bakeries' organic products will be largely concentrated at this new facility. Other investments were focused on enhancing production capabilities.

Frozen dough baking on the increase

Growth in frozen dough baking has been strong, and expansion is expected to continue over the next few years. Vaasa Bakeries makes widespread use of centrally produced frozen dough products in its coffee bread baking, for example. The popularity of in-store baking enhances the fresh image of bakery products and contributes to increased consumption of frozen dough products and bakery products in general. Vaasa Bakeries currently operates almost 100 in-store baking units in retail outlets across the country.

Due to the expansion of frozen dough products, Vaasa Bakeries' investments were focused on adding new production capacity. Exports of frozen dough products to Sweden was also started. Future growth opportunities in exports look promising.

Progress in Estonia and Latvia

Cultor has owned a majority holding in Estonian-based AS Leibur since the end of 1993. Close cooperation with Vaasa Bakeries has yielded numerous tangible benefits over this period, in areas such as production, product development, and marketing; maintaining Leibur's strong heritage as a traditional Estonian baker has nevertheless been a priority.

Leibur aims to further increase efficiency by concentrating production at one site in Tallinn. The company's sales effort will increasingly shift to promoting products outside the Tallinn region where Leibur has good growth potential. Sales in these areas have been encouraging, and we expect to maintain a healthy sales level in the developing Estonian bakery market.

Cultor increased its voting rights in the Latvian bakery, A/S Hanzas Maiznica, from 48% to 51%, thereby consolidating the company into the Cultor Group, at the beginning of July. The Hanzas Maiznica group comprises three bakeries in Riga, and one bakery and a mill and feed plant in Rezekne.

The company recorded slightly increased volume during 1996, thereby further consolidating its position as the country's leading baker. Contract farming was successfully started, and this will guarantee sufficient supplies of wheat at stable prices during 1997. Hanzas Maiznica further developed its production structure during 1996, and development of both production and the company's organization will continue. A nationwide sales organization was established in 1996. Investments in improved production efficiency and new products tailored to local tastes will contribute to continued growth and increased profitability.

V A A S A M I L L S

Overall demand for crispbread in Vaasamills' main markets remained static, with the exception of Finland, where demand rose by some 2%. Despite increased competition, Vaasamills succeeded in maintaining its strong position in Finland. The Swedish and German markets continued to decline, however. In Sweden, Vaasamills strengthened its Siljans brand through the launch of a new packaging design and concept; while in Germany efforts were made to expand our retail presence and a new distributor agreement was signed with Brandt GmbH, the leading manufacturer of zwieback-type rusks.

Net sales decreased slightly in 1996 compared to 1995. Profitability improved significantly, however, thanks to the successful implementation of the division's rationalization programme, which resulted in clear cost savings and improved working methods.

Vaasamills aims to be the clear market leader in Finland into the future. Through an increased focus on the Vaasan brand, supported by the introduction of new line extension products in the Vaasan crispbread family, we are committed to developing the crispbread market and meeting changing consumer demand, both in terms of variety and by emphasizing the 'healthy living' aspect of crispbread products. Continuous improvements in productivity and cost efficiency at the Kotka plant will be of vital importance to meet pressures on margins.

Although our volume has grown in Sweden, further efforts will be needed to improve Siljans' profitability. A rationalization programme was introduced in 1996, and we expect this to contribute to an improved result in 1997. Measures to enhance the Siljans brand on the Swedish market will continue. This, together with a new distributor, Adaco AB, Sweden's largest, should make the brand more attractive to both the Swedish trade and Swedish consumers.

Our partnership with Brandt GmbH in Germany is expected to increase Vaasamills' sales volume and market share significantly. Brandt's 'Runde Bertha' product family will be extended with Finn Crisp® products. A strong focus will also be placed on the own label business, which is developing well. An agreement was signed with Tesco, the leading UK retailer, for an own label launch in January 1997.

Managing the value chain

The entire value chain from the raw material supplier to the end-customer is important to Vaasamills. Contract farming was started in 1995 and expanded during 1996, and in 1997 our 'Runde Bertha' product family in Germany will be sold as 'Getreide aus kontrolliertem Anbau'. This will highlight the controlled growing conditions affecting the grain used in our products, and will act as a certificate to our customers of the origin of the raw materials, optimal use of fertilizers, etc.

We plan to introduce an ISO 14001 environmental system during 1997 based on the ISO 9001 quality system certified by Lloyds at Vaasamills in 1995, which was the first such certificate to be awarded to a crispbread manufacturer worldwide.



CULTOR NUTRITION

*Cultor Nutrition
comprised four divisions in 1996:
Finnsugar, Ewos, Suomen Rehu, and Svenska Foder.
Cultor's holding in Svenska Foder
was sold in November.*





Tom Weyman
Tom Weyman

A DIFFICULT YEAR

The year proved more difficult than originally expected. All the divisions in the sector suffered from substantial increases in raw material prices, particularly during the first half of the year. Corresponding price increases in Cultor products, combined with aggressive cost-cutting programmes, gradually brought operations back to normal, however, and the sector turned in a better second-half result than during the equivalent period in 1995.

Net sales of Suomen Rehu remained at 1995 levels, while those of Finnsugar, Ewos, and Svenska Foder increased. Finnsugar sales were helped by exports, and Ewos benefited from positive developments among its customers in the salmon farming industry in Chile and North America. Earnings at Ewos and Svenska Foder reached 1995 levels, but those at Suomen Rehu fell short of 1995 performance, because of raw material problems during the first half. Finnsugar earnings continued to decline, as anticipated.

OUTLOOK FOR THE FUTURE

No change is expected in Cultor Nutrition's short-term prospects. Volume at Finnsugar and Suomen Rehu is projected to remain at current levels. The outlook for Ewos is more encouraging, however, in the light of firmer salmon prices in the last quarter of 1996. Actions taken to stabilize prices and reduce costs have improved the earnings potential of the entire sector.

KEY FIGURES

	1996	1995
Net sales, FIM million	4 615	4 155
- Exports and international operations	2 421	1 955
Operating profit, FIM million	288	380
RONA, %	13.8	18.9
Investments, FIM million	150	265
Personnel on average	1 983	2 082

NET SALES

Division, FIM million	1996	1995
Finnsugar	1 339	1 237
Ewos	1 370	1 080
Suomen Rehu	1 123	1 150
Svenska Foder	858	764
Internal invoicing	-75	-76
Total	4 615	4 155

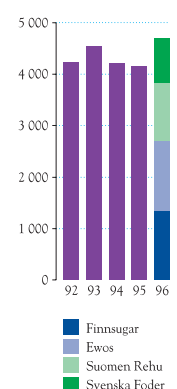
INVESTMENTS AND PERSONNEL

Division, FIM million	1996	1995	1996 personnel
Finnsugar	21	59	702
Ewos	84	169	570
Suomen Rehu	34	21	460
Svenska Foder	11	16	251
Total	150	265	1 983

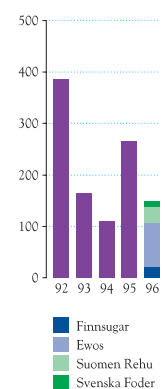
NET SALES BY MARKET AREA

Market area, FIM million	1996	1995
Finland	2 194	2 200
EU	1 282	1 160
North America	182	137
Other countries	957	658
Total	4 615	4 155

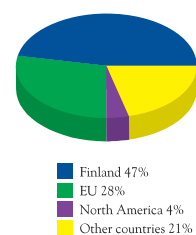
NET SALES,
FIM MILLION



INVESTMENTS,
FIM MILLION



NET SALES
BY MARKET AREA,
FIM MILLION



FINNSUGAR

1996 was the first year when Finnsugar operated fully under the terms of the EU Sugar Regime. Finnish quotas in 1996 totalled 146,776 tonnes of white sugar and 11,930 tonnes of isoglucose. In addition, Finland imports 60,000 tonnes of raw cane sugar annually. The impact of the regime has been as forecasted.

The structure of the Finnish sugar market has changed dramatically since Finland joined the EU. The drop in exports of products containing sugar has led to a 20% contraction in the domestic market compared with 1993 and 1994 volumes. The domestic sugar market grew by 4.3 % in 1996 compared to 1995, but was still clearly below 1994 volumes. This was also the main reason for the increased levels of sugar exports in 1996; exports accounted for 20% of output (1995: 12%).

Net sales were higher than in 1995; operating profit was nevertheless lower. The devaluation of the Finnish markka against the green ECU, used in sugar beet pricing, caused an increase in raw material costs. Foreign competition and currency fluctuations did not allow for corrective increases in sugar prices.

The 1996 sugar beet crop had a high sugar content, but was poor in terms of volume, at 895.7 million kilos (1995: 1,109.9 million kilos). Adding in the subsidy component, the 1996 unit price for sugar beet was considerably higher than in 1995. Because of the weak crop, however, farmers' total sugar beet income was clearly lower than in 1995.

Prices of starch-based products decreased, despite increases in raw material costs (maize, wheat, and barley). Imports of glucose and glucose syrups grew by 46% over 1995, and accounted for 24% of the market in 1996 (1995: 20%). In November, Finnsugar and Cerestar Scandinavia A/S signed a letter of intent to establish a joint sales company to market syrups and dextrose in Finland and North-West Russia.

The current Sugar Regime extends until 2001. It is possible under the GATT agreement, however, that both the quotas and level of funds allocated for exports of Non-Annex II products will be reduced before 2001. If this happens, a large amount of sugar will be redirected from subsidized exports to the internal EU market.



Over the short term, Cultor expects the domestic demand for sugar and sweeteners to grow slowly. Starch-based glucose syrups will gain some market share as a result of the price advantage created for grain-based sweeteners by the Common Agricultural Policy. This development will reduce costs for our customers and create new R & D opportunities.

Finnsugar is aiming to improve its logistics systems and enhance supplier-customer communications. Work on quality projects continued during 1996, building on existing ISO 9002 certifications. The division will achieve a level equivalent to ISO 14001 on the environmental side during the course of 1997. Evaluation work on alternative competitive sugar production structures in Finland is expected to be completed during spring 1997.

EWOS

Ewos performed satisfactorily during 1996. Feed quotas were introduced in Norway in an attempt to prevent further deterioration in the level of European salmon prices resulting from the imbalance between supply and demand that built up during 1994 and 1995. This lack of growth in Norway, the largest single market, was partially offset by increases in production in other countries, such as Chile. Net growth totalled some 10%, about half that of the previous two years.

Feed margins continued to fall as raw material price increases at the end of 1995 and into 1996 filtered through. Larger salmon production units were formed as the industry continued to restructure. Against this background, Ewos recorded an operating profit equal to that achieved in 1995.

A technology leader

Ewos continues to be at the forefront of technological development. To take advantage of the latest technological developments, we have made major investments at all our production plants. Phase two of the investment programme at the Technology Centre in Scotland was completed. The test farm facility in Norway was

also extended and modernized. Research centre staff is now up to full strength.

The Vextra® Delta range of high-energy salmon diets and the Lepsidon® sea lice treatment product were successfully introduced in 1996.

In August, Ewos announced its intention to sell its fish feed businesses in Denmark and Sweden as part of a continued concentration on the major salmon farming countries. The stabilization of salmon prices in the last quarter of the year allowed feeding quotas to be increased in Norway, and underpinned strong continued development in the Chilean market. The outlook for volume growth in 1997 is therefore a little better than 1996. Raw material prices have stabilized, but the pressure on margins is likely to continue through this period of relatively low salmon prices and industry restructuring. Ewos nevertheless expects improved profits in 1997, thanks to increasing volumes, effective 'Supply Chain Management', and the introduction of new technology.

SUOMEN REHU

Domestic demand for industrial feed in Finland during 1996 totalled some 1,095 million kilos, equivalent to a decrease of 2% compared to 1995. Market share in Finland and the Baltic countries rose, however. Net sales declined slightly, by some 2.5%; the figures for 1995 and 1996 are not fully comparable, however, because the pesticide business was sold at the end of 1995.

Operating profit was down on 1995, primarily because of high raw material prices which could not be fully passed on to feed prices. Profitability nevertheless improved during the latter part of the year. The steady pattern of price increases particularly affected the demand for complete cattle feeds, and caused an increase in home-mixing. Debate about milk quota cuts also resulted in confusion among milk producers.

Teknosan AB in Sweden reached its targets. Ewos Polfarm in Poland, however, was hampered by a fall in pork production and an accompanying drop in demand for industrial premixes. As a result, the company failed to reach its growth targets; volumes were nevertheless higher than in 1995.

New products, new solutions

A number of new products and feeding solutions designed to improve customers' competitiveness were developed during 1996. The most important innovation was a data-based planning programme designed to develop farm feeding methods for cattle. The 'Chickment' quality programme for broiler production was also introduced in cooperation with slaughterhouses and farms. Patents were applied for using whole-meal grain in poultry feed, the Punaheltta Omega™ feeding concept, and for the Ca Balans™ complete feed, which prevents milk fever among dairy cows.

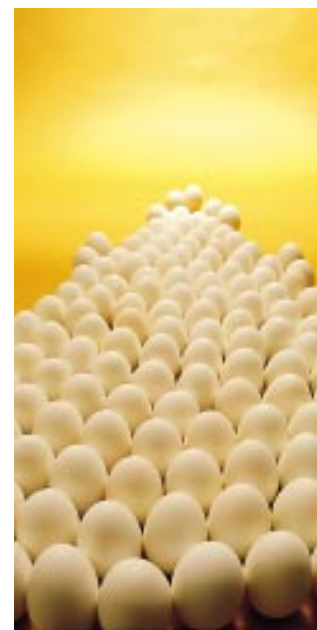
Suomen Rehu was the first feed company in the world to be granted an ISO 14001 environmental certificate; the new certificate builds on the quality work carried out since the granting of an ISO 9001 quality certificate in 1994.

Investments were focused on automation and new silos at the Turku plant, a liquid feed line at Vaasa, and the acquisition of Agrivit AS in Norway. Cultor's 50% holding in the silage preservatives producer and packager, SSV-Säilöntä Oy, was sold to Kemira Chemicals Ltd. at the end of the year. Kemira Chemicals also took over Suomen Rehu's silage preservatives business in Finland, while the business in Norway and Sweden was sold to Denofa AS in January 1997.

The demand for feed in the Nordic countries is expected to stay at present levels over the next few years, while that in the Baltic countries, Poland, and Russia is expected to increase. The profit outlook for the division, therefore, is expected to improve somewhat in the near future.

SVENSKA FODER

Svenska Foder's net sales exceeded those in 1995. Operating profit was also slightly up on 1995. Cultor signed a letter of intent covering the sale of its 54.3 % holding in Svenska Foder to the Danish company Korn- og Foderstof Kompagniet (KFK) on September 24. The sale, valued at FIM 106 million, was completed in November.



GENENCOR & CULTOR TECHNOLOGY



GENENCOR INTERNATIONAL

Genencor International, Inc. is a 50/50 joint venture between Cultor and Eastman Chemical Company, formed in 1990 through the merger of Cultor's enzyme business with Eastman Kodak's bio-products group. As of the beginning of 1995, Cultor has consolidated Genencor figures in its accounts using the proportional consolidation method.

Genencor is a specialist in industrial enzymes used in detergents and other cleaning products, textiles, pulp and paper, starch processing, and the food and feed industries; and holds more than 800 patents worldwide in the field. Genencor is a leader in protein engineering, expression/secretion technology, and enzyme-substrate interaction.

Headquartered in Rochester, New York, the company has manufacturing facilities in the United States, Belgium, Germany, Argentina, and Finland; and R & D operations in California and Holland. Sales offices are located worldwide, and a network of distributors operates in over 40 countries. The company employs some 1,300 people.

Number two globally

In the company's single most important transaction of the year, Genencor finalized its acquisition of Solvay S.A.'s industrial enzyme business in July, agreed under a letter of intent signed in November 1995. This move, together with the acquisition of the industrial enzyme business of Royal Gist-Brocades in 1995, has made Genencor the number-two industrial enzyme company worldwide.

Net sales in 1996 totalled USD 265 million. A delay in the original schedule of the Solvay acquisition resulting from regulatory approval requirements slowed expected sales development and the implementation of rationalization measures. It was not until the last four months of the year therefore that the positive benefits of the acquisition began to make themselves felt, and these benefits are expected to continue to feed through into 1997. Genencor's operating profit improved over 1995 and its net result was positive.

Work continued on the development of new enzyme applications, partly through in-house efforts and partly through the company's many customer alliances and specialized distributors. A new R & D facility, the California Technology Center, was opened at the Stanford Research Park in Palo Alto in June. This new state-of-the-art facility will considerably strengthen Genencor's capabilities.

Genencor continues to work closely and successfully with Finnfeeds International in the area of enzyme supply and development. A number of joint Finnfeeds / Genencor research projects are under way to develop new and more efficient enzymes for feed use. Cooperation with major chemicals companies is also important.

The Solvay and Royal Gist-Brocades acquisitions have considerably broadened Genencor's product lines, customer base, and global presence; and the company is now in the process of streamlining its portfolio to concentrate on its core enzyme business. As part of these moves, Genencor announced the sale of Snomax Technologies, the manufacturer and marketer of Snomax® Snow-Inducer, an ice nucleating protein, to York International Corporation in December 1996.

CULTOR TECHNOLOGY

Technology is a key asset for Cultor, and the Group has produced a steady flow of innovative R & D work resulting in commercialized technologies and new businesses since the mid-1960s. Depending on its role as a core, auxiliary, or support resource, technology is used in a variety of ways by the Group's different businesses to add value to their customer offerings. For some sectors, such as Cultor Food Science and Cultor Feed Ingredients, technology plays a central role throughout the value chain, from R & D through manufacturing to application service; while for some divisions technology work is more focused on areas such as production.

Cultor's Technology Network acts as a coordinating structure. The network is based on three-business specific corporate technology

centres operated by Cultor Food Science, Ewos, and Genencor International; a corporate resource, the Cultor Technology Center; and an external technology network. The latter draws on collaborative research carried out with universities and research institutes worldwide, and joint ventures and technology partnerships. Promoting corporate-wide synergies and the transfer of expertise across the Group is a high priority.

Cultor Technology Center

Research activities at the Cultor Technology Center (CTC) are focused on the industrial utilization of natural raw materials and processes, particularly related to feed science and nutrition. Specific areas of CTC expertise include micro-

biology, genetic techniques, animal digestive physiology, applications for enzymes and organic chemistry, and biotechnical processes.

CTC develops biotechnology-based products and processes in cooperation with Cultor's businesses, which

have ultimate responsibility for their R & D work; and acts as their strategic R & D partner. Objectives and milestones for R & D project work are established jointly and are specifically designed to meet the needs of business unit customers.

In addition to direct business-related projects, CTC has recently developed a number of new techniques and methods. Examples of these include molecular methods for microbe identification, various fine chemicals, and new applications for immobilized live cell technologies.

Work during 1996 focused on studying the mode of action of Cultor's feed ingredients; developing production processes for new fine chemicals based on Cultor's own raw material sources; developing new enzyme products for Finnfeeds International; and starting up programmes to study biotechnical production methods for selected food and feed ingredients.



PRODUCTS AND BRANDS



FLAVOURS

Veltol®	A family of flavour enhancers used in soft drinks, confectionery, and dairy products
Tetrahop®, Redihop®, Aromahop®, Isohop®, Phico2-Hop®	Post-fermentation ingredients for malt beverages
Flavoring AB, FTC, CAL, Cultarom	Natural flavours and flavour enhancers for use in the food and seasoning industries

PROTECTANTS

Ascorbates, Erythorbates	Antioxidants used for soft drinks, fruit, vegetables, and industrial applications
Natamax®	A mould inhibitor
Everfresh®	Sulphite replacement for seafood use

Cultor Food Science produces and markets numerous other flavours, preservatives, and food ingredients.



SUGAR AND FAT REPLACEMENTS

Xylitol	A clean-tasting polyol widely used in confectionery
Litesse®	A family of one calorie-per-gram bulking agents
Fructose	A high-sweetness bulk sugar replacement for diabetic foods, lite products, and beverages
Lactitol	A reduced-calorie bulking agent used to replace sugar
Dairy-Lo®	An all-natural 'whey' for reducing fat while retaining taste
Benefat™	A family of salatrim-based, reduced-calorie fats



CRISPBREADS AND CRACKERBREADS

Vaasan®	Pieni Pyöreä, Maukas, Koulunäkki, Voima, Kunto, Maitonäkki, Pieni Ruutu, Neiti Vehnä, Velmu, Elonäkkäri, Rapeat
Ylhäisten	Crispbreads
Finn Crisp®	International brand for sour rye crackers and crispbreads
Siljans®	International crispbread brand

FRESH BAKERY PRODUCTS

Vaasan®	Ruispatat, Rouhepatat, Halkaistu Jälkiuunileipä, Revitty, Rukiinen, Iso, Iso-G, Iso-M, Jumpulat, Vimpulat, Jumbot, Täyshyvät, Paahdot
Hanna-Tädin™	Hanna-Tädin Pastries
Tosi products	Tosirukiinen, Tosikauranen, Tosiviljanen, Tosimuheva
MrMoon®	Fast food product family

Vaasa's local bakeries market a wide range of their own products, some under their own brands.

Leibur®	Madise, Talupoja, Viljaveski, Kirde sai, Annika Tort, Rukki-Ruudi, Täisteraleip, Rudolph-täisterakukkel
Hanzas	Batons a/l, Senču, Hanzas Saldskäbmaize, Lauces

SUGARS AND SYRUPS

Crystal sugar	Talous, Siro
Cube sugar	Sirkku, Pulmu, Black, White, Wrapped sugar cubes
Specialty sugars	Soft brown sugar, Jam sugar, Gelling sugar, Sugar-Cinnamon mixture, Pearl sugar, Icing sugar, Coloured pearl sugar, Brown crystal sugar
Syrups	Sugar syrup, Melli syrup dressing



ANIMAL AND FISH FEEDS

Kiri-Maikki®	Dairy cow feeds used as silage supplements
Krossi	Cereal-based feeds for intensive dairy use
Punaheltti®	Poultry feeds for efficient egg production
Pekoni®	Feed for intensive pork production
Nasu®	Pig fattener for healthy growth
Hertta-Minera muro™	Palatable granular mineral feed for cattle
Namino™	Pelleted mineral feed for cattle
Ca Balans™	Anti-milk fever feed
Xylitol vitamins	Liquid xylitol-based livestock vitamins produced by a patented method
Asetona®	Specialty energy supplement for dairy cows
Racing®	Full range of feeds suitable for horses of various types and ages
Vextra®	International salmon feed brand
Lepsidon®	Oral treatment for salmon lice



FEED INGREDIENTS

Avizyme®	Multi-enzyme products for improving the nutritional value of poultry diets
Porzyme®	Multi-enzyme products for improving the nutritional value of pig and piglet diets
Fiskemel®	High-quality fish meal
Heptex	Enzyme products for pre-treating animal feed and feed raw materials
Betafin®	Betaine products for animal feed applications
Finnstim®	Betaine and amino acid supplement for fish diets
Nutristim®	Betaine for fermentation processing
Greenstim™	Betaine for plant cultivation



GENENCOR INDUSTRIAL ENZYMES

Spezyme®, Maxazyme®	Enzymes for grain processing
IndiAge®, Primafast®	Enzymes for the textile industry
Purafect®, Maxacal®	Enzymes for the detergent industry
Laminex®, Multifect®	Enzymes for brewing
OxyGO®	Enzyme for the baking industry

Genencor also produces and markets other specialty enzymes for industrial use.

BOARD OF DIRECTORS



From left to right: Björn Mattsson, Pekka Rinne, Olivier Lippens, Ralf Lehtonen, Eero Utter (Chairman), Sakari Heikkilä, Jouko K. Leskinen, and Paul Lippens.

BOARD OF DIRECTORS,
APRIL 11, 1996 - APRIL 11, 1997

Eero Utter (*1933)

Chairman

Sakari Heikkilä (*1936)

Ralf Lehtonen (*1937)

Jouko K. Leskinen (*1943)

Olivier Lippens (*1953)

Paul Lippens (*1952)

Björn Mattsson (*1941)

Pekka Rinne (*1944)

AUDITORS

Tauno Haataja, Authorized Public Accountant

Deputy
SVH Coopers & Lybrand Oy,
Authorized Public Accountants

CORPORATE EXECUTIVE COMMITTEE



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

Tom Weymarn (*1944)
Executive Vice President

Chairman of Divisional Boards: Finnsugar,
Suomen Rehu, Ewos and Feed Ingredients
Value Process Responsibility: Competence



Richard Cooper (*1958)
President, Cultor Feed Ingredients
President of Finnfeeds International Ltd.

Filip Frankenhaeuser (*1951)
Chief Financial Officer

Value Process Responsibility: Shareholder Value



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

Juha Kurkinen (*1953)
Group General Counsel

Value Process Responsibility: Sustainable Development



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

Esko Lindstedt (*1943)

Vice President, International Trade Policy



Daniel Pardo (*1946)
(since November 1, 1996)
Senior Vice President, Technology



- Cultor Food Science
- Cultor Feed Ingredients
- Cultor Baking
- Cultor Nutrition
- Genencor International
- Headquarters

* Will move in summer 1997 to:
410 Saw Mill River Rd.
Ardsley, NY 10530
USA

CULTOR GROUP

President & CEO Björn Mattsson

CULTOR LTD.

Kyllikinportti 2
(P.O. Box 105, FIN-00241 Helsinki)
Finland
Tel. +358 9 134 411
Fax +358 9 1344 1211

Cultor Technology Center
FIN-02460 Kantvik
Finland
Tel. +358 9 297 481
Fax +358 9 298 2203

CULTOR FOOD SCIENCE

Håkan Laurén

Cultor Food Science Inc. *
205 East 42 Street
New York, NY 10017
USA
Tel. +1 212 573 1179
Fax +1 212 573 1166

Cultor Food Science R&D *
Eastern Point Road
Groton, CT 06340
USA
Tel. +1 860 441 8360
Fax +1 860 441 4289

FLAVOR DIVISION

Carlo Colesanti

Cultor Food Science Inc. *
Tel. +1 212 573 3998
Fax +1 212 808 8772

Cultor France S.A. / C.A.L.
27, Avenue Sainte-Lorette
(B.P. 94, F-06333 Grasse Cedex)
France
Tel. +33 9 242 3300
Fax +33 9 242 3320

Flavoring AB
Koppargatan 10
(Box 956, S-610 19 Norrköping)
Sweden
Tel. +46 11 196 700
Fax +46 11 112 947

Flavor Technology Corp.
20 Lake Drive and Flavor Lane
East Windsor, NJ 08520-5398
USA

Tel. +1 609 443 0600
Fax +1 609 443 0664

Cultor Food Science
844 Greenwood Road
Sidney, NE 69162
USA
Tel. +1 308 254 5533
Fax +1 308 254 5348

PROTECTANTS DIVISION
Richard Green

Cultor Food Science Inc. *
Tel. +1 212 573 5759
Fax +1 212 309 4864

XYROFIN DIVISION
Pekka Sorsa

Xyrofin (UK) Ltd.
41-51 Brighton Road
Redhill
Surrey RH1 6YS
Great Britain
Tel. +44 1 737 773 732
Fax +44 1 737 773 117

Xyrofin Oy
Kotka Plant
Sokeritehtaantie
(P.O. Box 213, FIN-48101 Kotka)
Finland
Tel. +358 5 220 3111
Fax +358 5 220 3235

Cultor Food Science
Thomson Plant
West 3 - Mile Road
(P.O. Box 488)
Thomson, IL 61285
USA
Tel. +1 815 259 3311
Fax +1 815 259 3153

Cultor Food Science
Vigo Plant
100 Pfizer Drive
Terre Haute, IN 47802
USA
Tel. +1 812 299 6700
Fax +1 812 299 9196

**Xyrofin Süßmittel
Produktion GesmbH**
Arnbrucker Strasse 1
(Postfach 16)
A-4860 Lenzing
Austria
Tel. +43 7672 928 930
Fax +43 7672 75 832

CULTOR FEED INGREDIENTS

Richard Cooper

Finnfeeds International Ltd.

(P.O. Box 777)
Marlborough
Wiltshire SN8 1XN
Great Britain
Tel. +44 1672 517 777
Fax +44 1672 517 778

Finnsugar Bioproducts

Kyllikinportti 2
(P.O. Box 105, FIN-00241
Helsinki)
Finland
Tel. +358 9 134 411
Fax +358 9 1344 1333

Naantali Factory

Satamakatu 2
FIN-21100 Naantali
Finland
Tel. +358 2 439 3300
Fax +358 2 439 3333

FFI Production Oy

Myllykatu 20
(P.O. Box 461, FIN-65101 Vaasa)
Finland
Tel. +358 6 212 3555
Fax +358 6 416 1500

Pacific Protein S.A.

Avenida Pedro Aguirre Cerda
s/n Sitio 7, Lo Rojas
(P.O. Box A-4)
Coronel
Chile
Tel. +56 41 71 1051
Fax +56 41 71 1549

Sales Offices

Finnfeeds International Pte Ltd.

(Singapore)

Finnfeeds International Inc.

(St Louis, USA)

Finnfeeds International Sucursal en España

(Madrid, Spain)

Finnfeeds International Ltd.

(St Petersburg, Russia)

FFI Netherlands

(Den Bosch, Holland)

Finnsugar Bioproducts Inc.

(Illinois, USA)

Finnsugar Bioproducts

(Kuala Lumpur, Malaysia)

Pacific Protein S.A.

(Santiago, Chile)

CULTOR BAKING

Juha Järvinen

VAASA BAKERIES DIVISION

Matti Lappalainen

Vaasa Bakeries Ltd.

Kyllikinportti 2
(P.O. Box 105, FIN-00241
Helsinki)

Finland

Tel. +358 9 134 418

Fax +358 9 1344 1611

Production

Iso-Heikkilä Bakery (Turku)

Ivalon Pakari Bakery (Ivalo)

Jokipakari Bakery (Liperi)

Joukon Leipä Bakery (Keminmaa)

Joutsenolainen Bakery (Joutseno)

Jussila Bakery (Tampere)

Karin Nyberg Bakery (Espoo)

Koillis-Leipä Bakery (Kemijärvi)

Kymen Pakari Bakery (Kouvola)

Lapin Pakari Bakery (Rovaniemi)

Leipori Bakery (Pori)

Linnaleipä Bakery (Savonlinna)

Majjala Bakery (Seinäjoki)

Meripakari/Iso-Pakari Bakery

(Kotka)

Mesileipä Bakery (Kokkola)

Nelo Bakery (Lahti)

Nylander Bakery (Hämeenlinna)

Oulun Pakari Bakery (Oulu)

Puijon Pakari Bakery (Kuopio)

Päijätapakari Bakery (Jyväskylä)

Riihipekka Bakery (Riihimäki)

Stadin Leipä Bakery (Helsinki)

Uskelan Leipä Bakery (Salo)

Vaasan Varras Bakery (Vaasa)

Joutsenolainen Oy Bakery

Frozen dough unit (Joutseno)

AS Leibur

Kadaka tee 76 A

EE-0026 Tallinn

Estonia

Tel. +372 6 504 777

Fax +372 6 504 707

A/S Hanzas Maiznica

Mukusalas iela 51

LV-1004 Riga

Latvia

Tel. +371 7 627 220

Fax +371 7 227 530

VAASAMILLS DIVISION

Karsten Slotte

Vaasamills Ltd.

Kyllikinportti 2

(P.O. Box 105, FIN-00241

Helsinki)

Finland

Tel. +358 9 134 411

Fax +358 9 1344 1366

Kotka Factory

Suursaarekatu

(P.O. Box 222, FIN-48101 Kotka)

Finland

Tel. +358 5 220 7111

Fax +358 5 220 7399

Siljans Knäcke AB

Stora Industriområdet

(Box 73, S-795 21 Rättvik)

Sweden

Tel. +46 248 510 75

Fax +46 248 129 41

CULTOR NUTRITION

Tom Weymarn

FINNSUGAR DIVISION

Matti Suokas

Finnsugar Ltd.

Sokeritehtaantie 20

FIN-02460 Kantvik

Finland

Tel. +358 9 297 484

Fax +358 9 297 4744

Sucros Ltd.

Salo Factory

Sokerikatu 1

FIN-24100 Salo

Finland

Tel. +358 2 77 421

Fax +358 2 774 2287

Turenki Factory

Harvialantie 13

(P.O. Box 4, FIN-14201 Turenki)

Finland

Tel. +358 3 68 511

Fax +358 3 685 1230

Säkylä Factory

(P.O. Box 210,

FIN-27821 Iso-Vimma)

Finland

Tel. +358 2 8397 4100

Fax +358 2 8397 4122

Porkkala Sugar Refinery Ltd.

Sokeritehtaantie 20

FIN-02460 Kantvik

Finland

Tel. +358 9 29 741

Fax +358 9 298 5262

Neson Ltd.

Jokioinen Factory

Myllytie 4

(P.O. Box 23,

FIN-31601 Jokioinen)

Finland

Tel. +358 3 41 891

Fax +358 3 438 3022

Sugar Beet Research Center

Korvenkyläntie 201

FIN-25170 Kotalato

Finland

Tel. +358 2 770 8200

Fax +358 2 770 8282

SUOMEN REHU DIVISION

Antero Nyssönen

Suomen Rehu Oy

Kyllikinportti 2

(P.O. Box 105,

FIN-00241 Helsinki)

Finland

Tel. +358 9 134 411

Fax +358 9 1344 1522

Kotka Factory and Sales Office
Suursaarenkatu 1
(P.O. Box 221, FIN-48101 Kotka)
Finland
Tel. +358 5 220 7555
Fax +358 5 220 7509

Turku Factory and Sales Office
Rydönnotko 4
(P.O. Box 689, FIN-20361 Turku)
Finland
Tel. +358 2 270 270
Fax +358 2 253 8058

Seinäjäki Factory and Sales Office
Varastotie 13, Factory
Päivölänkatu 40, Adm. &
Marketing
(P.O. Box 76, FIN-60101 Seinäjoki)
Finland
Tel. +358 6 416 1111
Fax +358 6 416 1117

Vaasa Factory and Sales Office
Myllärinkatu 1-3
(P.O. Box 420, FIN-65101 Vaasa)
Finland
Tel. +358 6 212 3444
Fax +358 6 416 1403

Oulu Sales Office
Piihatie 7
FIN-90360 Oulu
Finland
Tel. +358 8 531 7253
Fax +358 8 531 7945

Ewos Polfarm Ltd.
ul. Swieza
05-825 Grodzisk Mazowiecki
Skr. pocztowa 55R
Poland
Tel. +48 3912 3230
Fax +48 9022 3864

Teknosan AB
Industrigatan 9
S-462 38 Vänersborg
Sweden
Tel. +46 521 12075
Fax +46 521 62398

Agrivit AS
Luhrtoppen 2
(P.O. Box 73)
N-1471 Skårer
Norway
Tel. +47 67 970 910
Fax +47 67 970 112

SIA Baltic Feed
P.O. Box 194
LV-3101 Tukums
Latvia
Tel. +371 78 93127
Fax +371 78 93132

EWOS DIVISION
Philip Smith

Ewos
Unit 1
Kingsthorpe Park
Houstoun Industrial Estate

Livingston EH54 5DB
Scotland
Tel. +44 1506 433 688
Fax +44 1506 433 774

Ewos Aqua A.S.
Luhrtoppen 2
N-1470 Lørenskog
Norway
Tel. +47 67 970 100
Fax +47 67 972 244

Ewos Aqua A.S. Florø
Gunhildvågen
(Postboks 153, N-6901 Florø)
Norway
Tel. +47 57 751 700
Fax +47 57 751 701

Ewos Ltd.
Westfield Bathgate
West Lothian EH48 3BP
Scotland
Tel. +44 1 506 633 966
Fax +44 1 506 632 730

Ewos Canada Ltd.
7721 - 132nd Street
Surrey, BC
V3W 4M8
Canada
Tel. +1 604 591 6368
Fax +1 604 591 7232

Ewos Chile S.A.
Avda Pedro de Valdivia 0193
Office 92
Providencia, Santiago
Chile
Tel. +56 2 231 7213
Fax +56 2 232 4686

Ewos Chile S.A.
Parque Industrial Escuadrón
Km 20 Camino a Concepción
Coronel
Chile
Tel. +56 41 751 075
Fax +56 41 751 033

Research & Development
Ewos Technology Centre
(Livingston, Scotland)
Ewos Forskningsstasjon Lønningdal
(Lønningdal, Norway)

**GENENCOR
INTERNATIONAL**
W. Thomas Mitchell

Genencor International, Inc.
4 Cambridge Place
1870 South Winton Road
Rochester, NY 14618-3916
USA
Tel. +1 716 256 5200
Fax +1 716 244 9988

Genencor International B.V.
Verrijn Stuartlaan 1
Building C, First Floor
Rijswijk
Holland
Tel. +31 15 279 3844
Fax +31 15 279 4040

Genencor International, Inc.
Technology Center
925, Page Mill Road
Palo Alto, CA 94304
USA
Tel. +1 415 846 7500
Fax +1 415 845 6507

Genencor International Oy
Jämsänkoski Plant
Teollisuustie 15
(P.O. Box 13, FIN-42301
Jämsänkoski)
Finland
Tel. +358 14 749 411
Fax +358 14 749 4410

Hanko Plant
Orioninkatu
(P.O. Box 34, FIN-10901 Hanko)
Finland
Tel. +358 19 28 041
Fax +358 19 280 4307

Genencor International N.V.
Komvest 43
B-8000 Brugge
Belgium
Tel. +32 50 44 9111
Fax +32 50 33 6849

Genencor International, Inc.
1000 41st Avenue Drive S.W.
Cedar Rapids, IA 52404
USA
Tel. +1 319 363 9601
Fax +1 319 363 9446

Genencor International, Inc.
1230 Randolph St.
Elkhart, IN 46514
USA
Tel. +1 219 266 2400
Fax +1 219 266 2444

Genencor International, Inc.
Rochester Center for
Commercialization & Development
1700 Lexington Ave.
Rochester, NY 14606-3140
USA
Tel. +1 716 277 4300
Fax +1 716 277 4302

**Genencor International
Argentina, S.A.**
Gerente de Planta
Fabrica: Av. Fulvio S. Pagani 47
Arroyito 2434
PCIA, De Cordoba
Argentina
Tel. +54 576 23316
Fax +54 576 21207

INVESTING IN CULTOR

THE COMPANIES BELOW ARE HAPPY TO PROVIDE
INVESTORS WITH ADDITIONAL INFORMATION ON CULTOR

**ABN AMRO Hoare
Govett Securities Ltd.**
Tel. +44 171 374 7528
Fax +44 171 374 4887

AG Private Bankers Ltd.
Tel. +358 9 131 551
Fax +358 9 1315 5222

Aktia Securities
Tel. +358 9 60 921
Fax +358 9 6092 6376

Alfred Berg Finland Oy
Tel. +358 9 228 321
Fax +358 9 2283 2283

Arctos Securities Ltd.
Tel. +358 9 549 930
Fax +358 9 5499 3354

Aros Securities Oy
Tel. +358 9 173 371
Fax +358 9 622 1511

Carnegie Securities Finland Ltd.
Tel. +358 9 661 766
Fax +358 9 622 2068

Cazenove & Co.
Tel. +44 171 588 2828
Fax +44 171 606 9205

Credit Suisse First Boston Ltd.
Tel. +44 171 888 1380
Fax +44 171 888 2894

Den Danske Bank
Tel. +45 3344 0730
Fax +45 3393 2662

Deutsche Morgan Grenfell
Tel. +44 171 545 4323
Fax +44 171 545 1788

**Dresdner Kleinwort
Benson Securities Ltd.**
Tel. +44 171 623 8000
Fax +44 171 929 7941

Enskilda Securities
Tel. +358 9 6162 8700
Fax +358 9 6162 8769

Erik Selin Bankers Ltd.
Tel. +358 9 618 6204
Fax +358 9 602 102

Evli Securities Ltd.
Tel. +358 9 476 690
Fax +358 9 634 382

Fiba Nordic Securities (UK) Ltd.
Tel. +44 171 621 5100
Fax +44 171 621 5101

FIM Securities
Tel. +358 9 613 4600
Fax +358 9 656 493

**Handelsbanken Markets Equity
Research**
Tel. +46 8 701 2144
Fax +46 8 611 1180

HSBC James Capel
Tel. +44 171 621 0011
Fax +44 171 621 0639

Interbank Limited
Tel. +358 9 166 721
Fax +358 9 660 681

Merita Securities Ltd.
Tel. +358 9 12 341
Fax +358 9 1234 0310

Merrill Lynch
Tel. +44 171 772 1000
Fax +44 171 772 2989

NatWest Markets
Tel. +44 171 375 6584
Fax +44 171 375 4003

Opstock Securities Ltd.
Tel. +358 9 40 465
Fax +358 9 404 2703

Paribas Capital Markets
Tel. +44 171 895 2528
Fax +44 171 895 2539

Postipankki Ltd.
Tel. +358 204 252978
Fax +358 204 253649

Protos Stockbrokers
Tel. +358 9 1733 9244
Fax +358 9 651 086

SBC Warburg
Tel. +46 8 453 7300
Fax +46 8 240 115

Schroder Securities Ltd.
Tel. +44 171 288 2431
Fax +44 171 658 4032

UBS Ltd.
Tel. +44 171 901 1086
Fax +44 171 901 4997

Williams de Broë Bankers
Tel. +358 9 622 0440
Fax +358 9 622 3340

