Annual Report 1996

In 1996 Partek built the foundation for the biggest structural change in the company's history. Partek is now emerging as the world's leader in materials-handling.

PARTEK

Partek and Sisu to merge

Partek and Sisu will merge in stages during 1997. The result of the merger will be the world's leading producer of cargo-handling machines and equipment.

We provide logistical solutions for harbours and freight terminals, as well as cargo-handling equipment for vehicles. Net sales of the new Partek will rise to FIM 12 billion, over 60 percent of which will come from the engineering industry. The core business activities will be cargo-handling machines and equipment, tractors and mineral-based products. Foreign activities will account for 75 percent of the net sales. There will be over 13,000 people employed, 5,000 of whom will be working in Finland.

Partek 1996

Partek's business areas are Minerals, Cargotec, Insulation and Precast Concrete.

Partek's roots are in Finland. The company was established in 1898 at Pargas. Today Partek has operations in more than 20 countries. The Group employs 7,300 people, 70 percent of whom are abroad. The Group's net sales are FIM 6.2 billion, 80 percent of which is generated outside Finland.

Partek's shares have been quoted on the Helsinki Stock Exchange since 1915. At the end of 1996 there were about 11,000 shareholders. Foreign investors accounted for 32 percent of the share capital and voting rights.

Minerals

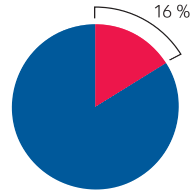
Partek Nordkalk is the Baltic region's largest producer of limestone-based products as well as of quartz, feldspar and wollastonite.

The principal markets for limestone-based products are in the Baltic region. Quartz, feldspar and wollastonite are also exported to Central Europe.

The products are used mostly in the steel, pulp and paper, metallurgical, glass and ceramics, chemical and building materials industries as well as in environmental conservation and agriculture.

Partek Nordkalk exploits its limestone deposits, processes carbonate products and supplies the process industry with minerals in raw-material form.

Minerals
Share of Group's Net Sales



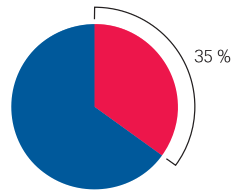
Cargotec

Cargotec is the world's principal producer of cargo-handling equipment for vehicles.

HIAB cargo cranes are the world market leaders. Loglift and Jonsered timber cranes have a strong position in the European market. Multilift and LeeBur demountable load-handling systems are the market leaders in Europe. Other recognized products are Norba refuse-collection vehicles, Nummi tipping hydraulics and Focolift tail-lift equipment.

The customer base consists of private truck owners, transportation companies, rental fleets, forestry machine producers and contractors, building material suppliers, waste-handling companies, utility firms, municipalities, authorities and the defense ministries in several countries.

Cargotec
Share of Group's Net Sales



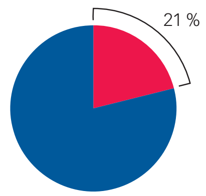
Insulation

Partek Insulation is the leading manufacturer of rock wool-based insulation materials in Finland and Sweden.

The product range includes building and technical insulation materials and building elements (panels) which are used for both heat and acoustic insulation as well as fire protection. Trademarks for its building, industrial and HPV (heating, plumbing and ventilation) products are Paroc and, in Sweden, Rockwool.

The principal market for building insulation materials is the Baltic Sea region and for technical insulation, Europe. Insulation technology and Paroc Panels are sold worldwide. Customers include building companies, entrepreneurs and installation companies, industry (especially construction and ship-building), small-house builders, wholesale and hardware trades.

Insulation
Share of Group's Net Sales



Precast Concrete

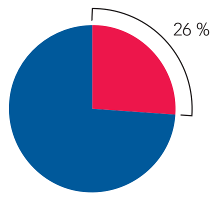
Partek is one of the world's leading producers of precast concrete, concentrating on industrially-made, pre-stressed products.

The main product is the hollow-core slab, a pre-stressed floor slab made lighter by a series of hollow canals running through it. Other important products include pillars, beams and facade elements, bridge and tunnel elements for infrastructure and railway sleepers.

Because of transportation costs precast concrete production is a local business. The principal market areas are the Netherlands, Norway, Finland and Germany.

The most important customers consist of building contractors, developers and industrial companies. In the Netherlands wholesalers also form an important distribution channel for small-scale builders.

Precast Concrete
Share of Group's Net Sales



Annual General Meeting

The annual general meeting of Partek Corporation will be held on Thursday April 10, 1997 at 5 p.m. at the company's Development Centre in Pargas. Shareholders whose names are registered on Thursday , March 27, 1997 at the latest with the Partek register kept by the Finnish Central Securities Depository Ltd. are entitled to take part in the annual general meeting.

All shareholders wishing to attend must notify the head office in Pargas by 4 p.m. on Tuesday, April 8, 1997 at the latest, either by telephone at +358-204 55 6056 or in writing at the address Partek Corporation, FIN-21600 Pargas. Possible proxies must be notified at the same time.

Dividend

The Board of Directors proposes that a dividend be distributed for 1996 in the amount of FIM 1.50 per share i.e. a total of FIM 57.8 million and an extra dividend payment of FIM 2.50 per share ie. a total of FIM 96.2 million based on the significant profit on the sale of the Euroc shares. The proposed dividend totals, therefore, FIM 4.00 per share ie. FIM 154 million.

Shareholders whose names are registered on April 15, 1997 with the Partek register kept by the Finnish Central Securities Depository Ltd. are entitled to a dividend.

The dividend can be drawn from shareholders' bank accounts on Friday, April 18. If a shareholder has not registered information about his bankers to the book-entries securities register, the dividend will be paid to the shareholder in the form of a postal order. Dividends paid as postal orders will be in the Post Office on the day the dividend is paid in order that they may be delivered to the payee. Shareholders who have not transferred their shares to the book-entry securities system by the record date will be paid the dividend after the shares have been transferred to the system.

The dividend for 1996 falls within the sphere of the corporation tax avoir fiscal system. Withholding tax will be deducted from dividends paid overseas.

Financial information

Partek will publish the following financial reports in 1997

February 20	Financial results released 1996
April 3	Annual report 1996
June 11	Interim report January - April
October 13	Interim report January - August

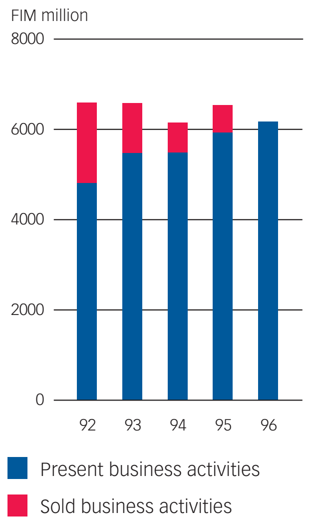
CONTENTS

Partek's annual report and interim reports are published in Finnish, Swedish and English. The above reports can be ordered from:

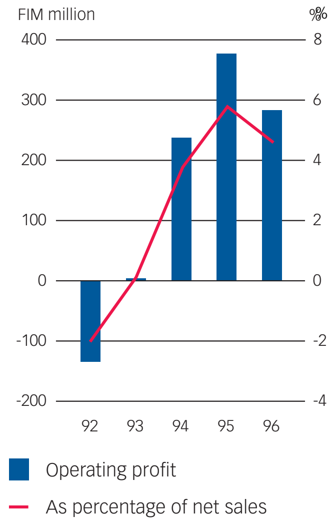
Partek Corporation
Annual Reports
P.O. Box 61, FIN-00501 Helsinki
telephone +358-204 5511, telefax +358-204-55 4844,
internet: www.partek.fi, e-mail: info@info.partek.fi

Partek in figures

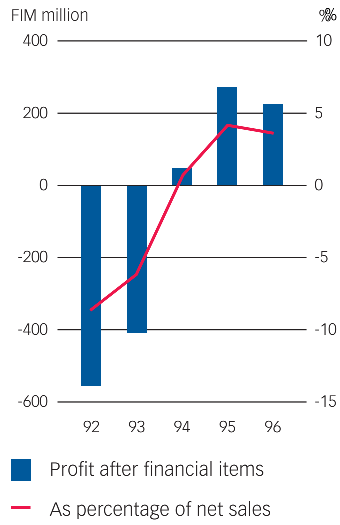
Net sales



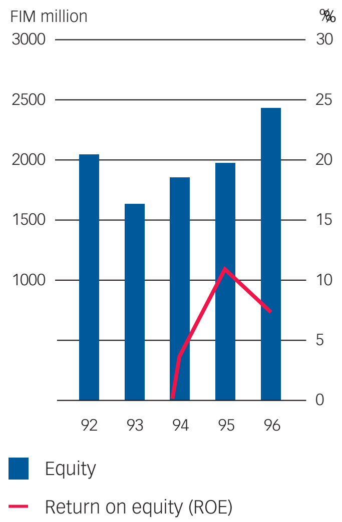
Operating profit



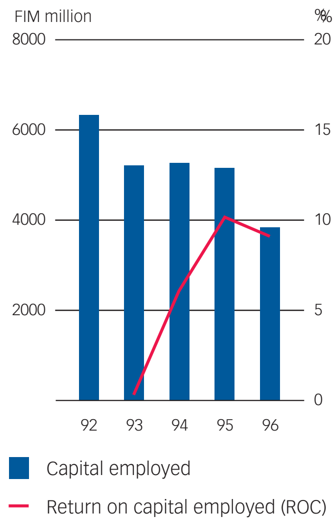
Profit after financial items



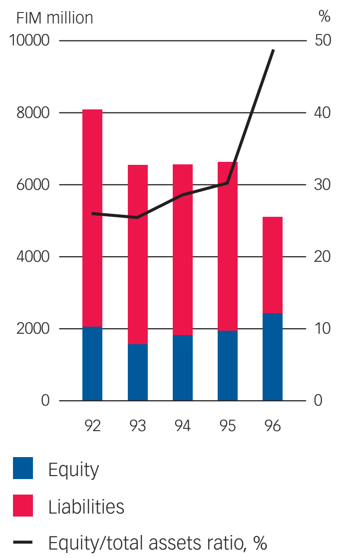
Equity and ROE



Capital employed and ROC



Capital structure and equity/total assets ratio



1996 - a year of strengthening the financial base and clarifying the structure

Equity/total assets above target

The Euroc shares owned by Partek were sold to the Norwegian company Aker RGI in May. Partek received FIM 1.6 billion for the shares and made a profit of FIM 500 million on the transaction. The equity/total assets ratio rose to 48 percent.

Additional dividend for owners

The earnings per share was FIM 3.99 (1995: 5.04). The Board of Directors proposes a dividend of FIM 1.50 (1.50) per share and an additional dividend of FIM 2.50 per share. The additional dividend is based on the profit arising out of the disposal of the Euroc shares.

Cargotec weakens the Group result

The result after financial items fell to FIM 226 million (270). Above all, the recession in European building production and the downturn in the forest industry reduced the demand for cargo-handling equipment significantly. Cargotec's result fell from a record-breaking profit in 1995 to a loss. A program of measures at present being implemented is expected to improve Cargotec's result considerably this year.

Market position strengthens in the Baltic region

Partek's Minerals business activities expanded. During the year the mining rights and production plants of the biggest lime deposit in Estonia and a dolomite deposit were purchased. In Finland, the biggest lime-burning kiln in Scandinavia was taken over. A ground limestone company in Finland was acquired and an agreement concluded on the acquisition of a similar company in Sweden. Investments are being made which enable a 25 percent increase in production of paper pigments. A sales company was opened in Poland.

In the autumn, an agreement was made to sell Partek Insulation's wholly owned subsidiary, Akustik & Interiör to the American company Armstrong World Industries Inc., the world's largest ceilings producer. The new company, in which Partek will have a 40 percent interest, will grant Partek Insulation's products access to market leader Armstrong's European sales channel.

In Finland, Partek Betonila and Parma, precast concrete companies that are half-owned by Partek, will merge. The new company will be owned jointly by Partek and the Swedish company Scancem. The company will become the market leader in the precast element industry in Finland with market share of about 40 percent.

Activities divested

Capital was released from Other Business Activities as planned. The North American insulation industry, which was making heavy losses, was sold in May. The precast concrete activities in Belgium and northern France were sold in September.

Partek to have strong presence in materials-handling technology

Partek and the Finnish company Sisu will merge during 1997. Partek will become a leading producer of materials-handling machines and equipment on a worldwide scale. The company's net sales will rise to FIM 12 billion and the personnel to 13,000.

Results	**1996**	1995	Change %
Net sales, FIM million	**6,160**	6 556	– 6
Profit after financial items, FIM million	**226**	270	– 16
Profit after extraordinary items, FIM million	**588**	225	161
Net profit for the period, FIM million	**515**	149	246
Earnings/share, FIM	**3.99**	5.04	– 21
Profitability			
Return on equity after taxation, %	**7.4**	11.0	
Return on capital employed before taxation, %	**9.2**	10.1	
Solidity			
Equity/total assets incl. conv.sub.bonds, %	**48.4**	30.1	
Equity/share, FIM	**57.71**	45.39	27
Resources			
Investments, FIM million	**415**	292	42
Final balance sheet total, MFIM million	**5,119**	6,650	– 23
Capital employed, Dec. 31, FIM million	**3,826**	5,132	– 25
Average number of staff	**7,741**	8,638	– 10

Key ratio definitions p. 46

Shares and shareholders

Shares and share capital

Partek shares are quoted on the Helsinki Stock Exchange. The company has one share series, and all the shares have identical voting rights and the same right to a dividend. The nominal value of the shares is FIM 10.

The number of shares entered in the Partek trade register was 38.5 million and the share capital totalled FIM 385 million. The company's minimum share capital is FIM 175 million and the maximum FIM 700 million. The share capital can be increased or reduced within these limits without altering the Articles of Association.

Market capitalization

Partek's average share price on the last trading day of the respective year was FIM 49.89 in 1995 and FIM 71.57 in 1996 i.e. a rise of 43 percent. The Helsinki Stock Exchange general HEX index rose at the same time by 46 percent. The highest price at which the shares were quoted was FIM 74 and the lowest FIM 46.10. The taxable value per share for 1996 is FIM 49.

Partek's market capitalization at the end of 1996 was FIM 2.8 billion, which was 1 percent of the whole stock exchange's market capitalization of FIM 285 billion.

During 1996, 10.5 million of the company's shares were traded on the Helsinki Stock Exchange i.e 40 percent more than in 1995. The percentage of the total number of shares outstanding (velocity) was 27. In value, the turnover of the shares amounted to FIM 692 million, which was 0.7 percent of the exchange's total turnover of FIM 101 billion.

Convertible subordinated bonds

In 1994 the company issued to the general public convertible subordinated bonds with a nominal value of FIM 167,820,000. The bonds are considered as equity. They have no maturity date, and they are not covered by a guarantee or other collateral. The principal of the bonds will rank below other company obligations. It is possible to pay interest on the bonds only from distributable funds before the dividend. The nominal interest on the bonds is 9.02 percent. The company can pay a dividend only if there are sufficient distributable funds remaining after payment of the full interest.

Each bond can be converted into one share. The conversion price of the bonds, adjusted for share issues, is FIM 79.75 per share. The additional dividend of FIM 2.50 per share to be paid out of the profit on the sale of the Euroc shares will not change the conversion price.

The bonds can be converted between January 2 and November 30 every year. If all the bonds are converted into shares, the company's share capital will increase by FIM 21,043,260 and the number of shares by 2,104,326, which is the equivalent of 5.5 percent of all the shares and voting rights. No bonds had been converted into shares by December 31, 1996. Convertible bonds are quoted on the Helsinki Stock Exchange.

Bonds with warrants

In 1994 the company directed an issue of bonds with warrants at the management as an incentive to the latter. The nominal value of the bonds is FIM 1,500,000. Altogether, 22 people holding a leading position in the Group, and the president, subscribed for the bonds. They will mature on June 20, 1998, and they pay a variable interest of 1 percentage point under the 12-month Helibor rate.

It is possible to use the option certificates with the bonds to subscribe for Partek shares at a price adjusted for share issues of FIM 77.07. If all the options are converted into shares, the company's share capital will increase by FIM 3,156,520 and the number of shares by 315,652, which is 0.82 percent of all the share and voting rights. No conversion into shares had taken place by December 31, 1996.

Board authorized to increase share capital

Partek's Board of Directors does not have authorization for increasing the share capital in force. The Board of Directors will propose at the annual general meeting that Partek acquire 19.9 million Oy Sisu Ab shares, which represents 53.8 percent, through a targeted share issue of 10 million shares to the State of Finland, Valmet Corporation and Oy Sisu Ab's Personnel Pension Fund and a FIM 130 million cash payment. The number of Partek shares will increase from 38.5 million to 48.5 million and the share capital will increase by FIM 100 million. The subscription price per share will be FIM 78.50. The price of one Sisu share will be FIM 46.03.

The State of Finland will acquire the Partek share holding of the Norwegian company, Aker RGI, which with its 26 percent interest in Partek, is the company's biggest shareholder. In return for its 10 million Partek shares, Aker RGI will receive about 17.1 million shares in Sisu, which represents 46.2 percent of Sisu's total shares. According to plan, Partek will purchase Aker RGI's Sisu shares during this year at FIM 46.03 per share ie. FIM 785 million in total, plus interest accumulated to the date of transaction. Sisu will then become fully-owned by Partek. The total calculated value of Sisu will be FIM 1.7 billion. Sisu's net interest bearing debt amounts to about FIM 1.4 billion.

Sisu's 80 minority shareholders will be offered a redemption price of FIM 47/share. The minority shareholders will have an option to buy Partek shares with the funds received from Sisu shares at no additional expense during the offer period.

Shareholders

At the end of 1996 Partek had 10,993 shareholders, four-fifths of whom held under 1,000 shares. The ten biggest owner-groupings own 60 percent of the shares. Private individuals account for just under a fifth of the share ownership. Foreign investors account for 32 percent of the share ownership. Of this 5.4 percentage points are shares registered in a nominee's name. Entries registered in a nominee's name give foreign owners only financial rights, such as the right to a dividend and to take part in share issues, but if the shareholder does not register his shares in his own name, he cannot use the votes represented by the shares to take part in company meetings or use their right to vote.

The arrangements with Sisu will mean that the State of Finland will become the biggest shareholder in Partek with a 30.4 percent share. Valmet's share will be 10.5 percent.

Shareholders' agreement

In May 1994 Aker RGI, Åbo Akademi University Foundation, the Sampo Insurance Group and Pension-Varma mutual insurance company, made a shareholders' agreement concerning the right of pre-emption for Partek shares and representation on the board of directors. The agreement is valid until December 31, 1997 and will continue subsequently for a period of notice lasting six months. Partek's agreement with Aker RGI about the sale of Euroc shares led to the shareholders' agreement being amended.

The merger with Sisu will lead to Aker RGI terminating its shareholding in Partek. Upon approval of the merger with Sisu, the parties to the shareholders agreement have agreed to the lapsing of the shareholder agreements. There are no new shareholder agreements relating to the merger.

Management shareholdings

At the end of 1996 the members of the Board of Directors and Management Team held 15,396 shares, which was 0.04 percent of the company's total share capital and voting rights. The members of the Management Team also owned bonds with warrants issued by the company. Altogether, these bonds entitle the holders to subscribe for 186,235 shares, which is 0.5 percent of the company's share capital and voting rights.

Investor relations

The aim of investor relations is for the company's market capitalization to reflect as well as possible the value of the company's assets and its future earning ability. The company wants to offer investors both at home and abroad an investment that is interesting and liquid.

Partek's intent is that its shareholders will receive an attractive return on the capital they have invested. The return on an investment consists of the increase in the value of a share and the dividends paid. A good return increases the shareholders' desire to invest new capital in a company.

The aim of Partek's investor relations is to produce regularly for shareholders and capital markets open and reliable information about the company's development and so increase the shares' liquidity and expand the ownership base.

In 1996 the Partek Today magazine was posted twice to shareholders. During the year Partek organized a total of 56 investor-relation functions of its own, in which 219 financial specialists took part. Meetings took place with 93 Finnish and 109 foreign investors and analysts.

In the late spring two capital-market days were arranged. These were opportunities for Finnish and foreign investors to become acquainted with Partek production plants and the management in Finland. Meetings took place with 24 analysts and 44 investors on road shows to London, Stockholm, Oslo and Frankfurt.

In addition, Partek participated in three investment conferences and presented itself to about 1,000 private Finnish investors at investment evenings arranged by the Finnish Foundation for Share Promotion in various parts of Finland.

The number of analysts regularly monitoring Partek went up from ten to thirteen.

Three press conferences and four other meetings presenting Partek were organized for financial journalists.

Helsinki Stock Exchange dealing code: PAR1S
Reuters: PTKH.HE

Share issues since 1992

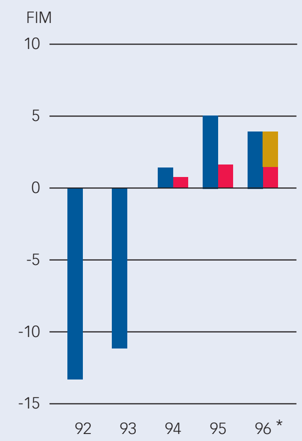
Type of issue	Subscription period	Subscription ratio	Price/share, FIM	Number of new shares	New share capital, FIM
Share issue	Nov. 30–Dec. 30,1994	6:1	46.00	5 500 000	385 000 000
Convertible subordinated bonds	May 6–May 13,1994	Public issue	83.91	max. 2 000 000	
Change from Nov. 30, 1994			79.75	2 104 326	
Bonds with warrants	June 20–July 1,1994	Issue to management	81.09	max. 300 000	
Change from Nov. 30, 1994			77.07	315 652	

Shares and shareholders

	1996	1995	1994	1993	1992
Share capital and shares					
Share capital, FIM million	**385.0**	385.0	385.0	330.0	330.0
Market value, FIM million	**2 755.4**	1 921.2	2 310.0	1 653.3	1 092.3
No. of shares, adjusted, 1000's					
Total at the end of the year	**38 500**	38 500	38 500	34 700	34 700
After conversion and subscription	**40 920**	40 920	40 920		
Average number of shares	**38 500**	38 500	34 710	34 700	34 700
After conversion and subscription	**40 920**	40 920	36 262		
Earnings per share, adjusted, FIM					
After financial items, taxation and the change in deferred taxes	**3.99**	5.04	1.43	– 11.09	– 13.15
After conversion and subscription	**4.13**	5.12	1.65		
After financial items, standard tax rates and minority interest	**3.96**	4.84	0.46	– 8.86	– 11.42
P/E ratio	**17.9**	9.9	42.0	neg.	neg.
Dividend					
Total, FIM million	**154.0** [1]	57.8	21.3	–	–
Dividend per share, adjusted, FIM	**1.50 + 2.50** [1]	1.50	0.60	–	–
Yield incl. extra dividend, %	**5.6**	3.0	1.0	–	–
Dividend excl. extra dividend/profit, %	**37.6**	29.7	42.8	–	–
Share value (FIM per share) at year-end					
Nominal value	**10.00**	10.00	10.00	10.00	10.00
Value adjusted for issues					
Equity excluding convertible subordinated bonds	**57.71**	45.39	42.15	46.12	58.11
Equity after conversion and subscription	**59.85**	47.40	45.16	–	–
Market price, Helsinki Stock Exchange					
as an average at the end of the period	**71.57**	49.89	60.14	47.53	31.97
as an average during the period	**66.60**	61.10	65.80	39.01	35.63
highest	**74.00**	69.00	81.79	48.50	58.96
lowest	**46.10**	45.00	47.55	23.87	19.97
Shares traded					
Total, FIM million	**692.5**	460.6	414.8	236.6	76.5
No. of shares, adjusted for issues, 1000's	**10 499**	7 539	6 304	6 066	2 146
Shares traded as % of total number of shares	**27.3**	19.6	18.2	17.5	6.2
Number of shareholders	**10 993**	11 589	12 060	11 958	13 744

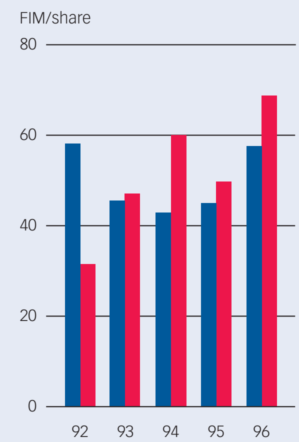
[1] Board's proposal
Key ratio definitions p. 46

Earnings per share



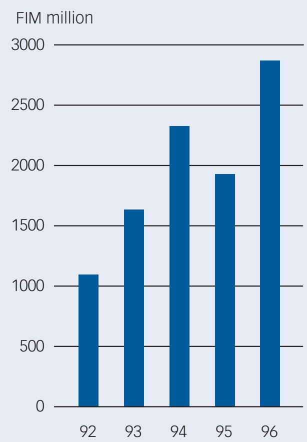
Earnings per share
Dividend per share
Extra dividend per share
* Board's proposal

Equity and share price



Equity
Share price

Market capitalization



Largest shareholders		**Dec. 31, 1996**		Dec. 31, 1995
		No.	**%[1)]**	%[1)]
Aker RGI ASA		**10 019 300**	**26.0**	29.9
Foundation of Åbo Akademi		**4 152 256**	**10.8**	10.6
Sampo-Group				
Industrial Insurance Company Ltd	2 550 640			
Sampo Pension Group	601 913			
Sampo Insurance Company Ltd	270 100			
Otso Loss of Profits Insurance Co. Ltd	118 363			
Kaleva Mutual Insurance Company	94 442			
Insurance Company of Finland Ltd	70 000	**3 705 458**	**9.6**	9.6
Pension-Varma				
Pension-Varma Mutual Insurance Company	1 401 231			
Nova Life Insurance Company Ltd	705 011	**2 106 242**	**5.5**	4.1
Unsa Oy		**1 545 883**	**4.0**	0.2
Polaris Pension Fund		**466 667**	**1.2**	1.2
The Local Government Pension Institution		**460 034**	**1.2**	1.2
Stiftelsen Martha och Albin Löfgrens Understödsfond r.s.		**438 242**	**1.1**	1.1
The Public Association Folkhälsan		**336 987**	**0.9**	0.9
Federation of Finnish Metal Engineering & Electrotechnical Industries		**278 850**	**0.7**	0.7
Total		**23 195 714**	**60.2**	56.8

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

Distribution of shares

By size of holding, December 31, 1996

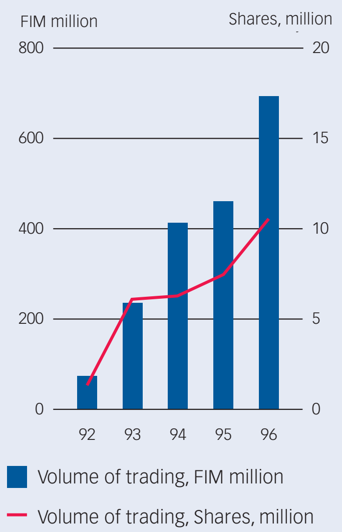
Shares/ holder	Shareholders No.	Shareholders %	Shares No.	Shares %[1)]
1 - 1000	8 817	80.2	2 546 098	6.6
1001 - 5000	1 801	16.4	3 718 221	9.7
5001 - 10 000	208	1.9	1 450 763	3.8
10 001 - 50 000	122	1.1	2 471 943	6.4
50 001 -	45	0.4	26 205 108	68.1
Other			2 107 867	5.5
Total	10 993	100.0	38 500 000	100.0

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

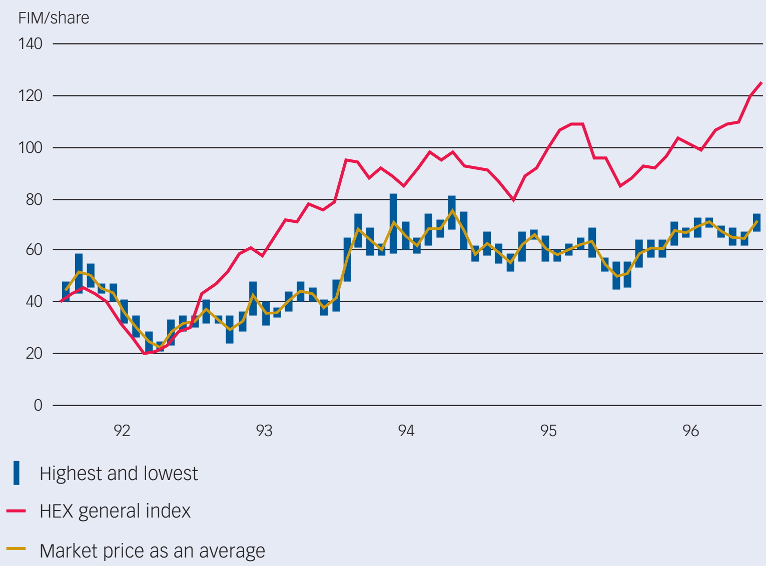
By shareholding, %

	Dec. 31, 1996	Dec. 31, 1995
Private individuals	**18.9**	19.9
Associations and trusts	**20.5**	19.9
Companies	**32.7**	34.7
Insurance companies	**20.0**	18.0
Investment funds	**2.0**	2.7
Banks, financial institutions	**0.1**	0.3
State, local authorities and religious communities	**0.3**	1.0
Others	**5.5**	3.4
Total	**100.0**	100.0

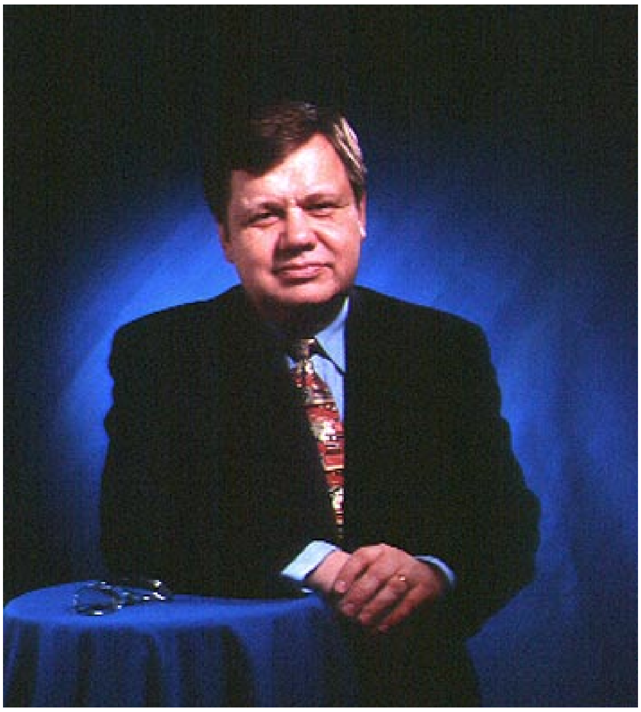
Volume of trading



Share price development



From the President



Christoffer Taxell

It is a Partek in change that glances back on 1996 - and looks ahead to the future. In January this year we signed a letter of intent in accordance with which the Finnish engineering group Sisu will merge with Partek. A company strong in materials-handling is the result.

An uneven but unsatisfactory result, continued restructuring, and a much strengthened balance sheet. This, in a nutshell, was Partek in 1996. To this may be added that the year saw further consolidation of strategic measures aimed at further focussing and concentrating the Group's operations.

At the beginning of 1996 the overall economic trend, as I noted in my review last year, showed signs of weakening.

The outcome for the year has corresponded to this prediction. Towards the end of the year, however, the European economy seems to have recovered. Growth during 1997 looks to be somewhat better than during the previous year.

For Partek this less buoyant development meant declining sales and a strong pressure on prices in most of our markets. This was especially the case with Cargotec but also in Precast Concrete. Insulation, on the other hand, was able to profit from the increased level of industrial investment and the fact that during the latter half of the year construction activity perked up in Finland. Minerals showed once more that it is less sensitive to cyclical trends, not least because of its broad customer base.

The overall picture as far as sales was concerned can be seen in the result for the year, which for the Group as a whole was not satisfactory. Part of the explanation for this was that we were not able to react quickly enough to changes. However, there are considerable differences between the different business areas.

After a good 1995 Cargotec reported a loss last year. Now a comprehensive program to improve efficiency is under way.The aim of this is not only to come to grips with the business area's profit but also to trim the whole organisation to be much more flexible to react to rapid changes in demand. Despite the poor year 1996 we hold fast to our view that cargo-handling is a core activity for Partek which can grow and develop.

Minerals, in particular, but also Insulation showed last year that they are capable of producing a steady profit. At the same time both business areas have been able to grow within the overall framework of their Baltic Sea strategies. Partek Nordkalk expanded strongly in Estonia, took over the Rautaruukki lime kilns, the largest in the Nordic countries, and also made a number of other minor acquisitions. Our joint venture in Lithuania came on stream at the turn of the year with the opening of the rock wool plant in Vilnius; this is Partek's largest investment to date in the Baltic region.

In Precast Concrete we can now see the effects on the result of the structural and adaptation measures that have dominated the scene during the last few years. Even if the year's result was somewhat weaker than expected, primarily because of a hard winter, core operations within Precast Concrete are nonetheless healthy. Those activities, of insignificant volume, that do not fit into Partek's established strategy of concentrating on industrial products will be discontinued.

On present indications Precast Concrete has every likelihood of doing well on its own merits. That is now the aim.

When, in January this year, we announced that the Finnish engineering company Sisu with net sales of much the same order as Partek's will be merged with Partek, it was a decisive step towards a further concentration and focussing.

Engineering, which has constituted a third of the Partek Group's total operations, will now double its share. Our vision of creating a world leader in the manufacture of materials-handling equipment takes a large stride towards being brought to fruition. In fact, in key segments we have already achieved this goal.

The tractors business already fulfils the criteria of "leading where present" in its main markets. This is also true of our limestone and rock wool operations. These we see as generators of good profits and a stable cash flow and as activities where the position we have built up over the years offers opportunities for further growth around the Baltic Sea.

Partek can thus be described as an industrial engineering company that is a world leader in materials-handling, and the owner of two strong mineral-based operations in the Baltic Sea region.

There is no denying the fact that Partek today is a very different company from what it was at the beginning of the decade, when it was very dependent on building materials. The change that we have brought about has been based in part on our strong conviction that we must find the right industrial structure for each business and in part on the dramatic fall in construction in Finland and Sweden at the start of the decade. But our active role in restructuring Partek then has created the financial resources that today give Partek the strong balance sheet that is needed to finance the Sisu acquisition.

Our belief at Partek in continuous change is strong. This is true of the way we work, of our different operations, of our overall structure. We are ready to meet change - and also to be involved in creating it. This applies to changes in our corporate environment, whether it is a question of being able to meet the increasing demands made by environmental policy or of adapting to a common European currency - both major challenges in the coming years.

What we sometimes refer to as the New Partek since the acquisition of Sisu is by no means complete. The capital that we intend to liberate from non-core activities will serve that change. We will generate profits, we will focus, we will grow.

The years of losses and restructuring have been anything but easy for our shareholders. It is therefore a great pleasure for me to be able to note that Partek's Board of Directors has proposed that the Annual General Meeting approve an extra dividend of FIM 2.50 to shareholders. It will be paid out of the profit made from the sale of Partek's shares in Euroc. Both to our shareholders and to our customers I wish to extend a vote of thanks. We believe that a good partnership is the basis of mutual success.

In just over a year Partek will celebrate its one-hundredth anniversay. We shall do so with a new profile and with a new direction. But the underlying foundation remains, competence, or as we say in Partek, the "rock solid" competence, that everybody at Partek represents. I thank you and I hope you will find it rewarding to work in a group in the process of change. Together we will do everything we can to ensure that it is interesting to invest and own shares in Partek.

Christoffer Taxell

Board of Directors

Carl Olof Tallgren

Bjørn Rune Gjelsten

Jan Ekberg

Björn Mattsson

Morten Persen

Paavo Pitkänen

Juha Toivola

Christoffer Taxell

Carl Olof Tallgren
b. 1927
Chairman
M.Sc. (Pol), Ph.D. (h.c.)
Chairman of the Board,
Åbo Akademi University
Foundation
Elected to Partek's board 1979
Now elected for the period
1994-1997
Shareholding in Partek: 2,728

Bjørn Rune Gjelsten
b. 1956
Vice chairman
M.Sc. (Econ.)
President and C.E.O.,
Aker RGI ASA
Elected to Partek's board 1996
Now elected for the period
1996-1997
Shareholding in Partek: –

Jan Ekberg
b. 1936
President and C.E.O.,
Pharmacia & Upjohn, Inc
Elected to Partek's board 1994
Now elected for the period
1995-1998
Shareholding in Partek: 1

Björn Mattsson
b. 1941
Lic. Phil., Honorary Councillor
Managing Director, Cultor Oy
Elected to Partek's board 1993
Now elected for the period
1996-1999
Shareholding in Partek: 1,160

Morten Persen
b. 1957
LL.M.
Executive Vice President,
Aker RGI ASA
Elected to Partek's board 1996
Now elected for the period
1996-1998
Shareholding in Partek: –

Paavo Pitkänen
b. 1942
M.Sc. (Phil.)
Managing Director,
Pension-Varma mutual
insurance company
Elected to Partek's board 1994
Now elected for the period
1995-1998
Shareholding in Partek: –

Juha Toivola
b. 1947
M.Sc. (Phil.)
President, Industrial
Insurance Company Ltd,
Senior Executive Vice President,
Sampo Group
Elected to Partek's board 1996
Now elected for the period
1996-1997
Shareholding in Partek: –

Christoffer Taxell
b. 1948
LL.M.
President and C.E.O., Partek
Elected to Partek's board 1984
Now elected for the period
1996-1999
Shareholding in Partek: 4,055

Group Management

Christoffer Taxell
b. 1948
President and C.E.O.
LL.M.
Employed since 1990
Shareholding: 4,055

Carl-Gustaf Bergström
b. 1945
Senior Executive Vice
President
B. Sc. (Econ.)
Employed since 1970
Shareholding: 2,710

Raimo Taivalkoski
b. 1940
Senior Executive Vice
President
M.Sc. (Eng.)
Employed since 1983
Shareholding: 233

Patrick Enckell
b. 1937
Senior Executive Vice
President
Lic. Tech.
Employed since 1964
Shareholding: 600

Kari Heinistö
b. 1958
Chief Financial Officer
M.Sc. (Econ.)
Employed since 1983
Shareholding: 385

Group Administration

Timo Vuorio
b. 1949
Senior Vice President,
Administration
M.Sc. (Econ.)
Employed since 1984
Shareholding: 233

Olav Uppgård
b. 1955
Senior Vice President,
Treasury
M.Sc. (Econ.)
Employed since 1984
Shareholding: 234

Kaisa Vikkula
b. 1960
Vice President,
Communications & IR
Dr.Sc. (Econ.)
Employed since 1995
Shareholding: 300

Veli-Matti Tarvainen
b. 1954
Vice President,
General Counsel, LL.M
Secretary of the Board of Directors
Employed since 1995
Shareholding: –

The Group Management, Business Area Presidents and Group Administration make up Partek's Management Team.

Auditors

Auditors
Eric Haglund, B. Sc. (Econ.), A.P.A.
Thor Nyroos, B. Sc. (Econ.), A.P.A.

Deputy auditors
KPMG Wideri Oy Ab,
Firm of Authorized Public Accountants

Minerals

Imatran Voima Ltd, Naantali, Finland

Maija Vihma
Research Engineer
Partek Nordkalk Oy Ab

"IVO Group is a very important client for us in the environmental sector and we work in close cooperation to find the best solutions. Our limestone absorbent is used for flue gas cleaning at Finland's major coal-fired power plants in Naantali, Meri-Pori and Inkoo. Altogether, environmental applications account for some 15% of our total limestone-based business."

Satu Laiterä
Manager, chemistry and environment
IVO Generation Services Ltd.

"At IVO we produce electricity and heat in an environmentally sound way. The modern cleaning systems we've installed remove acidifying sulphurous compounds from flue gases with the help of limestone. In order to achieve our environmental goals, it's essential that we receive the right quality of limestone. We're very pleased with the way Partek Nordkalk assists us in this effort."

Minerals

Partek Nordkalk is the Baltic region's largest producer of limestone-based products as well as of quartz, feldspar and wollastonite. Continuing long-term operations are guaranteed by the fact that the company owns its deposits. Partek Nordkalk is putting a strong emphasis on customer-driven research and development and on continuous improvement of its production processes. This will make it possible to further expand its activities around the Baltic Sea region.

Partek Nordkalk's most important customers consist of the steel, pulp and paper, metallurgical, glass and ceramics, chemical and building materials industries together with environmental conservation and agriculture. The principal markets for limestone-based products are in the Baltic region. Quartz, feldspar and wollastonite are also exported to Central Europe.

The extraction and processing of limestone is the business area's principal activity. Limestone is quarried, crushed and processed into carbonate products, quick and hydrated lime and micronised calcite. Suomen Karbonaatti Oy, which is owned jointly by Partek and the Swiss company Plüss-Staufer AG, is responsible for the manufacture of micronised calcite. Not only limestone-based minerals but also quartz, feldspar and wollastonite are produced in Finland. Partek Nordkalk also imports to Finland a number of other minerals, primarily for industrial use.

Partek Nordkalk owns quarries and production plants at 13 locations in Finland, seven in Sweden and two in Estonia. The largest quarries are at Pargas and Lappeenranta in Finland and on the Swedish island of Gotland. In addition, Partek Nordkalk has a minority interest in the Norwegian limestone company Verdalskalk AS. A sales office was established in Poland.

Key figures	**1996**	1995	Change %
Net sales, FIM million	**976**	867	13
Operating profit, FIM million	**147**	138	7
- % of net sales	**15**	16	
Capital employed avg., FIM million	**832**	813	2
- return on capital employed, %	**18**	17	
Investment, FIM million	**76**	91	– 16
Depreciation, FIM million	**79**	72	13
Personnel Dec. 31	**982**	924	6
R&D expenses, FIM million	**10**	11	– 9
R&D personnel	**44**	38	

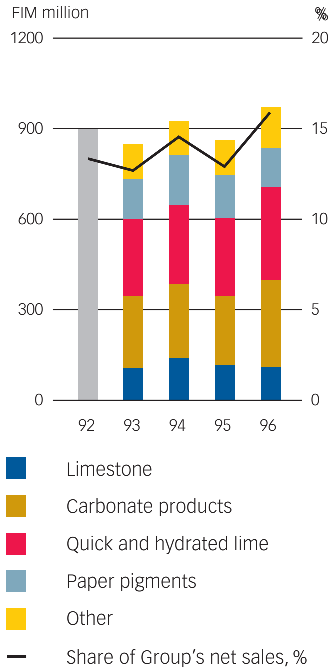
Product groups	**Net sales, FIM million**		**Staff, average**	
	1996	1995	**1996**	1995
Limestone products	**590**	504		
Quick and hydrated lime	**318**	270		
Other minerals	**175**	157		
- inter divisional	**– 107**	– 64		
Total	**976**	867	**1 032**	981

Net sales by market, FIM milion

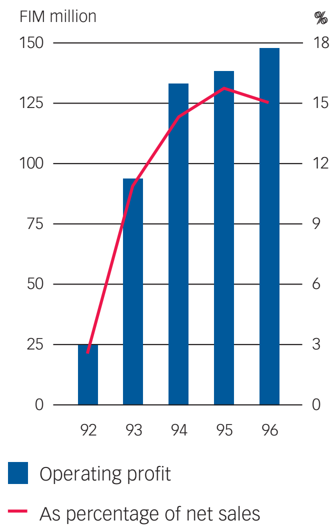
	1996	**%**
Finland	**628**	**64**
Other Scandinavia	**298**	**31**
Other EU	**26**	**3**
Other countries	**24**	**2**
Total	**976**	**100**

Christer Sundström, b. 1943
President, Partek Nordkalk Oy Ab,
M.Sc. (Chem.)
Employed since 1974
Shareholding: 1,629

Net sales



Operating profit



Minerals

- Improved profit and increased net sales.
- Acquisitions and newly established companies strengthened position in the Baltic Sea region.
- Demand expected to continue to rise in 1997.

Net sales and result

Partek Nordkalk's net sales in 1996 amounted to FIM 976 (1995: 867) million and increased by about 13 percent. This was largely due to increased demand by the steel industry and in agriculture in Finland and Sweden. Production of paper also began to rise in early autumn, which created increased demand for paper pigments. The strengthening of the Swedish crown had a favourable effect on the business area's profit in terms of Finnish marks.

Operating profit grew by FIM 9 million to FIM 147 (138) million. Return on capital employed was 18 (17) percent.

Investment amounted to FIM 76 (91) million and was directed to strengthening the position in the Baltic Sea region according to strategy. During 1996 Partek Nordkalk acquired quarrying rights and plants at Estonia's largest operating limestone quarry at Vasalemma and a dolomite deposit at Kurevere. At the end of the year Partek Nordkalk also took over the largest lime kiln in Finland from Rautaruukki Oy at Raahe. In addition Partek Nordkalk also acquired a ground limestone company in Finland and concluded an agreement on acquiring a similar company in Sweden. A start was also made during the year on steps to raise output of paper pigments by 25% in Lappeenranta, Finland. The ground limestone plant at Ignaberga in Sweden was modernized. Environmental investments amounted to FIM 10 (7) million.

Operations by the business area were made more efficient by the merger of the two existing divisions Nordkalk and Partek Industrial Minerals to form Partek Nordkalk Oy Ab.

Prospects

Demand is expected to expand somewhat in 1997. The economic situation for the steel industry looks promising and the rising trend in the demand for pigments for the paper industry is expected to continue. Increased activity in the Baltic region, according to strategy, will strengthen Partek Nordkalk's position in existing and especially new markets in the Baltic countries, Poland and Russia.

Limestone

Partek Nordkalk is the leading manufacturer of limestone in the Nordic countries. Limestone is used in the processing industry both as a raw material and to remove impurities. The company supplies limestone to the steel, chemicals and sugar-refining industries in Finland and Sweden and also to sugar refiners in Denmark, the Baltic countries and Germany. The cement industry in Finland is also an important customer.

In 1996 Partek Nordkalk acquired extraction rights and production plants at Estonia's largest operating limestone quarry in Vasalemma and also a dolomite deposit at Kurevere. A sales office was opened in Gdansk, Poland.

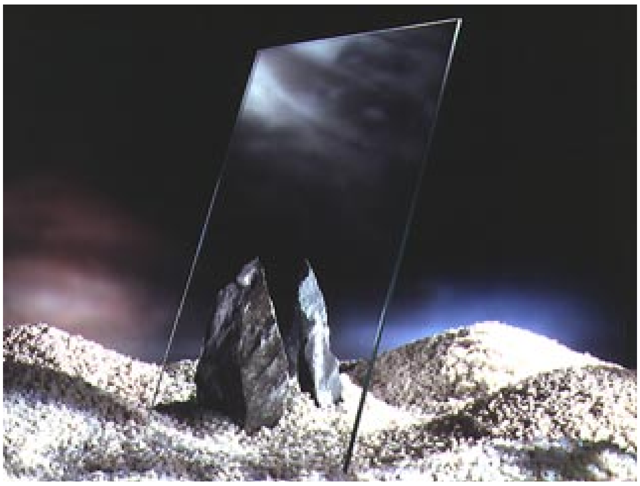
Exports to sugar-refining companies in Germany, Poland and the Baltic countries increased and also to Partek Nordkalk's own plants for further processing into quick lime. The demand for limestone increased somewhat compared with the preceding year.

Carbonate products

Partek Nordkalk is the leading manufacturer of carbonate products - crushed and ground limestone - in Finland and Sweden. Carbonate products are used, for example, in agriculture for soil improvement and in environmental conservation for removing sulphur emissions at coal-fired power stations and to reduce acidification of waterways and forests. Carbonate products are also used as a raw material in the manufacture of various building materials such as bricks and mortar and as a filler in asphalt. The products are sold direct to the end-users with the exception of soil-improvement materials, which are distributed through wholesale companies.

Lime is used for soil improvement in agriculture. With the aid of the lime soil acidity is reduced, resulting in improved ability of plants to absorb nutrients. A total of more than 1.5 million tonnes of lime are spread on fields in Finland and Sweden each year.

Minerals



Quartz and feldspar are important raw materials in the glass industry, for example, in the manufacture of high-quality sheet glass. Partek Nordkalk is the leading producer of quartz and feldspar in Finland.

Oy Semca Ab in Kristiinankaupunki was acquired in June and merged with Partek Nordkalk in December 1996. Semca's annual net sales is approx. FIM 10 million. In Sweden agreement was reached on the acquisition of All-Kalk AB from 1 January 1997. All-Kalk's yearly production is approximately 50,000 tonnes, which increases Nordkalk's production of carbonate products in Sweden by 10 percent.

Demand for limestone for soil improvement increased markedly in Finland, mainly because of favourable weather conditions. The cold winter in 1996 also meant that the country's coal-fired power plants operated at high capacity and demand for carbonate products for flue-gas cleaning consequently expanded. New markets were opened with deliveries of carbonate products to Russia. In Sweden liming of lakes and the demand for lime for soil improvement rose from the 1996 levels.

Quick and hydrated lime

Partek Nordkalk is the leading manufacturer of quick and hydrated lime in the Nordic countries. The products are used in the processing industry as a raw material and also for removing impurities, in coal-fired power plants for cleaning flue gases and for the alkalisation and purification of drinking water and sewage. Quick lime is also used for soil stabilisation.

Partek Nordkalk acquired the Nordic countries' largest lime-burning kiln at Raahe in Finland from Rautaruukki at the end of the year. This acquisition will markedly increase Partek Nordkalk's capacity for the production of lime by almost 50%.

The main increase in demand for quick lime was in the steel industry. In Sweden deliveries to the pulp industry also rose.

Paper pigments

Partek Nordkalk produces calcite concentrate, which is then further refined by the subsidiary Suomen Karbonaatti Oy into ground calcium carbonate. This is used as a pigment for coating paper in the Finnish paper industry. The Swiss company Plüss-Staufer AG is a shareholder in the company and also holder of the trademark Hydrocarb.

A program of investment to raise production of paper pigments by 25 percent was initiated at Lappeenranta in Finland.

Demand for paper pigments rose after production in the paper industry once more returned to full capacity in the early autumn after a down period since the end of 1995.

Other minerals

Partek Nordkalk is the leading manufacturer of quartz, feldspar and wollastonite in Finland. In addition, the company also produces casting sand and fire-resistant lining compounds. Quartz and feldspar are important raw materials for the glass and ceramics industries in the manufacture of sheet and packing glass and the glazing of tiles and porcelain products. Wollastonite is used primarily as a raw material for glazing. Quartz and feldspar are supplied to domestic customers but also exported to other countries in Europe. Lining compounds are supplied to foundries all over the world.

In the glass and ceramics industries the emphasis in demand and production has shifted to the eastern European countries as a result of the stagnation in building activity in southern and central Europe and the upswing in eastern Europe.

Limestone-based paper pigments are used both as fillers in and for coating high-quality paper. Paper pigments are produced by Partek's subsidiary, Suomen Karbonaatti Oy. At Lappeenranta in Finland a start has been made on a program of investment that will raise output of paper pigments by 25 percent.

Cargotec

Kumpulan Guthrie Berhad palm oil plantation, PD Lukut, Malaysia

Ahmad Zamani Zainuddin
Assistant Manager
Kumpulan Guthrie Berhad

"Hiab cranes have been with us since we started mechanical loading of palm oil fruits in the seventies and we haven't looked back since. The crane is used to lift fresh fruit bunches which are put into a net and can be lifted in a single lift weighing about one tonne. It has greatly helped handle the loading job without additional manpower. We've even further mechanized the loading and have gradually changed the net to a grapple."

John P. Fernando
Sales Manager (Plantation)
Partek Cargotec Sdn Bhd

"Palm oil is a big industry in Malaysia. We sell both Hiab cranes and Multilift demountable equipment for lifting and transporting the fruit from plantations to processing plants. I've been selling Hiab's to this plantation for about 6 years and I'm thankful to Hiab Denmark for developing a crane specifically suited for this purpose."

Cargotec

Cargotec is the world's principal producer of cargo-handling equipment for vehicles. All the products are hydraulic-based, chassis-mounted, used for loading and unloading goods and have an after-sales market. Cargotec operates globally. America and Asia continue to be the geographical growth areas.

HIAB cargo cranes are the world market leaders. Loglift and Jonsered timber cranes have a strong position in the European market. Multilift and LeeBur demountable load-handling systems are the market leaders in Europe. Other recognized products are Norba refuse-collection vehicles, Nummi tipping hydraulics and Focolift tail-lift equipment.

The customer base consists of private truck owners, transportation companies, rental fleets, forestry machine producers and contractors, building material suppliers, waste-handling companies, utility firms, municipalities, authorities and the defense ministries in several countries.

Production units for cargo cranes are located in Sweden, Denmark, the Netherlands and Spain. Forestry cranes are produced in Finland and Sweden. Production facilities for demountable equipment are located in Finland and the Netherlands and for refuse collection vehicles in Sweden. Cargotec has its own sales companies in the following countries: Belgium, Chile, Denmark, Finland, France, Germany, the Netherlands, Italy, Japan, Korea, Malaysia, Norway, Poland, Singapore, Spain, Sweden, UK and USA. There is an associated company in Mexico. Cargotec's own distribution network is supported by a worldwide network of independent importers and retailers.

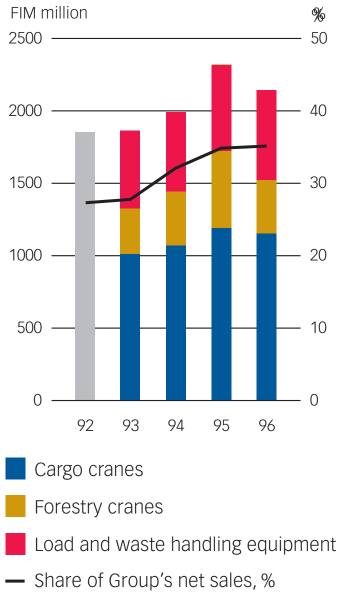
Key figures	1996	1995	Change %
Net sales, FIM million	**2 169**	2 308	– 6
Operating profit, FIM million	**– 25**	151	
- % of net sales	**– 1**	7	
Capital employed avg., FIM million	**1 004**	961	4
- return on capital employed, %	**neg.**	17	
Investment, FIM million	**46**	64	– 28
Depreciation, FIM million	**51**	47	8
Personnel Dec. 31	**2 614**	2 804	– 7
R&D expenses, FIM million	**66**	62	7
R&D personnel	**117**	107	

Divisions	Net sales, FIM million		Staff, average	
	1996	1995	**1996**	1995
Cargo cranes	**1 176**	1 184	**920**	932
Forestry cranes	**344**	482	**303**	300
Demountables	**320**	330	**260**	270
Development unit	**329**	313	**461**	474
Sales companies			**815**	777
Total	**2 169**	2 308	**2 759**	2 753

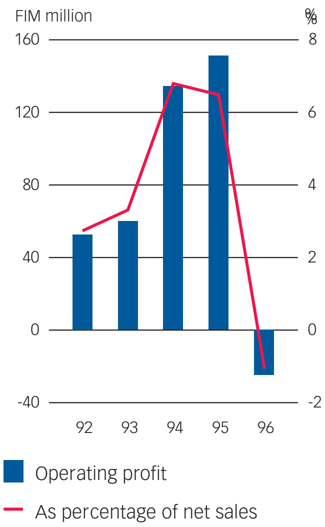
Net sales by market, FIM milion	1996	%
Finland	**158**	**7**
Other Scandinavia	**386**	**18**
Other EU	**992**	**46**
Other Europe	**56**	**2**
USA and Canada	**210**	**10**
Asia	**317**	**15**
Other countries	**50**	**2**
Total	**2 169**	**100**

Carl-Gustaf Bergström, b. 1945
Senior Executive Vice President
B. Sc. (Econ.)
Employed since 1970
Shareholding: 2,710

Net sales



Operating profit



Cargotec

- Demand fell and heavy pressure on prices in Cargotec's main markets
- Significant restructuring activities
- Building brand equity
- Demand will remain at a low level in 1997 but significant profit improvement is expected through a wide-scale program of measures

Net sales and results

Cargotec's net sales were FIM 2,169 (1995: 2,308) million, a drop of 6 percent from the previous year. The operating result was FIM -25 (151) million. The business area incurred significant costs of a non-recurring nature for restructuring, reducing overcapacity and credit losses. If the non-recurring costs and costs of reducing personnel are excluded, the operating profit of the last tertial would have been positive. The return on capital employed was negative.

For Cargotec, 1996 was a year marked by low demand in its main markets, Germany in particular, which resulted in heavy price competition and overcapacity. Demand for heavy trucks was steady. Sales of cargo-handling equipment was, however, affected by the decline in the forestry and construction sectors. The forestry crane market dropped significantly in Europe. Orders received fell by 10 percent from the previous year and was FIM 2,102 (2,328) million. The negative trend levelled off , however, by the last tertial. Order stock at the end of the year was FIM 363 (419) million.

During the fall, Cargotec implemented a new organization structure comprising four product divisions and three market regions. The objective is to strengthen the sales and after-sales structure as well as benefit from coordinated purchasing, product and quality development, and joint component manufacturing.

A major cost savings program was also initiated. Personnel was reduced by 200 of the expected 250 people by year end. Other projects have been introduced to shorten production throughput times and to reduce tied-up capital.

Two new sales companies were opened in 1996 in Chile and Italy, which is one of the world's largest markets for knuckle-boom cranes. The U.S. continued to show good development. Investments in the business area amounted to FIM 46 (64) million.

Prospects

The order flow is expected to be low also in 1997, however a significant profit improvement is expected through lower costs and structural activities. Developments in Europe, Cargotec's main market, will still affect the result significantly. Growth areas will be Asia and America where the distribution network will be strengthened and products will be further adapted to the local markets. There is a trend towards larger customers which creates the opportunity to develop full service and maintenance capabilities.

The Cargotec concept

Cargotec's concept is to develop, manufacture and market cargo-handling equipment and machinery for vehicles. The products' common features are: hydraulic-based, chassis-mounted, used for loading and unloading goods and have a significant after-sales market.

Cargo cranes

The Cargo Cranes division comprises HIAB cranes which are general cargo cranes mounted on vehicles and used for handling heavy goods. Small HIAB cranes are mounted on service and delivery vehicles. HIAB is the market leader in its segment throughout the world. The cranes are used mainly for building, construction transportation and infrastructure-related needs. The dominant market for the products is Europe, whereas Asia and America are the growth areas. Net sales for the division were FIM 1,176 (1, 184) million.

The Hiab spare-parts centre in Metz, France, which provides spare parts for all Hiab cranes in Europe, has substantially improved customer service.

The cranes continue to have increased reach and greater lifting capacity. HIAB has concentrated on developing electronic control and safety systems for its cranes which improve their operability considerably. HIAB products sold in Europe are equipped with the CE safety standard found in the EU machine directive.

Forestry cranes

The Foresty Crane division includes Loglift and Jonsered brand cranes which are used primarily for handling timber. They are also used to an increasing extent as production loaders i.e., in waste and scrap handling, recycling opera-

This multi-purpose vehicle combines the lifting power of a HIAB articulated crane and the versatility of a Multilift hooklift system on one truck. It is employed by the City of Surrey Fire Department in British Columbia, Canada as their primary emergency mobile warehouse unit.

tions, construction etc. The brands are firmly established on the European market and growth areas are America and Asia. Despite the decline in demand, the division was able to increase market share slightly and preserve its strong market position. Net sales for the division were FIM 344 (482) million.

Producers of forestry machines i.e., harvesters and forwarders, are an important customer for the Forestry Crane division. Loglift has a cooperation agreement with the Timberjack Group, the world's foremost producer of forestry machines, which installs Loglift cranes on these machines. To meet the increasing demand for cranes fitted with cabins, Cargotec acquired the Swedish K-Produkter, which produces these cabins.

Demountables

The Demountables division produces demountable load-handling systems under the brand names Multilift and LeeBur. The products and systems are particularly well suited to the recycling and transportation of waste and to the transportation needs of armed services. The customers are principally waste-treatment companies, truck owners and national defense ministries. Europe is Cargotec's main market for demountables, where it is also the clear market leader. Net sales for the division were FIM 320 (330) million.

The division's Government Business Operations, which markets Cargotec's products to defence forces around the world, had continued success in 1996 securing contracts with military authorities in i.e., Norway, Canada and the Czech Republic among others and the outlook for 1997 is good. In general, the use of demountables in the transportation of goods is increasing worldwide.

Development unit

The Development unit comprises Norba refuse vehicles, Nummi tipping hydraulics, Focolift tail-lifts as well as components. The key customer groups include waste-treatment companies, municipalities and authorities, truck body builders, distribution service companies i.e., postal services, breweries, etc. and other Cargotec companies.The main markets for the products are Scandinavia and the UK. Net sales for the division were FIM 329 (313) million.

Loglift and Jonsered are the leading forestry crane brands in Europe. In the Scandinavian cut-to-length felling method, timber is transported with forwarders and timber trucks which load on-site with their own cranes.This method is gaining popularity given its positive environmental effects.

In 1996, Norba further strengthened its position in the Nordic countries where it is clearly the dominant producer. Norba has been a major supplier of refuse collection vehicles to the Hong Kong Government and was awarded a further contract in 1996. The Nummi cylinder factory at Porvoo, Finland will be closed in June 1997 and production will transfer to Perniö.

Strengthened structure

In 1996, Cargotec decided to reorganize its business activities and structure in order to reduce costs, increase sales, improve production and customer service as well as to develop spare parts and after-sales services. The new organization comprises four product divisions each with consolidated profit reponsibility and three market areas: Europe, Asia, North and South America. In countries where Cargotec has several of its own sales companies the operations of these companies will be combined under Partek Cargotec multi-product sales companies. During the year, sales operations in the UK and France were merged into Partek Cargotec multi-product sales companies. In addition, two new service workshops were opened in the UK to strengthen its after-sales network. Growth opportunities in spare parts and after-sales service overall is clearly anticipated.

Building brand equity

Cargotec has several existing product brands, some with global brand recognition and some with regional recognition. In order to demonstrate the synergy between the products visually and create a strong brand family, Cargotec's branded products are now recognized by the world renowned HIAB elephant.

Cargotec is Europe's leading producer of demountable load-handling systems. Cargotec's Government Business Operations markets these systems to defence and UN peacekeeping force worldwide, with its largest customers being the US and British defence forces.

Insulation

Mercedes-Benz Ag, Stuttgart, Germany

Frank Lehmann
Architect, Project Manager
Mercedes-Benz Ag

"The facades and their design were a big task for our construction department and we considered many alternatives before deciding on Paroc Panels. Rock wool insulation in this form wasn't offered by anyone else. The fire-rating, the wind-tight cladding, the simple installation and the strict quality control were the decisive arguments."

Veli-Matti Savo
Export Manager,
Panel Systems, Central Europe
Partek Paroc Oy Ab

" 'The factory of the future', as Mercedes-Benz calls their new Stuttgart factory, means that all parts of this building must fulfil future demands. We took this very seriously and cooperated closely with them from the planning stage to find the best solution, technically as well as economically. We really believe that this is the right way to earn our customer's confidence."

Insulation

Partek Insulation is the leading manufacturer of rock wool-based insulation materials in Finland and Sweden. The main market is the Baltic Sea region. Partek Insulation's strong market position is based on customer-oriented service, its own manufacturing technology and its know-how in the insulation field. The focus is on expansion and new product applications.

Partek Insulation manufactures rock wool building and technical insulation materials and building elements (panels). Its products are used for both heat and acoustic insulation and for fire protection. Trademarks for its building, industrial and HPV (heating, plumbing and ventilation) products are Paroc and, in Sweden, Rockwool. Growth will be sought from technical insulation, Paroc Fireproof Panels together with product innovations and new applications. Product development takes place in close cooperation with customers. New construction accounts for approximately 40 percent of the net sales and renovation and technical insulation for just under a third each.

The principal market for building insulation materials is the Baltic Sea region and for technical insulation products also other countries in Europe. Insulation technology and Paroc Panels are sold worldwide. Customers include building companies, entrepreneurs and installation companies, industry (especially construction and ship-building), small-house builders, wholesale and hardware trades.

Partek Insulation's largest subsidiaries are Rockwool in Sweden and Paroc in Finland. It has production plants at four locations in Sweden, three in Finland and one in Vilnius, Lithuania. There are also sales companies in Germany, Norway, Denmark, Belgium, Estonia, Latvia and Russia. A newly opened sales company has also been set up in Poland. In addition, Partek Insulation has a number of associated companies: Paroc Silikatas in Lithuania, Steinullarverksmidjan in Iceland, Ecoprim in Sweden, and Paroc Panel System in Britain.

Key figures	**1996**	1995	Change %
Net sales, FIM million	**1 341**	1 204	11
Operating profit, FIM million	**101**	68	49
- % of net sales	**8**	6	
Capital employed avg., FIM million	**461**	425	8
- return on capital employed, %	**24**	17	
Investment, FIM million	**56**	46	22
Depreciation, FIM million	**40**	40	
Personnel Dec. 31	**1 519**	1 614	– 6
R&D expenses, FIM million	**46**	38	21
R&D personnel	**99**	111	

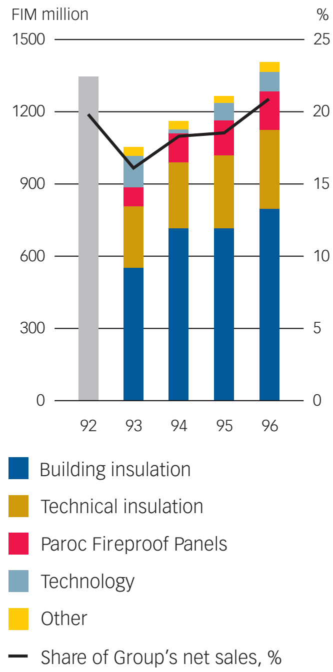
Divisions	**Net sales, FIM million**		**Staff, average**	
	1996	1995	**1996**	1995
Building insulation	**765**	681	**858**	871
Technical insulation	**310**	291	**404**	424
Paroc Fireproof Panels	**159**	133	**109**	112
Technology	**69**	74	**121**	119
Other	**38**	25	**126**	108
Total	**1 341**	1 204	**1 618**	1 634

Net sales by market, FIM milion

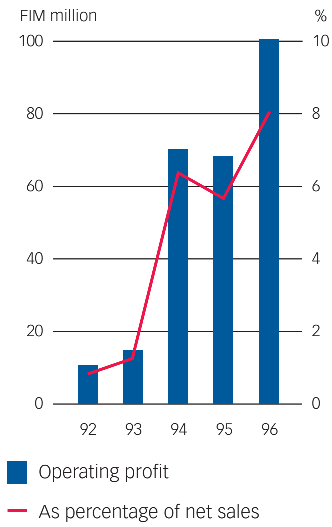
	1996	**%**
Finland	**405**	**30**
Other Scandinavia	**536**	**40**
Other EU	**232**	**17**
Other Europe	**148**	**11**
Other	**20**	**2**
Total	**1 341**	**100**

Peder Biese, b. 1950
President, Partek Insulation AB
M.Sc. (Econ)
Employed since 1973
Shareholding: –

Net sales



Operating profit



Insulation

- Marked improvement in profit
- Continued growth by Paroc Fireproof Panels. Upswing in home construction, particularly in Finland. Investment by industry increased demand for technical insulation materials.
- Production at the new rock wool plant in Lithuania on stream. Strong local position in the Baltic countries further strengthens position in the Baltic Sea region.
- Demand for insulation materials expected to increase in 1997.

Net sales and result

Partek Insulation's net sales grew by 11 percent to FIM 1341 (1995: 1 204) million. The largest increase was recorded by Paroc Panels and building insulation products but technical insulation also recorded better sales figures than the preceding year. Demand in Finland improved during the second half of the year. The number of new homes on which construction started in 1996 rose by 25 percent compared with 1995. Exports to Germany and the Baltic countries also increased. Construction activity in Sweden also showed an increase from a previously very low level.

Operating profit amounted to FIM 101 (68) million. Return on capital employed was 24 (17) percent. Price competition was keen in most markets. Nonetheless, Partek Insulation maintained its position as market leader in Finland, Sweden and the Baltic countries. Paroc Panels increased its market share in Europe. The result for the year was affected by measures taken during 1996 to improve profitability.

Investment during the year amounted to FIM 56 (46) million. Environmental investment was FIM 15 (3) million.

Partek Insulation's strategy is to further strengthen its position in the Baltic Sea region. Production commenced at year-end at Paroc Silikatas' new rock wool plant at Vilnius, Lithuania. Partek Insulation owns 48 percent of the company and is the largest single shareholder in UAB Paroc Silikatas. Other shareholders are Finnfund, Nefco and the Lithuanian building materials company Silikatas. The production capacity of the Vilnius plant is well over 20,000 tons/year which increases Partek Insulation's total production capacity by approx. 10 percent. Paroc Silikatas has some 100 employees and its products are sold primarily in markets in the Baltic countries. The Baltic countries are experiencing a major need to conserve energy, necessitating better insulation for buildings and industrial processes.

In the autumn, an agreement was made to sell Partek Insulation's wholly owned subsidiary, Akustik & Interiör to the American company Armstrong World Industries Inc., the world's largest ceilings producer. Partek Insulation will have a 40 percent holding in the newly formed company. This arrangement considerably strengthens the Akustik & Interiör group's financial resources and provides access to Armstrong's wide sales network. The transaction still requires approval by the European anti-trust authorities.

The program of investment, already set in motion at Lappeenranta, Finland continued.

During the past year Partek Insulation has invested heavily in measures to improve quality systems. The aim is to reduce costs and thereby free-up capital. During the year Paroc Panel Systems, Rockwool building insulation and Rockwool technical insulation all gained ISO-9000 certificates.

Prospects

The outlook for construction activity seems somewhat brighter, especially in Finland, where the number of building permits issued increased by 15 percent compared with the previous year. In the Baltic countries demand continued to expand. Investment by the processing industry is expected to lead to increased demand for technical insulation. Similarly, a rise in the demand for Paroc Panels is also expected. Investment in the Baltic Sea region continues. In Poland Partek Insulation's presence will be strengthened, in the first stage, by the opening of a new sales company.

The upswing in the construction of new homes in Finland and Sweden in 1996 triggered increased demand for building insulation materials. In Finland the number of new building permits issued rose by 15 percent. Partek is the leading manufacturer of rock wool-based building insulation in Finland and Sweden.

Insulation

The safety of Paroc Fireproof Panels was illustrated dramatically in a warehouse fire in Denmark. The section of the building insulated with Paroc Fireproof Panels could still be used even after the fire.

Building insulation

Partek Insulation enjoys a strong position in both the Swedish and Finnish insulation markets. Its product range comprises Paroc Punaraita rockwool products in Finland and Rockwool building insulation products in Sweden. Its customers include consumers, entrepreneurs and small-house builders. Building insulation materials are exported mainly to the Baltic countries, Russia but also to central and western Europe, especially Germany.

Home construction increased after a number of poor years. In Finland a start was made on 23,000 (18 000) new homes. In Sweden housing construction remains at a low level.

Net sales of building insulation products increased to FIM 765 (681) million. An increase in demand was noted in the latter half of the year.

Agreement was reached during the year with two other interested parties to build a briquette factory at Hällekis in Sweden. The plant, which will come on stream in the spring of 1997, will manufacture raw-material briquettes of mainly rock wool waste and these will be used by the rock wool plant at Hällekis. The use of briquettes will reduce the overall impact on the environment of the plant's operations. The program of investment, already set in motion at Lappeenranta continued.

Technical insulation

The range of technical insulation products covers industrial and HPV insulation. The products are used in the processing industry for heating, plumbing and ventilation purposes in houses and by the ship-building industry, primarily for reducing fire risks and by different equipment manufacturers. The Nordic countries and Central Europe are the main markets.

Building investment by industry in Finland and Sweden has risen during the past year. Also, the principal export markets - Germany, Britain, Italy and Norway - expanded somewhat. On the other hand, demand from the ship-building industry declined. Net sales of technical insulation materials amounted to FIM 310 (291) million.

The investment program begun earlier at the Lappeenranta plant continued. In the autumn a new machine for the manufacture of pipe insulation came on stream and at the turn of the year filters were installed for cleaning flue gases from the cupola furnaces.

Paroc Fireproof Panels

Paroc Fireproof Panels are lightweight elements for outer and partitioning walls and for ceilings. The foodstuffs and wood-processing industries together with other industrial companies are the principal customers. Paroc Panels are also used increasingly in commercial complexes and public buildings and in warehouse and sports premises.

The most important markets are the Nordic countries, Germany, Britain, the Benelux countries together with the Baltic countries and Russia.

Sales of Paroc Panels increased by 20 percent and amounted to FIM 159 (133) million. Growth was strong in a number of markets. Efforts to improve efficiency have continued.

UPM-Kymmene's pulp mill at Kaukas, Finland was one of the largest and most demanding projects for Technical Insulation in 1996. Deliveries included almost 70 km of pipe insulation.

Precast Concrete

Hartwall Arena, Helsinki, Finland

Antero Hellstedt
Unit Director
Partek Betonila Oy Ab

"The Hartwall Arena was a record breaking project for us. We were contracted by both Skanska-Palmberg to supply and erect some 11,000 precast structural elements and over 5 kilometers of concrete seat elements for the construction of a multi-purpose arena and adjoining multi-level car park in Helsinki. This arena, which was both technically demanding and required exceptional teamwork, was built in record speed – 3.5 months!"

Hannu Sohlberg
Area Manager
Alfred Palmberg Oy Ab

"Implementation of this project required implicit confidence, good cooperation and a high level of professional skill from all parties involved. We chose Partek Betonila because they are a business partner recognized for their competence, proficiency and reliability."

Jalo Takala
Vice President
Skanska Oy

"Considering the complexity of the project and the short time reserved for its technical realization, we trusted Partek Betonila's ability to pull it off given our previous experience with them in large joint efforts."

Precast Concrete

Partek is one of the world's leading producers of precast concrete, concentrating on industrially-made, pre-stressed products.

The main product is the hollow-core slab, a pre-stressed floor slab made lighter by a series of hollow canals running through it. Other important products include pillars, beams and facade elements used in building construction, bridge and tunnel elements for infrastructure and railway sleepers. The most important customers consist of building contractors, developers and industrial companies. In the Netherlands wholesalers also form an important distribution channel for small-scale builders.

Transportation costs place limitations on the area inside which precast concrete can be marketed profitably. Partek's strategy is to achieve the leading market position on selected, limited areas. The principal market areas are the Netherlands, Norway, Finland and Germany. Production plants are situated in the Netherlands (Partek Beton NL, whose companies are VBI, Spanbeton, Schokbeton), Germany (Partek Brespa) and Norway (Spenncon). In Finland there is Parma/Betonila, which is jointly owned with the Swedish company Scancem. Eastern Partek, an associated company of Partek, operates in Singapore and Malaysia. The precast concrete operations remaining in France are part of the Other Business Activities grouping.

Partek Concrete Engineering is one of the world's foremost companies in precast concrete technology. The company markets worldwide the technology it develops and tests at Partek production plants, principally in the form of production lines and equipment. PCE also designs, plans and delivers complete plants on the turn-key principle.

Key figures	**1996 ***	1995	Change %
Net sales, FIM million	**1 654**	1 856	– 11
Operating profit, FIM million	**109**	105	4
- % of net sales	**7**	6	
Capital employed avg., FIM million	**966**	991	– 3
- return on capital employed, %	**14**	12	
Investment, FIM million	**112**	63	78
Depreciation, FIM million	**90**	91	– 1
Personnel Dec. 31	**1 933**	2 416	– 20
R&D expenses, FIM million	**19**	15	27
R&D personnel	**32**	40	

* Schokbeton is not included.

Divisions	**Net sales, FIM million**		**Staff, average**	
	1996	1995	**1996**	1995
Holland and Germany	**1 010**	1 128	**1 361**	1 604
Norway	**490**	429	**594**	547
Technology sales	**185**	288	**162**	152
Others	**0**	52	**0**	34
– inter-divisional	**– 31**	– 41		
Total	**1 654**	1 856	**2 117**	2 337
Finland*	**501**	495[1]		
Asia*	**316**	206[2]		

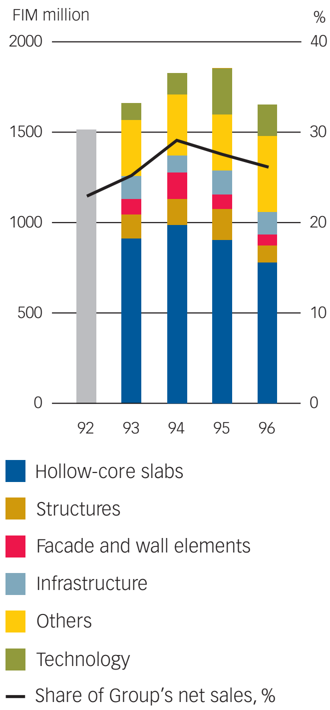
* associated company, [1]precast concrete operations only, [2] Eastern Partek, Singapore and Malaysia.

Net sales by market, FIM milion

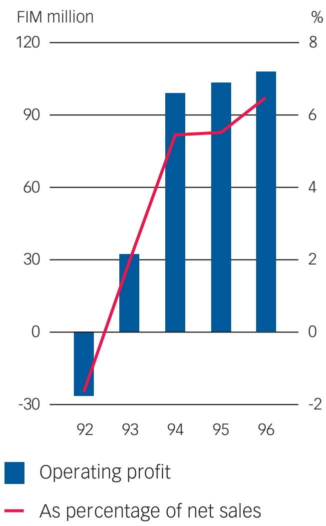
	1996	**%**
Finland	**14**	**1**
Other Scandinavia	**493**	**30**
Other EU	**1 013**	**61**
Other Europe	**49**	**3**
Asia	**80**	**5**
Other	**5**	**0**
Total	**1 654**	**100**

Bengt Jansson, b. 1946
President, Precast Concrete
M.Sc. (Eng.)
Employed since 1979
Shareholding: 1 128

Net sales



Operating profit



Precast Concrete

- Profitability improved despite the drop in net sales
- Strengthening the industrial structure continued
- Profitability and strong market position allow Precast Concrete to take a step towards independence
- No significant changes are expected in the market development

Net sales and result

Net sales in the Precast Concrete business area fell compared with last year to FIM 1,654 million (1995: 1,856). The operating profit rose somewhat and was FIM 109 (105) million. The return on capital invested was 14 (12) percent. Investment totalled FIM 112 (63) million. The fall in net sales was mainly the result of the disposal of business activities and the virtual completion in 1995 of PCE's significant project in Russia. Order stock at year end was FIM 398 (544) million and orders received FIM 1,641 (1,786) million.

In accordance with its strategy, Precast Concrete operations will concentrate on industrially manufactured products and on those countries where a leading position can be achieved and maintained. Following this strategy, Partek Ergon in Belgium was sold in September to a Belgian consortium. It was decided to discontinue the operations of the Dutch Schokbeton. The facade and structural elements produced by Schokbeton have little synergy with the other products of the business area. Schokbeton's net result will be recorded under extraordinary items in the income statment.

Prospects

Commercial building is expected to show a further increase in The Netherlands. Residential construction is expected to stabilize in 1997. Sales from the Netherlands to Germany's Ruhr area are anticipated to grow further. In the future the Netherlands will be investing heavily in the construction of infrastructure, various transportation routes, tunnels, and express rail connections.

The forecast for the Norwegian market is positive. Demand is expected to recover to some extent in Finland. At the same time additional supply will be created for a market that is at present suffering from over-capacity and price pressure. Additional capacity is also being built in the Netherlands and Germany.

The market situation in the sale of technology fluctuates dramatically from one market area to the next. Demand in Europe is low and no major change is expected. The Russian market will shrink, whereas markets in East Asia will expand.

During 1996 the units in the business area have paid particular attention to productivity, customer responsiveness, cost-effectiveness and training in quality. With this training and the development of quality systems they are striving to create better preconditions for adapting to the rapid changes taking place in the market situation.

The Netherlands and Germany

The Netherlands, where Partek is the market leader, accounts for about a half of the net sales of Partek's precast concrete operations. The operations in the Netherlands are focussed to a great extent on hollow-core slabs, whose market share together with other industrially produced flooring systems totals about 80 percent and is the highest in the world.

The market in the Netherlands has developed with relative stability. The amount of residential construction went down slightly given the cold winter and the amount of other construction rose to some extent. Net sales in the Netherlands was FIM 790 (846) million. The result showed a clear fall. Increased capacity and fiercer competition on the Dutch market have affected prices adversely.

The most important deliveries were bridge beams supplied for various road-construction projects. VBI's biggest hollow-core slab deliveries were made to the Dutch armed forces.

In the Netherlands VBI concluded an important campaign aimed at promoting the use of hollow-core slabs on environmental grounds, the most important of which is the substantial savings in raw materials. The Dutch Spanbeton won an award from the International Precast Concrete Industry for first-class precast concrete projects. The award was granted for the Amsterdam Subway Ringroad Project, for which Spanbeton supplied curved, pre-stressed concrete box girders for the bridge deck.

Spanbeton launched a new product, sheet pile, which is used, for example, on the walls of tunnels and underground car parks and for retaining walls at harbours and rivers and in other infrastructure building.

Partek Brespa is focussed on delivering hollow-core slabs for commercial and residential construction in north

Partek's Norwegian subsidiary, Spenncon, is delivering precast concrete elements to the airport facilities of Oslo's new Gardermoen airport as well as sleepers for the express railway connecting Oslo and the airport.

Precast Concrete

and east Germany. Although demand in the German market as a whole has shrunk, the hollow-core slab has succeeded in increasing its market share at the expense of other floor structures. As a result of increased competition and capacity, prices in Germany have gone down. However, Partek Brespa managed to increase its net sales somewhat to FIM 112 (108) million and to improve its profitability.

Norway

In December 1996 the companies belonging to Partek's Norwegian subsidiary, Spenn-Gruppen, were merged into one company, which operates under the name Spenncon. Spenncon is the market leader in Norway with a share of about 50 percent. Spenncon's main products are hollow-core slabs, structural elements and railway sleepers. Unlike the other Partek precast concrete companies, Spenncon's deliveries almost always include installation and transportation, so services account for a considerable part of the net sales.

Commercial construction in Norway has grown, which has raised the demand for hollow-core slabs. Spenncon increased its net sales over the previous year by about FIM 60 million to FIM 490 (429) million, and profitability developed positively. For the second year in succession Spenncon received the Partek award for the best profitability. The most important deliveries in Norway were to factories in the food industry in Stranda and Ålesund, and to a car parts plant in Lista.

Finland

Ownership and structural arrangements were made to Partek's precast concrete operations in Finland at the end of 1996. It was decided to merge Partek Betonila and Parma, precast concrete companies which are half-owned by Partek. The emergent company will be jointly owned by Partek and the Swedish Scancem's subsidiary, Euroc Beton.

The company's main product is the hollow-core slab and other products include concrete railway sleepers, and structural and wall elements. Parma/Betonila is the market leader in the precast industry in Finland with market share of about 40 percent. There is still considerable over-capacity on the precast concrete market.

The total net sales of Partek's precast concrete operations in Finland in 1996 amounted to FIM 501 (495) million. The biggest single delivery was for the Hartwall Arena in Helsinki. The project, which was carried out inside a record-breaking schedule, is an unusually large turn-key delivery.

The Dutch company Spanbeton was awarded by the International Bureau for Precast Concrete for its outstanding precast concrete project: the curved bridge deck of the Amsterdam subway. Spanbeton is delivering similar bridge elements for a ring road project in Rotterdam.

Partek Betonila's stair element production was sold to Lemminkäinen Oy and unprofitable product lines have been discontinued. The net sales of AS E-Betoonelement, which operates in Estonia, are no longer included in Partek Betonila's figures (ownership interest 44 percent).

Singapore and Malaysia

Partek is involved in the East Asian market through an associated company (45%), which it owns together with the Singapore company NatSteel. The company, which operates in Singapore and Malaysia, produces precast concrete, plasters and mortars. Eastern Partek's net sales for 1996 totalled FIM 316 (206) million. Profitability was good.

Sale of technology

PCE made ready a considerable number of deliveries relating to the Sertolovo project in Russia in 1995, which accounted for the net sales in 1996 falling sharply to FIM 185 (288) million. East Asia now accounts for a substantial part of PCE's net sales. The growth in sales has been given impetus by PCE's and Eastern Partek's cooperation in marketing.

PCE's biggest single deliveries to East Asia were two plants in Korea that will produce railway sleepers. The sleepers will be used on the high-speed rail track linking Seoul and Pusan. PCE delivered hollow-core slab machines and equipment to countries such as Singapore, Malaysia and Japan. Concrete stations and concrete transportation systems were also delivered to Taiwan and Thailand. The total value of PCE's deliveries in East Asia is about FIM 80 million in 1996.

The increasing speed and weight of trains place high demands on the quality of the rails and railway sleepers. Sleepers made of precast concrete are the best and most durable solution. Partek is the foremost producer of precast concrete sleepers in Norway and Finland.

Other Business Activities

The Other Business Activities grouping consists of those activities that in operational or geographical terms lie outside Partek's strategic direction. The grouping's net sales were FIM 35 (1995:338) million and the operating profit FIM 6 (-55) million. The effect on the result of the insulation industry in North America and precast concrete operations in France was FIM -48 million and this has been recorded under extraordinary items. Capital to the value of FIM 708 million was tied up in the activities, real estate accounting for FIM 503 million of this figure.

In May 1996 Partek sold its North American insulation industry, which had been making heavy losses. The operations' net sales in 1995 totalled FIM 116 million and the number of staff was 220. Owens Corning, the leading producer of glass-fibre insulation in North America, acquired the entire business activities of the plant situated in the USA and the pipe-insulation activities of the plant in Canada. The Canadian subsidiary was sold with its remaining business activities to Fibrex Insulations Inc., an American insulation-industry company.

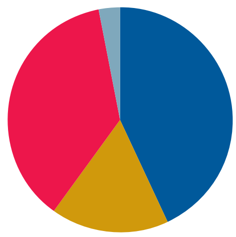
In September Partek sold Partek Morin S.A., one of Partek's precast concrete companies situated in France, to a Belgian consortium. The company's net sales in 1995 totalled FIM 70 million and the staff numbered 115.

In February 1997 a majority of the shares in the other precast concrete company in France, Morin Système Architechtonique (MSA) SA, was sold. The local management acquired 32 percent and a private French investor 20 percent of the company. The management holds an option to increase its holding. MSA SA has two plants in southern France. They produce high-quality facade elements, stair elements and other special products. The number of staff was 280. The company's net sales were FIM 92 million. Profitability improved but the company was still recording a loss.

A-Rakennusmies Oy, is the leading company in Finland for leasing building machinery and equipment. The company's result for 1996 was good. The holding in A-Rakennusmies (33 percent) is a financial investment for Partek.

The principal owners of Polar strengthened the capital structure of Polar Oy. Partek now owns 4.4 percent of Polar Oy's shares. In the same connection Partek has made a further investment of FIM 15 million in the company by acquiring about 19 percent of the shares in Cervuctum Oy, a Finnish development and investment company that owns 34.4 percent of Polar.

Partek's real estate by usage



Office premises, 43 %
Industrial premises, 17 %
Properties being developed, 37 %
Other, 3 %

Real Estate

The Real Estate Administration sells off, leases and manages real estate that is not part of Partek's industrial operations.

The value of real estate outside Partek's primary business activities was FIM 503 million. Attempts will be made to improve the yield from the real estate by development, sales and leasing. The aim is to release the funds tied up in the real estate holding for use in the other business areas. During the year FIM 40 million of real estate that is not part of the business activities was sold off. Altogether, FIM 44 million of expense provisions and write-offs relating to real estate are recorded in the accounts.

The main part of the office premises, which are valued in excess of FIM 200 million, comprise the office buildings that are situated in Sörnäinen, Helsinki and partly used by Partek for its own purposes.

The industrial premises are mainly property remaining with the company from the restructuring of the precast concrete industry in Finland. It is valued on the balance sheet at about FIM 86 million.

Properties being developed include business premises in Brussels, and in Finland, a commercial development plot in Turku, residential and holiday property areas in Pargas and plots in Vantaa and Sörnäinen. The development work consists mainly of planning the usage of a property and increasing the level of renting.

The majority of the remaining real estate consists of apartments.

Partek and the environment

Environment and health

Partek is a company with a wide range of activities, and its business areas differ greatly in terms of their effects on the environment. The Minerals business area quarries limestone that is refined into carbonate products and into quick and hydrated lime. Minerals also produces the ground micronized paper pigments and quarries and refines feldspar, quartz and wollastonite. The biggest impact on the environment comes from the quarrying of the raw material, the incineration and transporting of the limestone and the minerals flotation process.

The operations of Partek Cargotec, which produces cargo-handling equipment for vehicles, are engineering-based. Its typical production stages include welding, machining, painting and installation. Compared with the processing industry, the environmental effects are minimal, but a unifying factor of the products, the hydraulics and the oil used in them, is a potential environmental factor.

The Insulation business area produces rock wool insulation for heat and sound insulation and for fire protection. The effects on the environment from the production process are related mainly to the melting of the aggregate and the processing of the rock wool into slabs, mats and pipe insulation. An organic binder is used for binding the rock wool products. Occasional unpleasant odours may occur even though the process gases are filtered and subsequently removed.

The Precast Concrete business area manufactures building products from aggregate, cement and water. The business area's main product is the hollow-core slab, a prestressed concrete element made lighter by hollow canals running through it and used mainly for ground and intermediate floors.

Partek's environmental policy

At Partek risk management includes matters relating to the environment, health, safety, protection and security. The starting point for risk management is systematic, continuous and preventive action in order to recognize and control risks and the effective dealing with accidents. In line with the Group's environmental policy, Partek's objective is to operate without causing detrimental effects to human beings and the environment. Partek is continually developing its products, production processes and operating methods so that the environmental effects during the products' entire life cycle are taken into consideration. The responsibility for dealing with environmental matters lies with the line management. The Group's Vice President of Risk Management is the person who is responsible for environmental protection and for implementing the environmental policy at Partek.

The development of an environmental reporting system covering the entire Group was started at Partek in 1996. The aim of the reporting system at Group level is to create the systematic and continuous follow-up of environmental affairs in the business areas as part of the management system. The reporting system is designed so that it takes into consideration different weighting values of environmental questions in the various operating areas.

Most units in the Partek Group are preparing their own environmental control systems alongside the ISO 9000 quality system. Partek Nordkalk's units in Finland have made internal environmental audits as part of the development of the ISO 14001 environmental management system. The development of the system has also been started in Sweden with an internal audit. Partek Nordkalk's units at Lappeenranta will be starting environmental training for the staff at the beginning of 1997 and applying for pre-auditing of the environmental control system.

Of Partek Cargotec's production lines Demountables has decided to start the preparatory work for acquiring ISO 14001 certification.

The Insulation business area has also decided to introduce an environmental management system in accordance with ISO 14001 during 1997.

In the Precast Concrete business area the companies operating in the Netherlands are preparing for the introduction of a control system based on ISO 14001 in 1997.

Raw materials and energy consumption

As far as the acquisition of raw materials is concerned, Minerals and Insulation have the biggest environmental impact. Waste rock is always created when mineral raw materials are being quarried. Minimizing the amount of waste rock is a primary objective not only in terms of the environment but also for financial profitability. With precise charting of the bedrock and selective blasting it is possible to reduce the number of explosions and improve the quality of the quar-

ried stone. Some of the waste can be re-used by crushing it into chips, and some is piled near the mines to await further use. The effects on the landscape from closed mines is improved by landscaping. For example, good results have been achieved with landscaping the Ignaberga mine in Sweden, which has been shut down. Likewise, the reforestation of a waste rock area beside an operating quarry in Pargas, Finland has been tested. Besides the effects on the landscape, quarrying causes dust, which is noticeable particularly around open-cast pits. Attempts are being made to move the refining of the stones to closed premises in order to prevent dust.

With respect to raw materials, precast concrete makes a significant environmental contribution. The main product of Partek's precast concrete operations is the hollow-core slab. Compared with the traditional on-site construction the hollow-core slab brings marked savings in raw materials: about 45 percent in concrete and 70 percent in steel. Concrete waste and faulty elements can be crushed and recycled, or used, for example, as a raw material in road construction.

Of the business areas, Minerals and Insulation are energy-intensive. The consumption of energy for processing raw materials plays an essential role in the operations of both. There is a very positive relationship between the energy consumed in the making of products in rock wool insulation and energy savings achieved with the products. The energy that is saved with rock wool is, on average, 100 times that which is consumed in producing it.

Production processes and emissions

During 1996 Rockwool, which belongs to the Insulation business area, started investment in a new production line in which the waste from the rock wool plant and the coke used as fuel will be crushed together into briquettes. By using briquettes it will be possible to use scrap glass and clinker as raw materials in addition to recycling the waste created in

the production process.The new production line will raise the production capacity of the rock wool furnace and reduce the consumption of coke by about 15 percent, because the briquettes burn more evenly than the rough stone chips. As the total energy consumption decreases, the carbon dioxide emissions decrease correspondingly.

The incineration of limestone in a temperature above 1,000 degrees initiates a chemical process which results in calcium carbonate changing into calcium oxide. Considerable amounts of carbon dioxide are released as the incineration takes place. Over a half of all Partek Nordkalk's carbon dioxide emissions originate from the limestone itself and the rest from the fuels used, such as coal and fuel oil. With the processes that can be used nowadays it is not possible to recover released carbon dioxide. Part of the sulphur in the coal is bound to the lime in the incineration process, so that sulphur dioxide emissions from lime plants are relatively small.

HEALTH

In line with its environmental policy, Partek endeavours to operate without causing detrimental effects to human beings or the environment. In addition to Partek's own actions to ensure that the products it produces are safe when being used, various officials examine and classify products on the basis of their health risk. In 1996 rock wool and quartz came in for particular attention.

Rock wool

Rock wool is produced by melting suitable types of stone into a glassy mass, from which thin fibres are obtained. The fibres are bound to each other into mats, slabs and pipe insulation with bakelite, to which dust-binding oil has been added.

The effects on health of insulation wool fibres have been examined widely and systematically for more than 20 years. Research results have been assessed in international meetings of experts belonging to health and labour organizations operating under the UN. In 1987 the International Agency for Research on Cancer (IARC), which comes under the aegis of the World Health Organization (WHO), classified insulation wool fibres under category 2B i.e. "as possibly carcinogenic substances". The effects on health of insulation wool fibres have been looked into subsequent to the classification, but the research has not brought to light any new evidence concerning the health risks of the fibres. A joint working party, IPCS, of the labour and health organizations (ILO and WHO) of the UN made an assessment in 1988 which stated that in the present production conditions it has not been found that insulation wool fibres cause an increased

health risk. The ILO's meeting of experts in 1989 stated that the health risk associated with the production and use of insulation fibres in present circumstances is "minimal". At present the European Union is preparing a classification for mineral wools. At the same time a method is being sought to define the criteria that will exempt some fibre or a modification of it from classification. Partek is following in detail the progress of the discussion that is under way and will abide by the agreed criteria.

Quartz

Quartz is a common substance in Nature, e.g. there are considerable amounts of quartz in sand. Quartz is an important raw material in the glass and ceramics industries. Quartz appears to some extent in the kinds of stone used by the building products and mineral industries. Partek quarries and processes quartz at two localities in Finland.

In the autumn of 1996 the IARC altered the classification of quartz. The IARC states in a classification as yet unpublished that quartz inhaled from occupational sources comes under category 1 (carcinogenic) instead of category 2A i.e. probably carcinogenic. The classification is qualitative and it does not give an opinion about the size of the risk. In practice, the risk caused by exposure to quartz is small.

The new classification will not require major new measures; attempts will be made to prevent harmful effects by improving existing processes and administrative functions. Improving dust-repellence, developing production processes and increasing the usage of standard regulation personal protective equipment are active means of reducing the risks. The health of employees is monitored by regular check-ups. National and international bodies may in the next few years take a stand on the size of the risk in practice, which could lead to a tightening of limits in occupational safety and the marking of materials that contain quartz.

Annual Report of the Board of Directors

General

Group net sales fell by 6 percent compared with the previous year and totalled FIM 6,160 million. One of the reasons for the decrease was the disposal of business activities. The profit after financial items went down by FIM 44 million to FIM 226 million.

Partek continued the restructuring and strengthened its financial base considerably.

Partek sold its shareholding in Euroc AB (nowadays Scancem) to Aker RGI ASA. During the year Partek carried out the planned withdrawal from the Other Business Activities grouping. The insulation activities in North America and the precast concrete operations in northern France were sold off. The company also divested the precast concrete operations in Belgium.

The equity/total assets ratio went up from 30 to 48 percent.

Minerals and Insulation strengthened their market positions in the Baltic region.

Economic growth on the Group's principal markets was weak at the beginning of 1996 but strengthened by year end. The demand for lime-based products and industrial minerals remained at approximately the level of the preceding year. However, the demand for cargo-handling equipment in Europe fell from last year's level. Building production remained at the previous year's level in most markets but revived in Finland.

Net sales in the Minerals business area went up and the result improved. Cargotec's net sales dropped and the result showed a marked deterioration. Insulation's net sales grew and the profit improved. Net sales by the Precast Concrete business area fell and the profit improved.

In January 1997 Partek reached an agreement about acquiring Sisu. The merger will result in the creation of a strong international materials-handling company. The merger is an industrial solution made possible by Partek's strong balance sheet. Partek will focus and grow.

Net sales and result

The Group's net sales went down by 6 percent to FIM 6,160 (1995: 6,556) million. The decrease was mainly the result of the sale of business activities in North America, Belgium and France.

The operating profit was FIM 284 (380) million, including net capital gains of FIM 10 million. The profit after financial items was FIM 226 (270) million i.e. 3.7 (4.1) percent of the net sales.

The sale of the Euroc (nowadays Scancem) shares was completed in May. The selling price of FIM 1.6 billion realized a profit of FIM 501 million, which has been recorded under

Net sales January 1 – December 31, 1996

	1996		1995		Change
	FIM million	**%**	FIM millon	%	%
By business area					
Minerals	**976.1**	**15.6**	866.6	13.0	12.6
Cargotec	**2 169.0**	**34.7**	2 308.0	34.7	– 6.0
Insulation	**1 340.9**	**21.4**	1 203.6	18.1	11.4
Precast Concrete	**1 653.8**	**26.4**	1 856.2	27.9	– 10.9
Other Business Activities	**35.1**	**0.6**	337.7	5.1	– 89.6
Other	**82.9**	**1.3**	82.9	1.2	0.1
Inter-Group sales	**– 98.0**		– 98.7		
Total	**6 159.9**	**100.0**	6 556.4	100.0	– 6.0
By market					
Finland	**1 223.6**	**19.9**	1 188.9	18.1	2.9
Other Scandinavia	**1 706.5**	**27.7**	1 433.8	21.9	19.0
Other EU countries	**2 269.1**	**36.8**	2 827.0	43.1	– 19.7
Other European countries	**272.5**	**4.4**	397.0	6.1	– 31.4
USA and Canada	**213.0**	**3.5**	291.0	4.4	– 26.8
Asia	**409.7**	**6.7**	347.8	5.3	17.8
Other	**65.5**	**1.1**	70.8	1.1	– 7.5
Total	**6 159.9**	**100.0**	6 556.4	100.0	– 6.0
of which:					
Finland	**1 223.6**	**19.9**	1 188.9	18.1	2.9
Export from Finland	**734.6**		805.0		– 8.7
Foreign invoicing	**4 936.3**	**80.1**	5 367.5	81.9	– 8.0

Annual Report of the Board of Directors

the heading of extraordinary income.

Real estate that is not used in the operative business activities has been written down. This reduction, like the net loss on activities that have been discontinued or are still to be discontinued and the discontinuation expenses, has been recorded under extraordinary expenses, which amounted to FIM 140 million.

The net profit for the year after extraordinary items and taxation was FIM 515 (149) million.

The return on capital employed was 9.2 (10.1) percent. The return on equity after taxation and the deferred taxation liability was 7.4 (11.0) percent. The earnings per share after taxation and the deferred taxation liability was FIM 3.99 (5.04). The price/earnings ratio was 18 (10).

The return on capital employed for the entire Group was under the set target because of the losses made by Cargotec and the Other Business Activities grouping. The return on capital employed improved in the other business areas. Minerals' return on capital employed was 18 (17), Insulation's 24 (17) and Precast Concrete's 14 (12) percent.

Because of changes in the exchange rates the net sales for 1996 are bigger and the operating profit slightly better than if calculated with fixed exchange rates. The effect of changes in exchange rates on the balance sheet is not significant.

Business areas

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

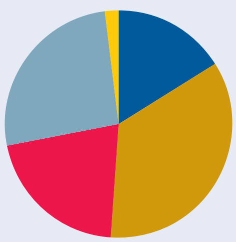
Net sales in 1996 were FIM 976 (867) million, which was 13 percent higher than in the previous year. The growth resulted from an increase in deliveries to the steel industry and agriculture in Finland and Sweden, and at the end of year to the paper industry as well.

The operating profit showed some improvement over the previous year and was FIM 147 (138) million. The improvement in the profit reflected principally the growth in sales and the higher capacity utilization rate.

Cargotec: This business area's main field of operations is cargo-handling equipment for vehicles, such as cargo cranes, forestry cranes, interchangeable demountables and refuse-collection vehicles. In a number of countries the products are sold through Cargotec's own sales companies, and in part via importers and independent dealers.

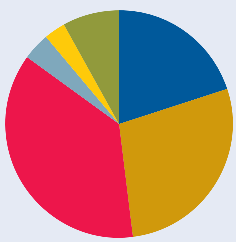
Demand for most of Cargotec's products fell. The decrease was particularly noticeable in the demand for cargo cranes and interchangeable demountables in western Europe. The number of orders started to go down at the end of 1995, and it remained low for the entire year. Orders in hand at the end of the year were lower than at the corresponding

Net sales by business area



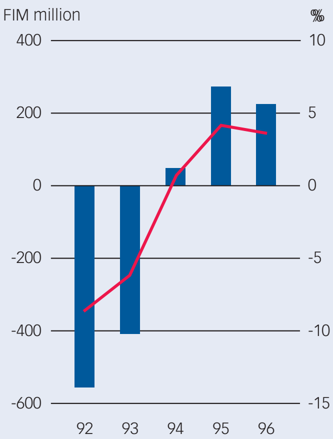
Minerals 16 %
Cargotec 35 %
Insulation 21 %
Precast Concrete 26 %
Other 2 %

Net sales by market



Finland 20 %
Other Scandinavia 28 %
Other EU countries 37 %
Other European countries 4 %
USA and Canada 3 %
Asia and others 8 %

Profit after financial items



Profit after financial items
As percentage of net sales

Annual Report of the Board of Directors

time last year. Net sales dropped by 6 percent and was FIM 2,169 (2,308) million.

The operating result was poorer than in the previous year and was FIM -25 (151) million. The result in all the product groups was weaker. The operating result includes substantial non-recurring costs, such as redundancies among the personnel, particularly in the last four months of the year. Without these costs the operating result for September to December would have been positive. A widescale program of measures was initiated in 1996 and it will continue in 1997. If the production volume remains at the previous year's level, the cost savings as a result of these measures will exceed FIM 100 million.

Insulation: This business area produces rock wool insulation and sells rock wool production technology.

Net sales went up over last year by 11 percent to FIM 1,341 (1,204) million. The demand for building insulation fell drastically in recent years in Finland and Sweden, but it has now revived, particularly in Finland. Sales of technical insulation and Paroc Panels have also increased. Sales from Scandinavia to Germany and the Baltic countries rose.

The operating profit increased compared with the year before and was FIM 101 (68) million. The improvement in the profit was chiefly the result of increased efficiency and a greater capacity utilization that was made possible by the rise in demand.

Precast concrete: This business area manufactures industrially produced precast concrete and sells precast concrete production technology. The demand for the main products, i.e. hollow-core slabs used as floor elements, went up in Finland and Norway and remained at relatively the same level in the Netherlands.

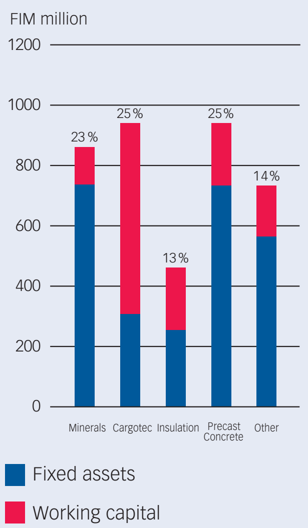
During the year the precast concrete operations in Belgium were sold off. It has been decided to discontinue the operations of the Dutch subsidiary Schokbeton because the company's product range is not in line with the business area's strategy - industrially produced pre-stressed precast concrete.

Net sales totalled FIM 1,654 (1,856) million, which was a reduction of 11 percent compared with 1995. The fall was caused by the disposal of the operations in Belgium and the decision to discontinue the operations of Schokbeton. Orders received and orders in hand were lower than in the previous year.

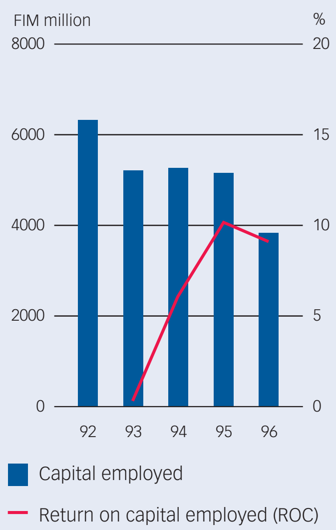
The operating profit was FIM 109 (105) million. The result of operations improved in Norway and Germany but weakened in the Netherlands and technology sales. Schokbeton's result for 1996 is not included in the business area figures.

Other Business Activities: Of the business activities belonging to the grouping at the beginning of 1996, the insulation operations in North America and the precast concrete operations in northern France were sold. A decision has been made to divest the remaining precast concrete activities in France. Under an agreement made in February 1997

Capital structure by business area



Capital employed and ROC



Balance sheet structure

Annual Report of the Board of Directors

Partek sold the majority shareholding to the local operative management and a French investor. The real estate that is not being used by the operative business activities has been written down in value.

The result of the associated company A-Rakennusmies improved and the profitability was good. The Polar Group has strengthened its balance sheet through a widescale capital program. Partek's direct interest in the Polar Group is 4.4 percent. In addition, Partek owns 19 percent of the development and investment company Cervuctum Oy, which, for its part, owns 34.4 percent of Polar.

Liquidity, equity/assets ratio financial risk management

The Board of Directors did not have the authority to increase the share capital during the year.

The liquidity during the year was good thanks to the low level of investment. The sale of Euroc shares strengthened the liquidity by FIM 1.6 billion marks in 1996.

The freeing of capital tied up elsewhere than in the core business activities will continue.

The Group will be active in endeavouring to identify the various financial risks and reduce their effects. These risks include currency risks, funding and liquidity risks, interest-rate risks as well as counterparty risks. Financial risk management is dealt with in more detail on page 61.

Net interest-bearing debt without the convertible subordinated bonds fell during the year by FIM 1,626 million and was FIM 675 million at the end of the year. The long-term liabilities, including amortizations in the following year, amounted to FIM 1,213 (1,933) million. Of this, FIM 818 (1,260) million was in local currency, and FIM 395 (673) million was in different foreign currencies, taken primarily to reduce conversion risks.

Net financial expenses, including holdings in associated companies, amounted to FIM 58 (109) million. Net interest expenses were FIM 1.3 (3.1) percent of net sales.

At the end of the year the Group's equity/total assets ratio was 48.4 (30.1) percent. Without the convertible subordinated bonds it was 45.1 (27.6) percent.

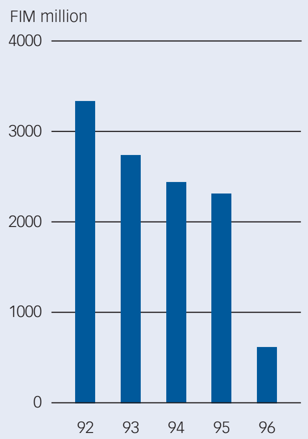
Shares and shareholders

Trading on the Helsinki Stock Exchange was lively during the year. Prices strengthened considerably. The HEX general index went up by 46 percent during the year.

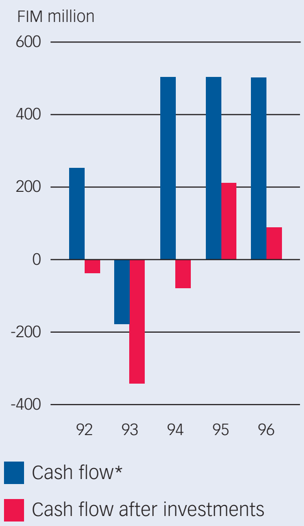
Partek shares followed the general price movement. Partek's average share price on the last trading day of the respective year was FIM 49.89 in 1995 and FIM 71.57 in 1996 i.e. a rise of 43 percent. The highest price during the year was recorded in December, when it was FIM 74.00, while the lowest point was in January, when it was FIM 46.10.

Trading in Partek's shares on the Helsinki Stock Ex-

Interest bearing net debts

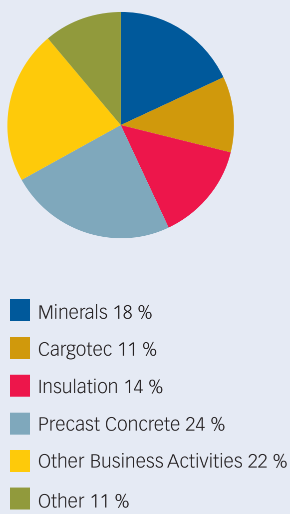


Cash flow



* = oper.profit+depr.–increase in working capital–net fin. costs.–taxes

Investment



change during the calendar year totalled FIM 692 (461) million. The number of shares that changed hands in the same period was 10.5 (7.5) million i.e. 27 (20) percent of the total.

The number of shareholders at the end of the year was 10,993 (11,589).

Dividend

In line with its approved policy on dividends, the Board of Directors takes into account trends in the Group's profit, the financial structure and growth expectation when making its proposal for a dividend. The aim is to distribute to shareholders at least a quarter of the profit calculated as the result before extraordinary items less the minority interest and allowing for tax.

The Board proposes that the dividend for 1996 be FIM 1.50 per share, the same as in the preceding year i.e. about 38 percent of the profit. It also proposes the payment of a further dividend of FIM 2.50 per share out of the profit on the sale of the Euroc shares. The proposed dividend totals, therefore, FIM 4.00 per share i.e. FIM 154 million in all.

Shareholder agreement

When Aker RGI sells its shareholding in Partek to the State of Finland, as part of the agreement under which Partek will acquire the ownership of Sisu, the shareholder agreement made in 1994 between Aker RGI, the Foundation for Åbo Akademi, the Sampo Insurance Group and the Eläke-Varma Pensions Company will be annulled.

Board of Directors

Having reached the age of 70, Carl Olof Tallgren, the chairman of the Board of Directors, will cease to be a member of the Board at the annual general meeting to be held on April 10, 1997. He has been a member of the Board since 1979 and its chairman since 1987. This period has been a time of considerable change. C.O. Tallgren has played a crucial role in overcoming the enormous difficulties that Partek was faced with at the beginning of the 1990's and in pointing operations in the direction which has culminated in the merger with Sisu. On behalf of the entire company the other Board members would like to express their warmest thanks to C.O. Tallgren.

During the year Jouko K. Leskinen, Cato A. Holmsen and Tom Ruud resigned from the Board. Their places were taken by Juha Toivola, Morten Persen and Bjørn Rune Gjelsten respectively.

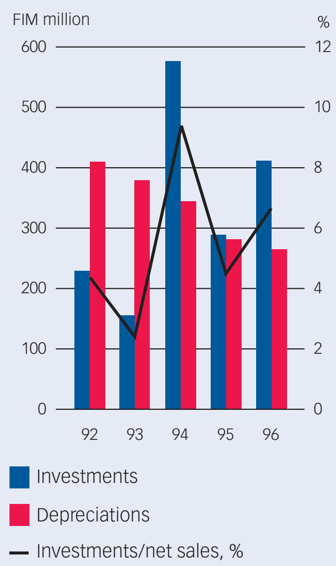
The number of Board members during the year was eight. At the end of the year the Board comprised the following members: Carl Olof Tallgren, chairman, Bjørn Rune Gjelsten, vice-chairman, Jan Ekberg, Björn Mattsson, Morten Persen, Paavo Pitkänen, Juha Toivola and Christoffer Taxell.

Structural changes

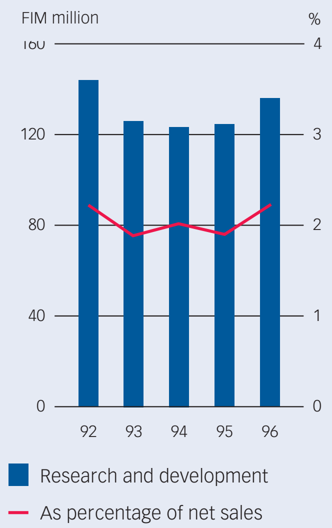
The holding in Euroc was sold during 1996. The funds released from the shares strengthened the Group's capital structure and made it possible to acquire Sisu, the preliminary agreement for which was made in January this year.

The burden of the Other Business Activities grouping was reduced. The insulation activities in North America and the precast concrete operations in northern France were sold off. The precast concrete operations in Belgium were also divested. The majority shareholding in the French sub-

Investment and depreciation



Research and development



sidiary MSA has been sold. It has been decided to discontinue the precast concrete operations of the Dutch subsidiary Schokbeton.

Partek Betonila Oy Ab and Parma Oy, precast concrete companies in Finland that are jointly owned by Partek, will be merged. The new Parma/Betonila company will be jointly owned by Partek and the Swedish company Scancem. The company will become the market leader in the precast concrete industry in Finland with market share of about 40 percent.

Investment

Investment went up from FIM 292 million in 1995 to FIM 415 million, which was divided among the fixed assets as follows:

(FIM million)	**1996**	1995
Building and constructions	**55.5**	56.3
Machinery and equipment	**145.4**	161.1
Shares and participations	**60.3**	28.9
Other	**154.2**	45.8
Total	**415.4**	292.1

Most of the investment was in replacement and environmental investments. Major investment projects included:

- The completion of the modernizing and automization of the Ignaberga ground-lime plant, which is near Hässleholm in Sweden. The production plant was started up at the beginning of 1997.

- The exploitation of a limestone deposit and dolomite deposit started in Estonia.

- Raising the production volume and quality of ground-micronized calcite at Suomen Karbonaatti Oy's production plants in Lappeenranta, Finland.

- Rautaruukki's lime-burning kiln at Raahe was transferred to Partek Nordkalk.

- Repair and modernization work at the Lappeenranta rock wool plant is continuing. The investment program will be carried on for several years. The investment will also reduce the plant's impact on the environment.

- Real estate was bought back in Brussels.

Personnel

The average number of personnel during the year was 7,741 (8,638). At the end of the year the personnel numbered 7,256 compared with 8,654 a year earlier. The reduction in number reflects in part the rationalization measures taken during the year and partly the disposal of business operations. The figures do not include the personnel of those business activities that it has been decided to discontinue.

Events in 1997

In accordance with an agreement between the shareholders of Partek and Oy Sisu Ab, Partek will acquire the entire shareholding in Oy Sisu Ab during 1997. Sisu's net sales in 1996 were FIM 5.8 billion. The company's three core business areas are container-handling systems for harbours and freight terminals, forest machines and tractors.

The acquisition will take place in stages. Partek will acquire 53.8 percent of Sisu's shares by directing a share issue of 10 million shares at the State of Finland, which is Sisu's biggest owner, Valmet and Oy Sisu Ab's Personnel Pension Fund and by paying FIM 130 million in cash.

The State of Finland will sell the remaining 46.2 percent of Sisu shares to Aker RGI and will receive in return 10 million Partek shares. By the end of the year Partek will acquire from Aker RGI its Sisu shares for FIM 785 million increased by the interest that has accrued at the redemption date. At that point Sisu will become a fully-owned Partek company. The overall computational value of the acquisition of the Sisu shareholding with the agreed subscription and exchange prices will be FIM 1.7 billion. Sisu's net debt amounts to about FIM 1.4 billion.

Once the arrangements have gone through, the State of Finland will own 30.4 percent of Partek, Valmet 10.5 percent, the Foundation for Åbo Akademi 8.6 percent, the Sampo Insurance Group 7.6 percent and the Eläke-Varma Pensions Company 4.3 percent. No shareholder agreements are included in the arrangements.

Prospects for 1997

Economic growth for this year on several of Partek's market areas appears to be stronger than for 1996. The Finnish and Swedish export industry will keep the demand for minerals strong. The demand for cargo-handling equipment is not expected to change significantly. Construction activities are also expected to perk up somewhat in the company's main market areas.

The measures taken throughout the Group and particularly in Cargotec together with the increase in economic activity will make an improvement in the result possible in 1997. Because of seasonal fluctuations that are typical of the operations, only a minimal part of the result will be made during the first third of the year.

Sisu will be consolidated into the company in line with the planned timetable at the beginning of May.

Annual Report of the Board of Directors

Proposal to the annual general meeting

The Group's distributable non-restricted equity according to the balance sheet drawn up on December 31, 1996 was FIM 1,014.6 million. Of this the net profit for the year was FIM 515.0 million. During 1997 FIM 3.0 million is to be transferred from non-restricted equity to restricted reserves.

The parent company's non-restricted equity according to the balance sheet drawn up on December 31, 1996 was FIM 1,231,802,523.83. This includes the

– undistributed profit from previous years	415 416 632.98
– net profit for financial period	668 730 905.17
	1 084 147 538.15

The Board proposes that these funds be used as follows:

– a dividend of FIM 1.50 per share be distributed for 1996	57 750 000.00
– an additional dividend of FIM 2.50 per share be distributed	96 250 000.00
– to be carried forward	930 147 538.15
	1 084 147 538.15

Further details of the Group's and parent company's result and financial position are to be found in the Income Statements and Balance Sheet, Source and Application of Funds and Notes to the Accounts on pages 39 to 61.

Pargas February 19, 1997

Carl Olof Tallgren
chairman

Bjørn Rune Gjelsten
vice chairman

Jan Ekberg

Björn Mattsson

Morten Persen

Paavo Pitkänen

Juha Toivola

ChristofferTaxell
President and CEO

Consolidated Income Statement
January 1 – December 31, 1996

	Note	1996 FIM million	1996 %	1995 FIM million	1995 %
Net sales		**6 159.9**	**100.0**	6 556.4	100.0
Cost of goods sold		**– 4 698.1**	**– 76.3**	– 5 026.8	– 76.7
Gross profit		**1 461.9**	**23.7**	1 529.6	23.3
Selling and marketing costs		**– 606.1**		– 603.8	
Research and development costs		**– 136.2**		– 124.2	
Administration expenses		**– 438.1**		– 440.4	
Other operating expenses		**– 44.4**		– 81.6	
Other operating income		**47.2**		100.0	
		– 1 177.8	**– 19.1**	– 1 150.1	– 17.5
Operating profit	1,2,3	**284.1**	**4.6**	379.5	5.8
Financial items					
Share in associated companies	4	**15.9**		105.1	
Dividend income		**0.4**		2.0	
Interest income on long-term investments		**6.6**		2.7	
Other interest income		**96.2**		37.6	
Interest expenses		**– 183.5**		– 242.2	
Other financial expenses	5	**– 0.6**		– 9.5	
Value adjustment of investments		**7.0**		– 5.0	
		– 58.0	**– 0.9**	– 109.4	– 1.7
Profit after financial items		**226.1**	**3.7**	270.1	4.1
Extraordinary items					
Income	6	**501.7**		–	
Discontinuing operations		**– 91.6**		–	
Expenses	6	**– 48.7**		– 44.8	– 0.7
		361.4	**5.9**	– 44.8	– 0.7
Profit before taxation and minority interest		**587.5**	**9.5**	225.4	3.4
Direct taxes for the year		**– 77.3**		– 39.9	
Change in deferred tax		**15.1**		– 20.0	
Minority interest		**– 10.2**		– 16.1	
Net profit for the period		**515.0**	**8.4**	149.4	2.3

Consolidated Balance Sheet
January 1 – December 31, 1996

Assets	Note	**Dec. 31, 1996** FIM million	**%**	Dec. 31, 1995 FIM million	%
Fixed assets					
Intangible assets	7				
Goodwill		**83.9**		104.8	
Other capitalised expenditure		**58.1**		39.4	
		142.0	**2.8**	144.2	2.2
Tangible assets	7				
Mineral deposits and land		**622.2**		591.7	
Buildings and constructions		**679.7**		813.0	
Machinery and equipment		**734.6**		871.7	
Other tangible assets		**50.2**		67.2	
Advance payments and construction in progress		**47.4**		28.1	
		2 134.1	**41.7**	2 371.6	35.7
Investments	8				
Shares in associated companies	9	**232.5**		1 208.5	
Other shares and participations		**95.2**		88.6	
Long-term receivables	10	**53.2**		79.9	
Other investments		**52.1**		29.0	
		433.0	**8.5**	1 406.0	21.1
Fixed assets, total		**2 709.1**	**52.9**	3 921.8	59.0
Current assets					
Inventories					
Materials and supplies		**324.9**		386.3	
Finished and semi-finished products		**482.9**		545.5	
Advance payments		**2.7**		16.9	
		810.5	**15.8**	948.7	14.3
Receivables	10				
Accounts receivable		**916.4**		1 117.9	
Loans receivable		**162.0**		92.4	
Prepayment and accrued income		**122.3**		134.0	
Other receivables		**41.2**		44.7	
		1 241.9	**24.3**	1 389.0	20.9
Liquid assets					
Shares, participations and other investments		**113.7**		9.0	
Cash on hand and in banks		**243.5**	**7.0**	381.8	
		357.2		390.8	5.9
Current assets, total		**2 409.6**	**47.1**	2 728.5	41.0
Assets, total		**5 118.6**	**100.0**	6 650.3	100.0
Pledged assets	19	**673.3**		694.9	

Liabilities and equity	Note	Dec. 31. 1996 FIM million	%	Dec. 31. 1995 FIM million	%
Shareholders' equity	11				
Restricted equity					
Ordinary share capital		**385.0**		385.0	
Capital reserve		**530.8**		530.8	
Revaluation reserve		**36.7**		36.7	
Other restricted equity		**54.9**		128.6	
		1 007.4	**19.7**	1 081.0	14.9
Convertible subordinated bonds		**167.8**	**3.3**	167.8	2.5
Non-restricted equity					
Equity share of untaxed reserves	12	**199.7**		239.9	
Other non-restricted equity		**499.6**		277.1	
Net profit for the financial year		**515.0**		149.4	
		1 214.3	**23.7**	666.4	11.4
Shareholders' equity, total		**2 389.5**	**46.7**	1 915.2	28.8
Minority interest					
Total		**53.4**	**1.0**	59.8	0.9
Provisions	13				
Provisions		**124.1**	**2.4**	253.0	3.8
Liabilities					
Long-term	14				
Debentures and bonds with warrants	15	**101.5**		101.5	
Loans from financial institutions		**449.6**		631.0	
Pension fund loans		**297.5**		549.2	
Other interest bearing debts		**72.8**		159.5	
Deferred tax liabilities		**91.9**		106.5	
Other interest-free debts		**31.9**		23.9	
		1 045.2	**20.4**	1 571.6	23.6
Short-term	16,17				
Loans from financial institutions		**154.4**		286.7	
Pension fund loans		**13.7**		30.1	
Other interest bearing debts		**45.8**		1 015.8	
Advances received		**76.1**		93.1	
Accounts payable		**442.6**		617.2	
Accrued expenses and prepaid income		**458.6**		469.2	
Other interest-free debts		**315.2**		338.5	
		1 506.4	**29.4**	2 850.7	42.9
Liabilities, total		**2 551.6**	**49.8**	4 422.3	66.5
Liabilites and equity, total		**5 118.6**	**100.0**	6 650.3	100.0
Contingent liabilities	19	**263.5**		347.0	

Group Source and Application of Funds
January 1 – December 31, 1996

(FIM million)	**1996**	1995
Funds generated from operations		
Net sales	**6 159.9**	6 556.4
Operating expenses	**– 5 875.8**	– 6 176.9
Operating profit before depreciation	**284.1**	379.5
Depreciations	**359.6**	350.5
Financial items	**– 58.0**	– 109.4
Extraordinary items	**361.4**	– 44.8
Less profit/loss on sale of assets	**– 511.3**	– 55.4
Undistributed profit in associated co's	**– 18.4**	– 99.0
Direct taxes for the year	**– 77.3**	– 39.9
Dividends	**– 57.8**	– 23.1
Total	**282.4**	358.4
Change in working capital		
Inventories (+ = decrease)	**138.2**	– 153.4
Short-term receivables (+ = decrease)	**147.1**	– 71.6
Short-term payables (– = decrease)	**– 255.6**	149.4
Total	**59.7**	– 75.6
Net funds generated from operations	**342.1**	282.8
Net investment		
Investment	**– 415.4**	– 292.1
Sale of fixed assets	**1 682.9**	139.2
Other changes	**0.0**	– 109.7
Total	**1 267.5**	– 262.6
Financial surplus/deficit	**1 609.6**	20.2
External financing		
Equity:		
Share issue	**–**	22.7
Minority interest	**– 16.6**	– 10.4
Translation differences and other changes	**14.9**	– 26.7
Short- and long-term loans:		
New loans	**35.7**	303.0
Repayment on loans	**– 1 674.2**	– 426.0
Other changes	**– 6.6**	– 75.9
Other financing:		
Long-term receivables (+ = decrease)	**3.6**	124.8
Total	**– 1 643.2**	– 88.6
Change in liquid assets	**– 33.6**	– 68.4

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

Income Statement, Parent Company Jan. 1 – Dec. 31, 1996

(FIM million)	Note	1996	1995
Net sales		**77.9**	77.1
Costs of goods sold		**– 22.3**	– 17.7
Gross profit		**55.6**	59.4
Selling and marketing costs		**– 8.4**	– 8.5
Research and development costs		**– 2.0**	– 2.4
Administration expenses		**– 101.1**	– 95.6
Other operating expenses		**– 39.6**	– 16.0
Other operating income		**29.1**	19.1
		– 122.0	– 103.4
Operating loss	1,2,3	**– 66.4**	– 44.0
Financial items	18		
Dividend income		**149.8**	122.9
Interest income on long-term investments		**20.2**	11.5
Other interest income		**36.6**	45.4
Interest expenses		**– 128.3**	– 181.6
Other financial expenses	5	**9.2**	– 26.3
Value adjustment of investments		**7.0**	– 6.6
		94.4	– 34.7
Profit/loss after financial items		**28.1**	– 78.7
Extraordinary items			
Income	6	**680.9**	–
Expenses	6	**– 80.3**	– 79.4
Received Group contribution		**–**	122.4
		600.7	43.0
Profit/loss before appropriations and taxation		**628.7**	– 35.7
Appropriations			
Depreciation less than plan		**78.3**	7.3
Transfers from untaxed reserves		**–**	1.0
Direct taxes		**– 38.3**	– 11.0
Net profit/loss for the period		**668.7**	– 38.3

Group Source and Application of Funds, Parent Company Jan. 1 – Dec. 31, 1996

(FIM million)	1996	1995
Funds generated from operations		
Net sales	**77.9**	77.1
Operating expenses	**– 144.3**	– 121.1
Operating profit/loss	**– 66.4**	– 44.0
Depreciation and value adjustments	**74.9**	73.0
Financial income and expenses	**94.4**	– 34.7
Extraordinary income and expenses	**600.7**	43.0
Taxes	**– 38.3**	– 11.0
Profit on sale of fixed assets	**– 679.1**	– 7.3
Dividends to shareholders	**– 57.8**	– 23.1
	– 71.5	– 4.0
Change in working capital		
Inventories (+= decrease)	**4.4**	0.7
Short-term receivables (+= decrease)	**– 125.2**	50.8
Short-term interest-free debts (– = decrease)	**– 5.0**	– 19.9
	– 125.8	31.6
Net funds generated from operations	**– 197.3**	27.7
Net investment		
Investment in other fixed assets	**– 133.2**	– 161.7
Sale of other fixed assets	**1 655.7**	27.8
	1 522.5	– 133.9
Financial deficit/surplus	**1 325.2**	– 106.2
External financing		
Equity:		
Share issue	**–**	22.7
Short- and long-term liabilities:		
New loans	**9.1**	284.3
Repayment on loans	**– 1 341.3**	– 376.7
Other financing:		
Long-term receivables	**– 3.3**	126.2
	– 1 335.5	56.6
Change in liquid assets	**– 10.3**	– 49.6

Balance Sheet, Parent Company
January 1 – December 31, 1996

Assets	Note	1996 FIM m	1996 %	1995 FIM m	1995 %
Fixed assets					
Intangible assets	7				
Other capitalised expenditure		**17.3**		17.3	
		17.3	**0.5**	17.3	0.4
Tangible assets	7				
Mineral deposits and land		**248.7**		258.5	
Buildings and constructions		**159.9**		246.5	
Machinery and equipment		**9.2**		13.0	
Other tangible assets		**1.7**		2.6	
		419.4	**12.1**	520.6	12.2
Investments					
Shares and participations	8				
Subsidiaries		**1 712.0**		2 545.6	
Associated companies	9	**81.0**		71.4	
Other shares and participations		**82.3**		75.5	
Long-term receivables	10	**269.2**		283.4	
Other investments		**40.9**		23.4	
		2 185.5	**63.1**	2 999.2	70.3
Fixed assets, total		**2 622.2**	**75.7**	3 537.1	82.9
Current assets					
Inventories					
Finished and semi-finished products		**–**	**–**	4.4	0.1
Receivables	10				
Accounts receivable		**16.6**		19.7	
Loans receivable		**696.6**		452.2	
Prepayments and accrued income		**65.4**		64.5	
Other receivables		**16.0**		132.9	
		794.5	**22.9**	669.3	15.7
Liquid assets					
Cash on hand and in banks		**46.9**		57.3	
		46.9	**1.4**	57.3	1.3
Current assets, total		**841.4**	**24.3**	731.0	17.1
Assets, total		**3 463.7**	**100.0**	4 268.1	100.0
Pledged assets	19	**2.7**		16.6	

Liabilities and equity	Note	1996 FIM m	1996 %	1995 FIM m	1995 %
Shareholders' equity	11				
Restricted equity					
Ordinary share capital		**385.0**		385.0	
Capital reserve		**530.8**		530.8	
Revaluation reserve		**36.3**		36.3	
		952.1	**27.5**	952.1	22.3
Convertible subordinated bonds		**167.8**	**4.8**	167.8	3.9
Non-restricted equity					
Contingency reserve		**147.7**		147.7	
Other non-restricted equity		**415.4**		511.5	
Net result for the financial year		**668.7**		– 38.3	
		1 231.8	**35.6**	620.8	14.5
Shareholders' equity, total		**2 351.7**	**67.9**	1 740.7	40.8
Untaxed reserves and provisions					
Accumulated excess depreciation	12	**55.5**		133.8	
Provisions	13	**9.5**		20.1	
		65.0	**1.9**	153.9	3.6
Liabilities					
Long-term	14				
Debentures and bonds with warrants	15	**101.5**		101.5	
Loans from financial institutions		**292.8**		320.5	
Pension fund loans		**181.3**		355.4	
Other interest-bearing debts		**0.5**		1.8	
Interest-free debts		**2.0**		2.4	
		578.1	**16.7**	781.7	18.3
Short-term	16,17				
Loans from financial institutions		**27.6**		663.0	
Pension fund loans		**13.7**		26.8	
Other interest-bearing debts		**290.1**		770.3	
Accounts payable		**9.8**		10.4	
Accrued expenses and prepaid income		**75.6**		68.9	
Other interest-free debts		**52.0**		52.5	
		468.9	**13.5**	1 591.8	37.3
Liabilities, total		**1 047.0**	**30.2**	2 373.5	55.6
Liabilities and equity, total		**3 463.7**	**100.0**	4 268.1	100.0
Contingent liabilities	19	**1 007.1**		1 359.6	

Accounting Principles

The financial period is January-December.

(a) Basis of accounts

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

(b) Consolidation principles

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

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

During the year the Insulation business in North America and the French precast concrete company Partek Morin S.A. were sold. A decision was made to discontinue the operations of Schokbeton BV and MSA S.A. These have been consolidated according to consolidation principles of discontinuing operations.

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

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

(c) Goodwill

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

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

(d) Investments

Valuation

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

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

Sales

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

Subsidiaries

Investments in subsidiary companies are recorded in the Parent Company's accounts in accordance with the above policy for the valuation of long-term assets. For Consolidated Financial Statements the principles of consolidation in paragraph 1b are applied.

A list of the most important subsidiary companies is included in Note 8.

Associated companies

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

A list of the most important associated companies are shown in Note 8.

(e) Foreign currencies

Transactions

Transactions in foreign currencies are translated in the currency used in the Financial Statements on the basis of the exchange rate applying on the day of the transaction. Liquid assets and debts in foreign currencies have been translated into the currency used in the Financial Statements according to the central bank's exchange rate on the last day of the financial period. Financial risk management is discussed on page 61.

Translation of foreign subsidiaries' income statements and balance sheets

Foreign subsidiaries are considered to operate independently and do not therefore constitute an integrated part of the Parent Company's operations. As a direct result of this foreign subsidiaries' assets and liabilities are translated at the central bank's exchange rates on the last day of the financial period while income and expenditure are translated at an average exchange rate for the whole of the period under review. Differences arising from this translation are entered under equity.

Equity hedging

In order to minimise the effects of translation in the Consolidated Financial Statements loans are either taken in the same currency as the foreign subsidiaries' equity or the investments are hedged through foreign exchange futures. Exchange-rate differences resulting from the above are offset against translation differences resulting from translating the foreign subsidiaries' balance sheets.

(f) Taxes

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

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

(g) Inventory

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

(h) Tangible fixed assets

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

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

– Goodwill	5 - 10 years
– Other capitalised expenditure	3 - 17 years
– Buildings and constructions	15 - 40 years
– Machinery and equipment	3 - 25 years
– Other tangible assets	5 - 10 years

Leasing

Fixed assets - especially transport vehicles - are to a limited extent leased. In accordance with accounting practice in Finland these fall outside the scope of the Balance Sheet while leasing fees are charged against the Income Statement (operating profit). Leasing charges on the basis of existing leasing agreements are shown in Note 19.

Financial leasing, which was relatively small in the past, grew significantly in 1996. According to the Finnish legislation the International Accounting Principles may not be used in 1996. In Note 21 the differences between the Finnish and the International Accounting Principles are demonstrated.

(i) Income recognition

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

(j) Research and development

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

(k) Contributions and support

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

(l) Pension arrangements

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

(m) Minority interests

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

(n) Reserves

Legislation in Finland and certain other countries permits companies to set aside a part of their untaxed profits in different reserves to cover future costs and losses. Both in Finland and Sweden these have to be shown separately in the company's accounts as a separate item in the Balance Sheet, Reserves and Untaxed Reserves. In Finland these are divided into two categories: ”provisions” and ”reserves”.

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

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

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

(o) Profitability of Business Areas

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

Definitions

Unless indicated otherwise, the definitions below have been used to calculate profitability and other key ratios. Some minor justifications of the key ratios have been made in these Annual Accounts. The figures for previous years have been adjusted accordingly to fulfil the requirements of precise definitions.

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

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

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

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

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

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

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

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

Equity to total assets ratio: Adjusted equity as a percentage of total assets reduced by received advances.

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

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

Equity capital / share: Recorded equity capital divided by the number of shares at year end.

Dividend pay-out ratio: Proposed dividend per share as a percentage of the earnings per share.

Yield: Proposed dividend per share as a percentage of the average market price during the last trading day of the year.

P/E ratio: The average market price per share during the last trading day divided by earnings per share.

Market capitalization: Number of shares at the end of the financial year multiplied by the average share price of the last trading day of the financial year.

Exchange rates

Country	Currency	Year end rates **Dec. 31, 1996**	Dec. 31, 1995	Average rates **1996**	1995
Belgium	BEF	**0.1449**	0.1482	**0.1484**	0.1481
Canada	CAD	**3.3900**	3.1960	**3.3689**	3.1807
Denmark	DKK	**0.7809**	0.7862	**0.7922**	0.7792
France	FRF	**0.8862**	0.8906	**0.8980**	0.8751
Germany	DEM	**2.9880**	3.0435	**3.0533**	3.0477
Great Britain	GBP	**7.8690**	6.7410	**7.1733**	6.8912
Italy	ITL	**0.0030**	0.0028	**0.0030**	0.0027
Japan	JPY	**0.0400**	0.0423	**0.0422**	0.0467
Netherlands	NLG	**2.6624**	2.7185	**2.7250**	2.7208
Norway	NOK	**0.7209**	0.6899	**0.7114**	0.6890
Spain	ESP	**0.0354**	0.0359	**0.0363**	0.0350
Sweden	SEK	**0.6748**	0.6546	**0.6849**	0.6125
USA	USD	**4.6439**	4.3586	**4.5935**	4.3666

Notes for Income Statements and Balance Sheets

1. Wages and salaries

	Group		Parent Company	
(FIM million)	**1996**	1995	**1996**	1995
Wages and salaries				
Salaries, wages and fringe benefits				
Salaries and payments to Board Members and Managing Directors	**32.7**	31.7	**1.9**	1.8
To others	**1 237.8**	1 338.7	**31.9**	33.1
Bonus to Board Members and Managing Directors	**2.3**	2.3	**0.2**	0.2
Total	**1 272.9**	1 372.7	**33.1**	35.3
Other payroll costs				
Pensions and pension premiums	**144.5**	115.6	**8.4**	6.3
Other payroll costs	**201.9**	213.3	**3.1**	3.9
Total	**346.5**	328.9	**11.5**	10.1
Total	**1 619.4**	1 701.6	**46.8**	44.1
Personnel				
As an average during the year	**7 741**	8 638	**160**	166
At end of period	**7 256**	8 654	**153**	166

The information for the discontinuing operations is not included in the figures for year 1996.

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

2. Depreciations

	Group		Parent Company	
(FIM million)	**1996**	1995	**1996**	1995
Depreciation by function				
Production	**195.1**	213.2	**10.5**	10.2
Distribution and marketing	**18.1**	16.7	**0.4**	0.1
Research and development	**4.8**	3.3	**–**	–
Administration	**25.5**	25.5	**11.1**	12.1
Other operating expenses				
Goodwill	**24.2**	22.6	**–**	–
Depreciation according to plan	**267.7**	281.4	**22.0**	22.5
Extra depreciation	**8.0**	69.1	**52.9**	50.5
Total	**275.7**	350.5	**74.9**	73.0
Depreciation according to plan				
Goodwill	**24.2**	22.6	**–**	–
Other long-term expenditure	**12.2**	9.8	**3.2**	3.0
Land and mineral deposits	**8.3**	7.3	**–**	–
Building and construction	**52.1**	60.4	**14.0**	15.0
Machinery and equipment	**153.7**	164.2	**3.9**	3.5
Other tangible assets	**17.3**	17.1	**0.9**	1.0
Total	**267.7**	281.4	**22.0**	22.5

Notes for Income Statements and Balance Sheets

(FIM million)	Group 1996	1995	Parent Company 1996	1995
Book depreciation				
(incl. reduction in investment and Acquisition Reserves)				
Goodwill	**24.2**	22.6	**–**	–
Other long-term expenditure	**10.3**	9.8	**1.4**	1.2
Land and mineral deposits	**10.1**	7.3	**1.4**	–
Building and construction	**– 16.1**	50.7	**– 54.5**	5.9
Machinery and equipment	**171.0**	210.7	**– 0.3**	7.1
Other tangible assets	**17.6**	18.2	**0.9**	0.9
Securities and investments	**2.3**	69.6	**47.7**	50.5
Total	**219.3**	388.9	**– 3.4**	65.6
Depreciation more/less than plan	**56.4**	– 38.5	**78.3**	7.3

3. Other operating items

(FIM million)	Group 1996	19945	Parent Company 1996	1995
Income				
Rents	**6.0**	5.9	**3.8**	3.7
Profit on sale of fixed assets	**18.8**	67.4	**10.8**	9.5
Other income	**22.4**	26.6	**14.5**	6.0
Total	**47.2**	100.0	**29.1**	19.1
Expenses				
Taxes on real estate	**3.9**	3.0	**1.7**	1.8
Depreciation on goodwill	**24.2**	22.6	**–**	–
Depreciation of shares	**8.0**	2.3	**7.3**	4.2
Depreciation on receivables	**2.8**	5.4	**0.0**	4.7
Loss on sale of fixed assets	**1.0**	12.0	**13.5**	1.0
Redundancy pay	**6.9**	0.4	**–**	–
Other restructuring costs	**0.0**	4.3	**6.0**	– 10.7
Other expenses	**– 2.4**	31.7	**11.1**	14.9
Total	**44.4**	81.6	**39.6**	16.0

Notes for Income Statements and Balance Sheets

4. Share in profit/loss of associated companies

(FIM million)	Share of equity %	Profit after tax	**Share of profit after tax 1996**	Share of profit after tax 1995
A-Rakennusmies Oy*)	33.6	8.6	**2.9**	0.2
NordCarb Oy		–	**–**	– 1.1
Par-Arm Oy		–	**–**	7.4
Parma Oy*)	50.0	12.3	**6.1**	– 1.2
Partek Betonila Oy Ab	50.0	– 18.9	**– 9.4**	– 11.3
Roctex Oy Ab	50.0	0.1	**0.0**	– 3.7
Other associated companies in Finland			**0.1**	– 0.2
Controladora Accionaria y Administrativa S.A. de C.V., Mexico	46.0	2.2	**1.0**	0.5
Eastern Partek Pte Ltd, Singapore	45.0	39.4	**17.7**	10.9
Euroc AB, Sweden, Nov. 1, 94–Nov. 31, 1995		–	**–**	102.0
Hiab Kanglim Co Ltd, Republic of Korea		–	**–**	– 1.3
Paroc Silikatas, Lithuania	48.0	– 2.6	**– 1.3**	–
Rockwool Ecoprim AB, Sweden	50.0	1.5	**0.7**	0.6
Steinullarverksmidjan H/F, Iceland	27.7	4.7	**1.3**	0.7
United Tiles AB, Sverige, –Nov. 31, 1995		–	**–**	2.3
Other associated companies			**0.3**	– 0.6
Provisions and eliminations of inter-company profit				**– 3.6**
Total			**15.9**	105.1

*) Owned by the Parent Company

5. Other financial items

	Group		Parent Company	
(FIM million)	**1996**	1995	**1996**	1995
Exchange rate differences				
Exchange rate gains	**301.7**	317.2	**245.8**	311.6
Exchange rate losses	**– 299.9**	– 313.2	**– 236.6**	– 337.8
Total	**1.7**	4.1	**9.2**	– 26.3
Other financial income and expenses				
Other financial income	**0.0**	1.8	**–**	–
Other financial expenses	**– 2.4**	– 15.3	**–**	–
Total	**– 0.6**	– 9.5	**9.2**	– 26.3

6. Extraordinary items

	Group		Parent Company	
(FIM million)	**1996**	1995	**1996**	1995
Income				
Profit on sale of shares	**501.3**	–	**644.4**	–
Other	**0.5**	–	**36.5**	–
Total	**501.7**	–	**680.9**	–
Expenses				
Discontinuing operations	**91.6**	–		
Other expenses				
Depreciation of shares in subsidiaries			**45.6**	34.6
Depreciation of other shares	**–**	9.6	**–**	9.6
Loss on sale of shares	**–**	–	**10.4**	–
Depreciation on receivables	**–**	–	**19.4**	–
Other restructuring costs	**43.8**	–	**–**	–
Other expenses	**4.9**	35.1	**4.9**	35.1
Total	**140.3**	44.8	**80.3**	79.4

Notes for Income Statements and Balance Sheets

7. Fixed assets

(FIM million)	Group Dec. 31, 1996	Group Dec. 31, 1995	Parent Company Dec. 31, 1996	Parent Company Dec. 31, 1995
Goodwill				
Acquisition value Jan. 1	**275.5**	404.9		
+ Increase during the year	**5.2**	10.9		
– Decrease during the year	**– 0.2**	– 140.2		
Acquisition value Dec. 31	**280.5**	275.5		
– Accumulated depreciation	**– 196.6**	– 170.7		
Residual value Dec. 31	**83.9**	104.8		
Other capitalized expenditure				
Acquisition value Jan. 1	**120.8**	115.2	**38.8**	41.9
+ Investment	**30.3**	8.7	**3.3**	0.6
+ Other increase	**0.6**	0.6	**–**	–
– Decrease	**–12.8**	– 3.6	**– 5.9**	– 3.7
Acquisition value Dec. 31	**139.0**	120.8	**36.2**	38.8
– Accumulated depreciation according to plan	**– 80.9**	– 81.5	**– 18.9**	– 21.5
Residual value Dec. 31	**58.1**	39.4	**17.3**	17.3
Accumulated depreciation in excess of plan				
– Partek's interest	**– 8.9**	– 11.3	**– 8.8**	– 10.5
Net book value Dec. 31	**49.3**	28.1	**8.6**	6.8
Land and mineral deposits				
Acquisition value Jan. 1	**407.0**	405.6	**31.0**	33.4
+ Investment	**66.6**	4.0	**0.6**	–
+ Other increase	**4.6**	4.3	**0.0**	–
– Decrease	**– 28.9**	– 6.8	**– 7.2**	– 2.4
Acquisition value Dec. 31	**449.3**	407.0	**24.4**	31.0
+ Appreciation	**225.4**	228.4	**225.1**	228.1
– Accumulated depreciation according to plan	**– 52.6**	– 43.8	**– 0.8**	– 0.6
Residual value Dec. 31	**622.2**	591.7	**248.7**	258.5
In Finland:				
Taxable value	**111.8**	105.5	**59.7**	67.9
Residual value	**284.9**	290.8	**248.7**	258.5
Buildings and constructions				
Acquisition value Jan. 1	**1 470.9**	1 429.5	**355.9**	365.7
+ Investment	**55.5**	56.3	**–**	6.3
+ Other increase	**11.8**	8.3	**–**	–
– Decrease	**– 276.7**	– 23.3	**– 99.2**	– 16.1
Acquisition value Dec. 31	**1 261.4**	1 470.9	**256.7**	355.9
+ Appreciation	**–**	–	**–**	
– Accumulated depreciation according to plan	**– 581.7**	– 657.9	**– 96.8**	– 109.4
Residual value Dec. 31	**679.7**	813.0	**159.9**	246.5
Accumulated depreciation in excess of plan				
– Partek's interest	**– 61.9**	– 132.5	**– 44.2**	– 115.9
– Minority interest	**– 4.3**	– 4.7		
– Eliminated on company acquisition	**– 4.1**	– 4.1		
Net book value Dec. 31	**609.4**	671.6	**115.7**	130.6
In Finland:				
Taxable value	**380.6**	366.3	**187.9**	245.8
Residual value	**331.2**	375.4	**159.9**	246.5
Machinery and equipment				
Acquisition value Jan. 1	**2 685.8**	2 564.3	**23.7**	25.2
+ Investment	**145.4**	161.1	**1.6**	6.7
+ Other increase	**29.5**	2.9	**0.0**	–
– Decrease	**– 539.7**	– 42.5	**– 3.1**	– 8.2
Acquisition value Dec. 31	**2 321.0**	2 685.8	**22.1**	23.7
– Accumulated depreciation according to plan	**– 1 586.4**	– 1 814.1	**– 12.9**	– 10.7
Residual value Dec. 31	**734.6**	871.7	**9.2**	13.0
Accumulated depreciation in excess of plan				
– Partek's interest	**– 192.5**	– 176.1	**– 2.6**	– 7.4
– Minority interest	**– 5.8**	– 5.5		
– Eliminated on company acquisition	**– 4.3**	– 4.0		
Net book value Dec. 31	**532.1**	686.0	**6.6**	5.6

Notes for Income Statements and Balance Sheets

(FIM million)	Group **Dec. 31, 1996**	Dec. 31, 1995	Parent Company **Dec. 31, 1996**	Dec. 31, 1995
Other tangible assets				
Acquisition value Jan. 1	**215.7**	203.5	**15.8**	17.3
+ Investment	**8.0**	14.2	**0.0**	0.0
+ Other increase	**0.4**	2.0	**–**	–
– Decrease	**– 50.5**	– 4.0	**– 2.3**	– 1.5
Acquisition value Dec. 31	**173.7**	215.7	**13.6**	15.8
– Accumulated depreciation according to plan	**– 123.5**	– 148.6	**– 11.9**	– 13.3
Residual value Dec. 31	**50.2**	67.2	**1.7**	2.6
Accumulated depreciation in excess of plan				
– Partek's interest	**– 0.3**	– 0.4	**– 0.0**	– 0.0
Net book value Dec. 31	**49.9**	66.8	**1.7**	2.6
Construction in progress				
Acquisition value Jan. 1	**22.8**	8.1	**0.0**	0.0
+ Investment	**29.8**	18.9	**0.0**	0.0
+ Other increase	**0.5**	0.0	**–**	–
– Decrease	**– 20.4**	– 4.2	**0.0**	0.0
Acquisition value Dec. 31	**32.7**	22.8	**0.0**	0.0
Shares and participations, subsidiaries				
Acquisition value Jan. 1			**3 208.6**	3 076.9
+ Investment			**8.6**	7.1
+ Other increase			**17.9**	130.5
– Decrease			**– 888.8**	– 5.9
Acquisition value Dec. 31			**2 346.3**	3 208.6
– Accumulated extraordinary depreciation			**– 634.3**	– 662.9
Net book value Dec. 31			**1 712.0**	2 545.6
In Finland:				
Taxable value			**1 756.8**	2 843.2
Residual value			**1 712.0**	2 545.6
Shares and participations, associated companies				
Acquisition value Jan. 1	**1 157.6**	1 276.6	**75.5**	68.2
+ Investment	**60.5**	23.5	**11.7**	7.3
+ Other increase	**3.7**	18.1	**853.2**	0.0
– Decrease	**– 988.2**	– 160.4	**– 854.2**	–
Acquisition value Dec. 31	**233.7**	1 157.6	**86.3**	75.5
– Accumulated extraordinary depreciation	**– 1.1**	50.9	**– 5.2**	– 4.1
Net book value Dec. 31	**232.5**	1 208.5	**81.0**	71.4
I Finland:				
Taxable value	**55.5**	954.0	**55.5**	34.9
Residual value	**81.4**	1 022.1	**81.0**	71.4
Shares and participations, others				
Acquisition value Jan. 1	**179.9**	186.5	**166.1**	169.5
+ Investment	**17.5**	5.5	**15.0**	3.2
+ Other increase	**0.2**	0.1	**4.9**	0.0
– Decrease	**– 14.5**	– 12.3	**– 16.0**	– 6.6
Acquisition value Dec. 31	**183.0**	179.9	**170.0**	166.1
– Accumulated extraordinary depreciation	**– 87.9**	– 91.3	**– 87.6**	– 90.6
Net book value Dec. 31	**95.2**	88.6	**82.3**	75.5
In Finland:				
Taxable value	**47.1**	27.8	**46.8**	23.1
Residual value	**88.5**	80.3	**82.3**	75.5

Notes for Income Statements and Balance Sheets

Note 8 - Shares and participations as per December 31, 1996

	Group holdings		Nominal value		Book value	
	No. of shares	%	Currency	1 000	Group FIM 1 000	Parent FIM 1 000
Associated Companies:						
In Finland						
A-Rakennusmies Oy, Helsinki	5,740	33.6	FIM	5,740	5,740	5,740
Parma Oy, Forssa	12,000	50.0	FIM	12,000	60,000	60,000
Parma Metals Oy, Forssa	3,625	50.0	FIM	3,625	11,694	11,694
Partek Betonila Oy Ab, Pargas	200,000	100.0	FIM	200,000	77,723	
Roctex Oy Ab, Pargas	2,000	50.0	FIM	2,000	725	
Other associated companies (6)					3,604	3,603
In other countries						
Controladora Accionaria y Administrativa S.A. de C.V., Mexico	460	46.0	MXP	4,483	1,674	
Eastern Partek Pte Ltd, Singapore	15,673,905	45.0	SGD	15,674	25,971	
Paroc Silikatas, Lithuania	13,750	48.0	LIT	13,750	16,684	
Rockwool Ecoprim AB, Sweden	25,000	50.0	SEK	2,500	3,374	
Steinullarverksmidjan H/F, Iceland	587,522	27.7	ISK	58,752	3,010	
Other associated companies (4)					1,184	
Adjusted share of equity					21,157	
Associated companies, total					232,540	81,037
Other companies:						
In Finland						
Cervuctum Oy, Helsinki	150,000	18.8	FIM	15,000	15,000	15,000
Investa Bond Fund, Helsinki	59,559		FIM		2,557	2,557
NordCarb Oy Ab, Helsinki	5,400	19.3	FIM	5,400	2,513	
Polar-Yhtymä Oy, Helsinki	5,059,227	4.4	FIM	50,592	60,215	60,215
Sampo Insurance Company Ltd, Helsinki	2,872	0.0	FIM	57	695	662
Viljavuuspalvelu Oy, Helsinki	6,490	13.0	FIM	649	605	
Telephone share and participations (18)					1,590	1,289
Other domestic companies (55)					2,795	2,607
In other countries						
Lana di Roccia S.P.A., Italia	255,872	19.9	ITL	2,558,720	6,308	
Verdalskalk A/S, Norway	30	10.0	NOK	3,000	2,717	
Other foreign companies (21)					159	
Other companies, total					95,156	82,330
Holdings in subsidiaries						
In the Minerals business area						
Ignaberga Kalksten AB, Hässleholm, Sweden	7,500	100.0	SEK	750	5,511	
Nordkalk Kalcium AB, Malmö, Sweden	120,000	100.0	SEK	12,000	91,397	
Nordkalk Storugns AB, Lärbro, Sweden	250,000	100.0	SEK	25,000	112,175	
Partek Nordkalk Oy Ab, Pargas	118,000	100.0	FIM	118,000	118,000	118,000
Partek Teollisuusmineraalit Oy, Pargas	50,000	100.0	FIM	50,000	50,000	50,000
Suomen Karbonaatti Oy, Lappeenranta	12,495	51.0	FIM	12,495	21,278	
Uddagårdskalk AB, Falköping, Sweden	2,000	100.0	SEK	200	3,374	
Other subsidiaries in Minerals (9)					6,130	
In the Cargotec business area						
Burg Vastgoed o Market B.V., Netherlands	175,000	100.0	NLG	175	70,678	
Cargotec (Holdings) Ltd., Great Britain	1,360,000	100.0	GBP	1,360	30,158	
Hiab AB, Hudiksvall, Sweden	2,140,000	100.0	SEK	107,000	103,462	
Hiab B.V.,Meppel, Netherlands	100	100.0	NLG	100	18,139	
Hiab Accessories B.V., Meppel, Netherlands	100	100.0	NLG	100	15,453	
Hiab Co Ltd, Seoul, South Korea	585,100	95.1	KRW	5,851,000	29,486	
Hiab Denmark A/S, Humlebaek, Denmark	70	100.0	DKK	4,300	15,767	
Hiab Ltd., Yokohama, Japan	1,781	100.0	JPY	445,250	30,021	
Hiab-Multilift GmbH, Langenhagen, Germany		100.0	DEM	6,100	63,344	
Hiab Valman S.A., Madrid, Spain	106,513	100.0	ESP	532,565	40,321	

Notes for Income Statements and Balance Sheets

Loglift Oy Ab, Salo	1,711,900	90.1	FIM	17,119	32,454	
Multilift Oy, Raisio	1,080	100.0	FIM	10,800	28,550	
Norba AB, Sweden	104,000	100.0	SEK	13,000	8,989	
Partek Cargotec AB, Sweden	1,000,000	100.0	SEK	100,000	245,883	
Other subsidiaries in Cargotec (41)					185,843	
In the Insulation business area						
Jungers Verkstads AB, Gothenburg, Sweden	28,000	100.0	SEK	14,000	6,748	
Paroc Oy Ab, Pargas	100,000	100.0	FIM	100,000	93,122	
Partek Insulation AB, Skövde, Sweden	599,500	100.0	SEK	59,950	325,372	
Rockwool AB, Skövde, Sweden	500,000	100.0	SEK	50,000	91,098	
Other subsidiaries in Insulation (16)					14,013	
In the Precast Concrete business area						
Partek Brespa Spannbetonwerk GmbH & Co K.G., Schneverdingen, Germany	3,275	100.0	DEM	3,275	15,413	
Partek Concrete Oy Ab, Helsinki	550,000	100.0	FIM	550,000	400,000	400,000
Partek Concrete Development Oy Ab, Pargas	3,000	100.0	FIM	3,000	3,000	
Partek Concrete Engineering Oy Ab, Toijala	27,000	100.0	FIM	27,000	27,000	
Spanbeton B.V., Koudekerk, Netherlands	7,395	100.0	NLG	740	24,718	
Spenncon A.S, Norway	18,000	90.0	NOK	18,000	119,715	
VBI Verenigde Bouwprodukten Industrie B.V., Huissen, Netherlands	11,000	100.0	NLG	11,000	203,479	
Other subsidiaries in Precast Concrete (17)					476,602	
Finance, service and other subsidiaries						
Green Arrow Insurance Ltd, Douglas, Great Britain	500,000	100.0	USD	500	15,365	15,365
Oy Green Arrow Securities Ltd, Pargas	1,020,000	100.0	FIM	51,000	55,617	55,617
Loozenberg Staete B.V., Netherlands	8,810	100.0	NLG	8,810	89,000	
Parcomp Oy Ab, Pargas	10	100.0	FIM	1,000	1,008	1,008
Partek Finance N.V., Brussels, Belgium	240,252	100.0	BEF	2,402,520	474,226	474,216
Partek Sverige AB, Stockholm, Sweden	2,300,000	100.0	SEK	230,000	550,999	550,999
Real estate companies (20)					56,355	19,163
Other subsidiaries (33)					57,845	27,657
Parent Company´s total holdings in subsidiaries						1,712,025

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

9. Share of equity in associated companies

(Group)	Share of equity %	**1996 FIM million**	1995 FIM million
A-Rakennusmies Oy[*], Helsinki	33.6	**8.6**	6.0
NordCarb Oy Ab, Helsinki		**–**	2.7
Par-Arm Oy, Helsinki			46.3
Parma Oy, Forssa [*]	50.0	**63.3**	57.2
Parma Metals Oy, Forssa	50.1	**10.1**	–
Partek Betonila Oy Ab, Pargas [1]	50.0	**68.4**	43.6
Roctex Oy Ab, Pargas	50.0	**0.0**	0.0
Other associated companies in Finland		**5.5**	4.8
Controladora Accionaria y Administrativa S.A. de C.V., Mexico	46.0	**3.8**	3.0
Eastern Partek Pte Ltd, Singapore	45.0	**73.3**	48.1
Euroc AB, Sweden		**–**	972.3
Paroc Silikatas, Lithuania	48.0	**15.4**	14.6
Rockwool Ecoprim AB, Sweden	50.0	**6.0**	5.1
Steinullarverksmidjan H/F, Iceland	27.7	**5.1**	3.7
Other associated companies		**0.8**	1.1

[*] Owned by the Parent Company

[1] The ownership in Parma and Partek Betonila is being restructured. Both companies are consolidated as associated companies in the Consolidated Financial Statement of Partek. In 1996 the result of Partek Betonila is consolidated to 50 % where as the shareholders equity is consolidated to 100 %.

Notes for Income Statements and Balance Sheets

10. Long- and short-term receivables

	Group		Parent Company	
(FIM million)	**Dec. 31. 1996**	Dec. 31. 1995	**Dec. 31. 1996**	Dec. 31. 1995
Board of Directors and Executive Board				
Long-term loans	**0.5**	0.3	**0.5**	0.3
Short-term loans	**0.2**	0.1	**0.2**	0.0
Total	**0.6**	0.4	**0.6**	0.4
Other personnel				
Long-term loans	**4.6**	6.2	**4.1**	5.5
Short-term loans	**2.3**	3.5	**2.1**	3.2
Total	**6.9**	9.7	6.2	8.7
Subsidiaries				
Long-term loans			**230.1**	231.7
Short-term loans			**662.1**	436.4
Accounts receivable			**12.5**	16.1
Prepayments and accrued income			**13.2**	16.0
Other short-term receivables			**9.3**	127.2
Total			**927.2**	827.4
Associated companies				
Long-term loans	**46.3**	41.3	**34.3**	23.6
Short-term loans	**0.0**	3.4	**0.0**	3.0
Accounts receivable	**18.1**	12.0	**0.5**	2.8
Prepayments and accrued income	**1.8**	3.9	**0.9**	0.1
Other short-term receivables	**0.6**	0.8	**0.6**	0.3
Total	**66.9**	61.5	**36.3**	29.8
Others				
Long-term loans	**1.9**	32.0	**0.2**	22.3
Short-term loans	**159.5**	85.4	**32.2**	9.5
Accounts receivable	**848.0**	1 059.6	**3.6**	0.7
Prepayments and accrued income	**120.5**	130.1	**51.4**	48.5
Other short-term receivables	**40.6**	43.8	**6.1**	5.4
Total	**1 170.5**	1 351.0	**93.4**	86.4
Long-term receivables				
Board of Directors and Executive Board	**0.5**	0.3	**0.5**	0.3
Other personnel	**4.6**	6.2	**4.1**	5.5
Subsidiaries			**230.1**	231.7
Associated companies	**46.3**	41.3	**34.3**	23.6
Others	**1.9**	32.0	**0.2**	22.3
Total	**53.2**	79.9	**269.2**	283.4
Short-term receivables				
Board of Directors and Executive Board	**0.2**	0.1	**0.2**	0.0
Other personnel	**2.3**	3.5	**2.1**	3.2
Subsidiaries			**697.1**	595.7
Associated companies	**20.6**	20.2	**2.0**	6.2
Others	**1 168.6**	1 319.0	**93.2**	64.1
Total	**1 191.6**	1 342.8	**794.5**	669.3

Notes for Income Statements and Balance Sheets

11. Change in shareholder's equity

(FIM million)	Total	Restricted equity: Share capital	Capital reserve	Revaluation reserve	Other restricted	Non-restricted equity: Equity in untaxed reserves	Other non-restricted equity
Group							
January 1, 1996	1 915.3	385.0	530.8	36.7	296.4	239.9	426.5
Translation differences	14.9				0.5	0.7	13.7
Transfer to restricted equity					3.5		– 3.5
Transfer of undistributed profit in the associated companies' profit					18.1		– 18.1
Cancellation of the transfer of undistributed profit in the associated companies due to sale					– 93.5		93.5
Transfer of change in equity share of change in untaxed reserves						– 41.7	41.7
Dividends paid	– 57.8						– 57.8
Other changes	2.1				– 2.7	0.7	4.1
Net result for the financial year	515.0						515.0
December 31, 1996	2 389.6	385.0	530.8	36.7	222.8	199.7	1 014.6

N.B. In accordance with current legislation for certain foreign subsidiaries FIM 3.0 million should be transferred from non-restricted equity to restricted equity.

(FIM million)	Total	Share capital	Capital reserve	Revaluation reserve	Other restricted	Equity in untaxed reserves	Other non-restricted equity
Parent Company							
January 1, 1996	1 740.7	385.0	530.8	36.3	167.8	–	620.8
Share dividends	– 57.8						– 57.8
Net result for the financial year	612.4						612.4
December 31, 1996	2 295.3	385.0	530.8	36.3	167.8	–	1 175.4

12. Untaxed reserves

(FIM million)	**Dec. 31. 1996**	Increase	Decrease	Dec. 31. 1995
Group, Partek's share				
Accumulated depreciation in excess of plan	**263.5**	26.4	– 82.6	319.8
Operating reserve	**6.7**	0.0	0.0	6.7
Other reserves	**8.1**	1.0	– 0.2	7.3
Total	**278.4**	27.4	– 82.8	333.7
of which				
Equity share	**199.7**	19.2	– 59.5	239.9
Deferred taxes	**78.7**	8.2	– 23.3	93.8
In the deferred taxes are also included:				
Deferred taxes in respect of minority interest in untaxed reserves	**3.3**	0.0	– 0.1	3.3
Deferred taxes on untaxed reserves where the equity share has been eliminated	**10.0**	4.6	– 4.0	9.4
Deferred taxes total	**91.9**	12.8	– 27.4	106.5
Parent Company				
Accumulated depreciation in excess of plan	**55.5**	–	– 78.3	133.8
Total	**55.5**	–	– 78.3	133.8

13. Provisions

(FIM million)	Group **1996**	Group 1995	Parent Company **1996**	Parent Company 1995
For project deliveries and claims	**7.7**	69.3	**2.4**	5.3
For reorganisation of operations in North America and France	**6.3**	89.0	**–**	2.3
For divestment of real estate business and reorganisation of other operations	**81.7**	82.6	**1.7**	6.5
Others	**28.5**	12.1	**5.4**	6.0
Total	**124.1**	253.0	**9.5**	20.1

Notes for Income Statements and Balance Sheets

14. Long-term liabilities

(FIM million)		Group Dec. 31, 1996	Dec. 31, 1995
Local currencies		**818,2**	1 260,1
of which in FIM 414.3 (713.5) million.			
Other currencies			
Belgium	BEF	**187,0**	210,5
Gemany	DEM	**32.9**	80.7
Netherlands	NLG	**74.7**	111.9
Sweden	SEK	**100.6**	117.0
USA	USD	**–**	101.5
ECU-loan	XEU	**–**	51.7
Total		**1 213.3**	1 933.4
Loan repaymetns		**– 168.1**	– 361.8
Long-term liabilities, total		**1 045.2**	1 571.6

Long-term liabilities are loans taken by individiual Group companies in the corresponding country's currency and loans taken in some other currency. Most of the loans in other currencies have been taken to minimise the effects of exchange rate fluctuations on foreign subsidiaries' equity. The principal currencies in question are shown below.

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

	1997	1998	1999	2000	2001 or later	Total
Group:						
Bonds and bonds with warrants	–	101.5	–	–	–	101.5
Loans from financial institutions	43.1	238.0	48.4	47.7	115.4	492.7
Pension loans	13.7	12.9	12.0	11.2	261.5	311.2
Other interest-bearing loans	111.3	39.3	8.9	18.5	6.1	184.1
Deferred taxes	–	–	–	–	91.9	91.9
Interest-free loans	–	0.7	–	–	31.2	31.9
Total	168.1	392.4	69.4	77.4	506.1	1 213.3
Parent Company:						
Bonds and bonds with warrants	–	101.5	–	–	–	101.5
Loans from financial institutions	27.6	194.2	27.6	27.6	43.3	320.4
Pension loans	13.7	12.7	11.9	11.0	145.7	195.0
Other interest-bearing loans	290.1	0.2	0.2	0.2	0.0	290.6
Interest-free loans	–	–	–	–	2.0	2.0
Total	331.5	308.6	39.7	38.8	191.1	909.6

15. Bonds and bonds with warrants

Company/ Issue	Interest rate %	Term	Long-term liabilities, FIM m
Partek Corporation			
Bonds, 100 FIM million, fixed rate	11.0	1993/1998	100.0
Bonds with warrants, 1.5 FIM million, floating rate	3.07	1994/1998	1.5
Total Dec. 31, 1996			101.5

16. Short-term interest-bearing liabilities

(FIM million)	Group Dec. 31, 1996	Group Dec. 31, 1995	Parent Company Dec. 31, 1996	Parent Company Dec. 31, 1995
Repayment on long-term loans	**168.1**	361.8	**41.5**	299.4
Subsidiaries			**288.8**	483.8
Associated companies	**1.3**	1.2	**–**	–
Other short-term debts	**44.5**	969.6	**1.2**	676.9
Total	**213.9**	1 332.7	**331.5**	1 460.0

Notes for Income Statements and Balance Sheets

17. Short-term interest-free liabilities

(FIM million)	Group Dec. 31, 1996	Group Dec. 31, 1995	Parent Company Dec. 31, 1996	Parent Company Dec. 31, 1995
Subsidiaries				
Accounts payable			**2.3**	3.9
Accrued expenses and prepaid income			**0.8**	2.8
Other interest-free debts			**0.3**	0.3
Total			**3.4**	7.0
Associated companies				
Accounts payable	**1.3**	3.8	**0.1**	1.8
Advances received	**0.2**	–	**–**	–
Accrued expenses and prepaid income	**0.2**	10.0	**0.1**	1.4
Other interest-free debts	**0.3**	2.3	**0.3**	2.1
Total	**2.0**	16.0	**0.4**	5.2
Others				
Accounts payable	**441.3**	613.4	**7.5**	4.7
Advances received	**75.9**	93.1	**–**	–
Accrued expenses and prepaid income	**458.4**	459.1	**74.7**	64.7
Other interest-free debts	**314.9**	336.2	**51.4**	50.1
Total	**1 290.5**	1 502.0	**133.6**	119.5

18. Internal dividends, interest income and expenses

(FIM million)	Parent Company 1996	Parent Company 1995
Dividends from Group companies	**145.7**	102.6
Dividends from others	**4.0**	20.3
Interest income from Group companies	**38.6**	53.3
Interest income from others	**18.2**	3.7
Interest expenses to Group companies	**16.8**	32.9
Interest expenses to others	**111.5**	148.6

19. Contingent liabilities

(FIM million)	Group Dec. 31, 1996	Group Dec. 31, 1995	Parent Company Dec. 31, 1996	Parent Company Dec. 31, 1995
Pledged assets				
Security for own debts				
Real estate mortgages	**413.3**	435.8	**2.7**	16.6
Other mortgages	**220.8**	219.9		–
Other pledges	**39.1**	39.2		–
Total	**673.3**	694.9	**2.7**	16.6
Contingent liabilities				
Security for others' debts				
Guarantees				
for subsidiaries			**820.5**	1 189.4
for associated companies	**154.7**	169.7	**149.2**	164.1
for management	**–**	–	**–**	–
for others	**33.9**	9.5	**33.8**	6.1
Discounted bills	**38.1**	37.5		–
Other contingent liabilities	**36.8**	130.3	**3.5**	–
Total	**263.5**	347.0	**1 007.1**	1 359.6
Leasing agreements				
In accordance with current leasing agreements leasing charges during the coming five years will amount to:				
1997	**68.7**		**1.4**	
1998	**60.2**		**0.8**	
1999	**44.1**		**0.3**	
2000	**33.5**		**0.0**	
2001 or later	**249.2**		**0.0**	
Total	**455.7**		**2.5**	

Nominal values of derivative instruments on Dec. 31, 1996	Total	Closed contracts	Open contracts*
Foreign exchange forward contracts	2 275.2	180.4	2 094.8
Interest rate swaps	200.0	0.0	200.0
Interest rate forward contracts	4 008.3	3 462.3	546.0

* If all these open contracts would have been sold at market rates on December 31, 1996, the total net effect would have been FIM 4.1 million.

Notes for Income Statements and Balance Sheets

20. Segment data

(FIM million)	Net sales 1996	Net sales 1995	Operating profit 1996	Operating profit 1995
By business area				
Minerals	**976.1**	866.6	**147.4**	138.0
Cargotec	**2 169.0**	2 308.0	**– 24.9**	150.7
Insulation	**1 340.9**	1 203.6	**101.2**	68.4
Precast Concrete	**1653.8**	1 856.2	**108.6**	104.7
Other Business Activities	**35.1**	337.7	**5.8**	– 55.4
Other	**82.9**	82.9	**– 54.0**	– 26.8
Inter-Group sales	**– 98.0**	– 98.7		
Total	**6 159.9**	6 556.4	**284.1**	379.5
By geographical area				
Finland	**1 223.6**	1 188.9	**162.3**	198.2
Other Scandinavia	**1 706.5**	1 433.8	**76.4**	126.1
Other EU countries	**2 269.1**	2 827.0	**29.5**	56.0
Other European countries	**272.5**	397.0	**– 4.1**	1.4
USA and Canada	**213.0**	291.0	**7.5**	– 16.4
Asia	**409.7**	347.8	**11.9**	13.7
Other countries	**65.5**	70.8	**0.6**	0.5
Total	**6 159.9**	6 556.4	**284.1**	379.5

	Average personnel 1996	Average personnel 1995	Payroll costs (FIM million) 1996	Payroll costs (FIM million) 1995
By business area				
Minerals	**1 032**	981	**185.0**	171.4
Cargotec	**2 759**	2 753	**565.8**	530.6
Insulation	**1 618**	1 634	**341.5**	320.4
Precast Concrete	**2 117**	2 337	**463.7**	499.1
Other Business Activities	**13**	711	**4.4**	121.6
Other	**202**	222	**58.8**	58.4
Total	**7 741**	8 638	**1 619.4**	1 701.6
By geographical area				
Finland	**2 627**	2 630	**507.8**	502.5
Other Scandinavia	**2 431**	2 471	**553.2**	500.5
Other EU countries	**2 391**	3 089	**514.4**	618.6
USA and Canada	**57**	282	**14.4**	52.9
Asia	**58**	36	**17.0**	14.7
Other countries	**177**	130	**12.7**	12.3
Total	**7 741**	8 638	**1 619.6**	1 701.6

(FIM million)	Investments 1996	Investments 1995
By business area		
Minerals	**76.2**	90.5
Cargotec	**45.8**	63.9
Insulation	**55.9**	46.3
Precast Concrete	**99.2**	62.9
Other Business Activities	**92.0**	6.9
Other	**46.3**	21.6
Total	**415.4**	292.1
By geographical area		
Finland	**203.6**	143.4
Other Scandinavia	**59.3**	49.1
Other EU countries	**144.9**	62.4
Other European countries	**5.5**	16.5
USA and Canada	**0.9**	3.5
Asia	**1.0**	17.2
Other countries	**0.2**	0.0
Total	**415.4**	292.1

Notes for Income Statements and Balance Sheets

21. Adjustment for financial leasing

According to legislation in Finland financial leasing can not be shown in accordance with international practice. The effects of applying IAS 17 are as follows

	Operating profit/loss	Financial items	Profit/loss after financial items
Income statement			
As shown in the Income Statement	284.1	– 58.0	226.1
Adjustment for interest expenses included in leasing charges	5.5	– 5.5	–
Adjusted Income Statement	289.6	– 63.5	226.1

	Fixed assets	Liabilities	Balance Sheet total
Balance sheet			
Balance Sheet value as shown	2 709.1	2 551.6	5 118.6
Residual value of leased assets	286.3	286.3	286.3
Adjusted Balance Sheet	2 995.4	2 837.9	5 404.9

	Return on capital employed	Return on total capital	Equity to total assets ratio
Key figures			
According to FAS	9.2	7.0	48.4
After adjustments in the Income Statement and in the Balance Sheet	9.0	6.9	45.8

Five-year review

		1996	1995	1994	1993	1992
From income statement						
Net sales	FIM million	**6 159.9**	6 556.4	6 166.3	6 609.8	6 627.5
change	%	**– 6.0**	6.3	– 6.7	-0.3	– 12.2
foreign sales	%	**80.1**	81.9	81.5	74.5	73.5
Operating profit	FIM million	**284.1**	379.5	231.5	4.1	– 132.4
% of net sales	%	**4.6**	5.8	3.8	0.1	– 2.0
Profit after financial items	FIM million	**226.1**	270.1	41.1	– 407.3	– 559.0
% of net sales	%	**3.7**	4.1	0.7	– 6.2	– 8.4
Profit before (appropriations and) tax	FIM million	**587.5**	225.4	– 202.6	– 433.9	– 567.6
Net profit for the financial year	FIM million	**515.0**	149.4	– 193.9	– 392.5	– 442.7
From balance sheet						
Fixed assets	FIM million	**2 709.1**	3 921.8	4 018.1	3 998.7	5 027.9
Inventories	FIM million	**810.5**	948.7	795.4	915.6	1 129.3
Financial assets	FIM million	**1 599.1**	1 779.8	1 776.6	1 626.6	1 900.1
Restricted equity incl. conv. sub. bonds	FIM million	**1 175.5**	1 248.8	1 125.0	837.7	814.1
Non-restricted equity	FIM million	**1 214.3**	666.4	665.7	762.9	1 201.5
Minority interest	FIM million	**53.4**	59.8	54.0	35.4	29.8
Provisions and untaxed reserves	FIM million	**124.1**	253.0	273.7	144.2	66.5
Long-term liabilities	FIM million	**1 045.2**	1 571.6	1 745.6	2 383.0	3 120.2
Short-term liabilities	FIM million	**1 506.4**	2 850.7	2 726.0	2 377.8	2 825.2
Balance sheet total	FIM million	**5 118.6**	6 650.3	6 590.1	6 540.9	8 057.3
Capital employed	FIM million	**3 826.2**	5 132.3	5 221.6	5 186.4	6 290.4
From statement of source and applications of funds						
Funds generated from operations	FIM million	**282.4**	358.4	207.7	– 102.7	– 223.0
Change in working capital	FIM million	**59.7**	– 75.6	58.3	– 14.6	397.2
Net investment	FIM million	**1 267.5**	– 262.6	– 286.4	667.2	– 461.0
Loans less repayments	FIM million	**– 1 645.1**	– 198.9	– 303.5	– 772.0	554.6
Change in liquid assets	FIM million	**– 33.6**	– 68.4	76.6	– 89.1	2.4
Profitability						
Return on capital employed	%	**9.2**	10.1	6.1	0.2	– 1.7
Return on total capital	%	**7.0**	7.9	4.3	0.2	– 1.3
Return on equity after taxes paid and change in deferred taxes	%	**7.4**	11.0	3.7	– 19.8	– 20.0
after standard taxes	%	**7.4**	10.6	1.8	– 21.0	– 18.4
Other ratios						
Interest cover	times	**2.2**	2.2	1.2	0.2	0.1
Quick ratio	times	**1.12**	0.65	0.68	0.71	0.86
Current ratio	times	**1.60**	0.96	0.94	1.07	1.20
Equity to total assets	%	**48.4**	30.1	28.5	25.4	26.0
Per employee						
Net sales	FIM 1 000	**796**	759	759	701	600
Value added	FIM 1 000	**246**	237	285	234	216
Wages and salaries	FIM 1 000	**209**	197	198	194	179
Profit after financial items	FIM 1 000	**29**	31	5	– 43	– 51
Dividend	FIM 1 000	**20**	7	3	–	–
Average number of staff						
Finland		**2 627**	2 630	2 510	3 389	4 553
Abroad		**5 114**	6 008	5 618	6 039	6 501
Total		**7 741**	8 638	8 126	9 428	11 054

Key ratio definitions p. 46

Financial risk management

Partek's business activities are exposed to financial risks such as currency risks, interest-rate risks, funding and liquidity risks, and counterparty risks. Partek's treasury function handles the control of the Group's financial risks centrally in line with the confirmed finance policy. The finance policy as well as detailed directions on the definition of financial risks, limits and the use of different financial instruments have been approved by the Group's Board of Directors. The value of derivative contracts that were open at year end appears in note 19. Since the note doesn't include the underlying exposure hedged by the contracts, it doesn't as such represent the real risk exposure of Partek.

Currency risks

Foreign subsidiaries comprise the major part of Partek's business operations. Most of the exporting is done from Finland and Sweden. These activities cause currency risks ie. translation and transaction exposure.

The Group's annual net currency flow (transaction risk) is about FIM 800 million per year. The German mark (DEM), British pound (GBP) and French franc (FRF) together correspond to about 60 percent of the net currency flow. About 50 percent of the exposure is against the Swedish crown (SEK) and about 40 percent against the Finnish mark (FIM). The Group's net currency flow is hedged, as a rule, for the following twelve months, so that the effect of exchange rate fluctuations on the result is seen, on average, with a time lag of roughly 7 to 9 months.

The translation exposure that arises out of net assets abroad, i.e. the foreign subsidiaries' net equity, is hedged by loans or standardized derivatives in corresponding currencies. At the balance sheet date the net equity of the foreign subsidiaries amounted to FIM 1,500 million, 80 percent of which was hedged.

Interest-rate risks

Changes in interest rates on interest-bearing receivables and debts in different currencies cause interest-rate risks. These risks are managed regularly with the help of duration analysis of the net interest-bearing debts. Various interest-rate derivatives such as swap agreements and forward rate agreements are used to manage the interest-rate risk.

At the end of 1996 the open swap agreements amounted to FIM 200 million and the forward rate agreements to FIM 546 million.

Funding and liquidity risks

In minimizing the funding and liquidity risks the Group ensures that the proportion of short-term debts in relation to all the interest-bearing debts does not exceed a defined level and that the liquid assets and existing credit facilities cover estimated financing needs.

The interest-bearing debts amounted to FIM 1,135 million at year end.The percentage of short-term interest-bearing debts including repayments on loans within one year was 19 percent. Long-term interest-bearing debts on a currency-by-currency basis and repayments for future years are shown in note 14. In addition to liquid assets of FIM 357 million, the unused credit facilities at the balance sheet date totalled FIM 1,170 million.

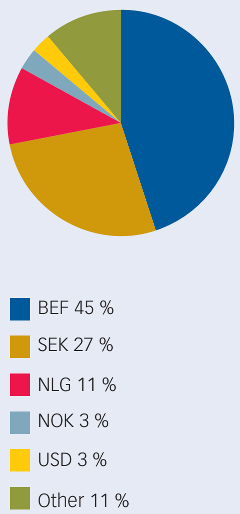
Interest-bearing net debts excluding convertible subordinated bonds were reduced during the year by FIM 1,626 million and came to FIM 675 million at the end of the year.

Counterparty risks

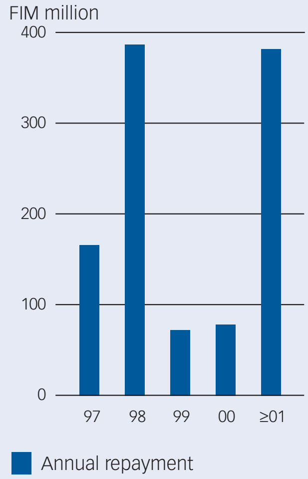
The credit exposure related to investment of liquid assets is reduced by accepting only those counterparties having high creditworthiness. Derivative contracts are made only with leading banks and credit institutions. No credit losses related to counterparty risks were recorded.

Net equity in foreign subsidiaries

In different currencies, Dec. 31, 1996



Long-term interest bearing debts



Auditors' report

To the shareholders of Partek Corporation (Translation)

We have audited the accounts, the accounting records and the administration by the Board of Directors and the Managing Director of Partek Corporation for the year ended 31 December 1996. The accounts prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the accounts. Based on our audit we express our opinion on these accounts and the company´s administration.

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

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

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

Pargas, March 17, 1997

Eric Haglund
Authorized Public Accountant

Thor Nyroos
Authorized Public Accountant

Stock exchange release summary 1996

March 7, 1996, Financial Result

Profit after financial items improved by approx. FIM 229 million and amounted to FIM 270 million. Net sales grew by 6 percent to FIM 6.5 billion. Earnings per share were FIM 5.04 (1994:1.43). Return on capital employed rose to 10.1 % (6.1%) and return on equity after taxes climbed to 11.0% (-0.3%). The Board of Directors proposes a dividend of FIM 1.50 per share, a total of FIM 57.8 million. Strengthening of the Group structure has made further profit improvment possible, however, uncertainity about the European economic development could weaken the Group's growth and profitability.

March 15, 1996

Euroc and Aker have now concluded their discussions with the relevant authorities in Sweden, Norway and the European Union concerning a merger between Euroc and Aker's cement and building materials operations. The merger between Aker's building materials operations and Euroc's will be finalized. Partek and Aker can complete the final transaction in which Euroc shares owned by Partek will be transferred to Aker. Partek will be paid for the shares in May.

April 11, 1996

Senior Executive Vice President of Partek, Raimo Taivalkoski, M.Sc. (Eng.), who has temporarily been the acting President of Amer Group, will return to his position in Partek Corporation from June 1, 1996.

April 18, 1996, Annual General Meeting

A dividend of FIM 1.50/share, i.e. a total of FIM 57.75 million, will be paid for 1995. Björn Mattsson and Christoffer Taxell, having retired by rotation, were re-elected to the board of Directors, and Juha Toivola and Morten Persen were elected new members. The annual general meeting confirmed the accounts of the parent company and group for 1995. The board of directors and president were granted a discharge from liability. The annual general meeting approved the second and final hearing of the amendment to article 11.

May 6, 1996

Partek will sell most of its North American insulation industry to the leading producer of glass fiber insulation in North America, Owens Corning. Partek will be concentrating its insulation production on the Baltic region in line with its strategy. The transaction will not have a noticeable effect on Partek's result for this year. Partek has had insulation operations in North America since 1983. The company's net sales for 1995 totalled FIM 116 million and the number of staff was 220. Operations have been running at a heavy loss.

May 21, 1996

The sale of Partek's shareholding in Euroc to the Norwegian company Aker has been completed. Partek obtained SEK 2.3 billion for the sale and a profit of FIM 500 million. The company's equity/total assets ratio will exceed the targeted level of 40 percent.

May 27, 1996

The sale of Partek's North American insulation industry has been completed. Owens Corning has purchased all the operating assets of the Partek plant in the United States and the pipe-insulation operations of the plant in Canada. The Canadian subsidiary has also been sold.

June 11, 1996

Partek's subsidiary, Nordkalk, will acquire the mining rights and production plants of the biggest limestone deposit in operation in Estonia. Net sales are expected to rise to between 15-20 million Estonian crowns (FIM 6-8 million) a year. Nordkalk has also acquired a dolomite deposit situated in western Estonia.

June 12, 1996

Partek Concrete Engineering (PCE), a member of the Partek Group, will acquire the operating assets of Mecakone Oy which plans concrete batching plants and precast concrete product plants. Mecakone Oy belongs to Roxon Oy, a subsidiary of Tampella Corporation. The company's net sales in 1995 were FIM 12 million and it employed 18 people.

June 14, 1996, Interim Report

The result after financial items remained at about the same level as last year and was FIM 9 (1995: 11) million but the operating profit weakened. The consolidated operating profit was FIM 42 (78) million and the consolidated net sales for January to April 1996 totalled FIM 2,007 (1995: 1,944) million. However, the clear fall in net financial expenses compensates for the drop in operating profit. There was a drop in the order flow and order stock.

August 30, 1996

Partek will sell its precast concrete operations in Belgium and Northern France to a Belgian consortium. The transaction will not have a noticeable effect on Partek's result for 1996. Partek will continue to concentrate its precast concrete operations on countries where it is the market leader. The net sales for 1995 of Partek Ergon, situated in Lier, totalled FIM 174 million and the number of staff was 260. Partek Morin S.A's net sales for 1995 amounted to FIM 70 million and the number of staff to 115.

Stock exchange release summary 1996

September 13, 1996

The demand for cargo-handling equipment in Europe has clearly been weaker during the year than anticipated. Cargotec's operating profit, which was weak at the beginning of the year, has weakened during the summer, and no substantial improvement is expected at the end of the year. The profit for the entire Partek Group for the first eight months of the year will be below that of the corresponding period for 1995. The measures now being taken at Cargotec are not expected to have a noticeable effect on the profit this year.

September 17, 1996

The sale of Partek's precast concrete operations in Belgium and Northern France to a Belgian consortium has been finalized.

September 30, 1996

Partek Insulation AB will join forces with the American company Armstrong World Industries Inc. in the acoustics and interior design business. The new company, of which Partek owns 40%, provides Partek Insulation's products with access to the market leader, Armstrong's sales network. Partek Insulation will sell 60 percent of its acoustics and interior design business to Armstrong. The transaction will have a slightly positive effect on Partek's result. The transaction is subject to approval by the anti-trust authorities.

October 21, 1996, Interim Report

The result after financial items was FIM 81 (1995: 115) million. Because of Cargotec's poor result the consolidated operating result fell by FIM 71 million to FIM 137 (208) million. The shareholding in Euroc was sold to Aker for 1.6 billion, realizing a profit of about FIM 500 million. The equity/total assets ratio went up to 44 (31.12.1995: 30) percent. The amount of interest-bearing net debts without the convertible subordinated bonds totalled FIM 906 million. The result for the entire year will clearly be lower than last year's

November 25, 1996

Partek's extraordinary general meeting appointed Aker ASA's President and CEO Bjørn Rune Gjelsten as a new member of Partek's Board of Directors. Tom Ruud asked to resign from the Board following his appointment as CEO of Norway's second largest bank, Kreditkassen.

November 28, 1996

Partek Cargotec's Government Business Operations (GBO), which markets Partek Cargotec's products to defence forces around the world, has secured contracts in excess of FIM 45 million.

November 29, 1996

Partek has agreed in principle with Rautaruukki Oy for the transfer of the latter's Raahe lime burning kiln to Partek's subsidiary, Nordkalk Oy Ab.

December 5, 1996

Partek Nordkalk will increase its production of paper pigments by 25 percent. In order to increase the production capacity the company has decided to invest FIM 20 million in its Lappeenranta factory in Finland. The company is prepared to invest an additional FIM 20 million.

December 16, 1996

Partek's Board of Directors has decided to propose an extra dividend payment of FIM 2.50 per share based on the profit on the sale of the Euroc shares realized in 1996. The matter will be decided at the latest at Partek's Annual General Meeting 1997. The actual dividend for 1996 will be discussed by the Board of Directors when it approves the annual accounts.

December 18, 1996

Partek has agreed with Rautaruukki Oy regarding the transfer of the latter's Raahe lime burning kiln to Partek's subsidiary, Nordkalk Oy Ab. This arrangement will increase Nordkalk's lime burning capacity by almost 50 percent and includes a leasing agreement for a production plant and a long-term delivery agreement for quick lime. The value of the plant's production per year at full capacity is approx. FIM 100 million.

December 19, 1996

Partek Betonila Oy Ab and Parma Oy, companies that produce precast concrete and are jointly owned by Partek, are to join forces. The new Parma/Betonila company will be jointly owned by Partek Precast Concrete and Euroc Beton AB, a subsidiary of the Swedish Scancem. The company will become the market leader in the precast concrete industry in Finland with a market share of about 40 percent. The domestic net sales of the new Parma/Betonila company will rise to FIM 450 million, and it will employ some 700 people.

December 20, 1996

At the beginning of 1997, a company named All-Kalk in Sweden, will transfer to Nordkalk. All-Kalk quarries and refines limestone for use in agriculture and as a raw material in the feed industry. All-Kalk increases Nordkalk's production of carbonate products in Sweden by 10%.

For more information about Partek

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