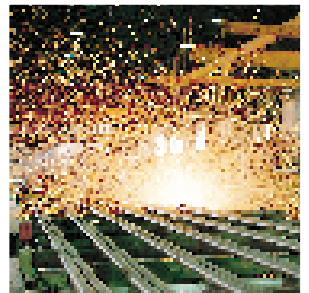


Annual
Review
1997





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half and came almost solely from service operations. Open questions in energy taxation and in general energy policies in Nordic countries were reflected in the business as postponements of new investments.

One new product worth mentioning is the biofuel gasifier based on CFB-technology. When combined with a large, existing power plant boiler, the biofuel gasifier allows for substitution of fossil fuel. The first gasifier of this type was completed at the Lahti Kymijärvi power plant at the end of the year after a very smooth commissioning period.

President's message

The sales and net sales of Foster Wheeler Energia Group increased in 1997 by approximately one-fifth compared to the previous year. The operating profit was lower, but considering the previous year's extraordinary items, it was on the same level compared to the net sales. The company's liquidity is good, though the financing structure of the projects in progress did impair liquidity during the second half of the financial year.

Orders booked was record-breaking high and the biggest contributor to that was Eastern European market. Southeast Asia was also well represented in spite of the financial crisis that struck the area at the end of the year. Lack of projects on the domestic market was apparent. Traditionally sales to Finland and Sweden covers one third but now it declined by

With respect to delivery projects, in turn, the year was lively on the domestic market. Four biofuel power plants were completed in Sweden, while in Finland five gas fueled cogeneration plants and four projects utilizing biofuel were handed over. Further projects were completed in Indonesia, the Czech Republic and Poland. The deliveries on the big Asian orders received in 1996 continued over the change of the year and will be completed during the current year.

The products of the company are in striking order. During the past few years, operating experience on the new-generation circulating fluid bed boilers has been excellent. The product has now been commercialized to larger sizes, too, and the market has received the product well. Success has continued for other boiler types as well.

The market outlook for the current year is overshadowed by the financial crisis in Southeast Asia. Sales in this area is expected to be significantly lower than in previous years, despite the fact that the crisis in some countries no longer is as severe as it was. However, it is evident that the waiting time is over on the domestic market, and that the modernization of the power generation industry in Eastern Europe seems set to continue at a hectic pace. Therefore, the effects of this crisis on the company are likely to remain insignificant.

The current workload is good and the proposal backlog is promising, particularly on the domestic market and in Europe, providing good opportunities for continued success in 1998 and on.

Timo Kauranen
President



HIGHLIGHTS OF THE YEAR INCLUDED COMPLETION OF THE BIOFUEL GASIFIER EQUIPMENT AT LAHDEN LÄMPÖVOIMA OY'S KYMIJÄRVI POWER PLANT (AT LEFT), ELEKTROWNIA JAWORZNO'S ORDER OF TWO CFB BOILERS TO POLAND, AND THE COMPLETION OF VUOSAARI B NATURAL GAS POWER PLANT'S HEAT RECOVERY BOILER.



Foster Wheeler Corporation

The Foster Wheeler Corporation has three primary operating groups: Engineering and Construction, Energy Equipment, and Power Systems. In addition to the power generation industry, the corporation,

with its one hundred years of experience, provides services for the oil, gas, and chemical industries.

The Foster Wheeler Corporation employs approximately 12,000

people; net sales totaled USD 4.2 billion in 1997. The Corporation has a backlog of unfilled orders of approximately USD 7.2 billion and new orders received in 1997 totaled about USD 5.1 billion.

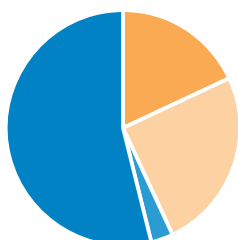
The Energy Equipment Group, which includes Foster Wheeler Energia Oy in Finland, is involved in the design, construction, installation and maintenance of steam boilers and equipment.

FOSTER WHEELER CORPORATION FINANCIAL HIGHLIGHTS (USD 1000)

	1997	1996	1995
Revenues	4 172,015	4 040,611	3 081,930
Net earnings	-10 463	82 240	28 534
Unfilled orders at year-end	7 184,628	7 135,413	6 473,990
New orders booked	5 063,940	5 570,333	4 071,352

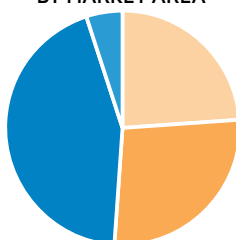
FOSTER WHEELER IS ONE OF THE WORLD'S LEADING BOILER SUPPLIERS. THE CORPORATION HAS BUSINESS LOCATIONS IN 124 COUNTRIES AND HAS THE EXPERIENCE OF DELIVERING ABOUT 150,000 MEGAWATTS OF POWER.

NET SALES OF FOSTER WHEELER ENERGIA (FIM 1,392 million) BY MARKET AREA



- ▼ Finland 18 %
- ▼ Other European countries 25 %
- ▼ North and South America 3 %
- ▼ Asia 54 %

FOSTER WHEELER CORPORATION'S ENERGY EQUIPMENT GROUP: NET SALES (USD 1,100 million) BY MARKET AREA



- ▼ Europe 24%
- ▼ North and South America 27 %
- ▼ Asia 44%
- ▼ Other 5%

KEY FIGURES (MFIM)	1997	1996
Sales	1 410	1 170
Order Book	1 027	996
Net Sales	1 392	1 130
Operating Profit (% of net sales)	47 (3.4)	57 (5.5)
Financing and Other Income (net)	11	8
Profit after Taxes	33.0	36.7
Wages, Salaries and Payroll Costs	224	223
Taxes Payable	14.1	14.4
Shareholders' Equity	199	196
Loans from Parent Company	115	157
Balance Sheet Total	806	788
Investments	15.5	19.5
Depreciation	23.4	35.7
Personnel (31 Dec)	903	937

Foster Wheeler Energia

Foster Wheeler Energia Oy supplies power boilers and power plants to the power generation industry. The company is best known for its energy generation systems based on advanced fluidized bed technology. Foster Wheeler Corporation is the leading supplier of fluidized bed technology systems in the world.

The Foster Wheeler Group in Finland consists of Foster Wheeler Energia Oy and its subsidiary, Foster Wheeler Service Oy; the subsidiaries abroad include Foster Wheeler Energi AB in Sweden, Foster Wheeler Energie GmbH in Germany, Foster Wheeler Energia Polska, Sp. Z.O.O. and Foster Wheeler Energy Fakop Ltd. in Poland, and Foster Wheeler Energy Pte. Ltd. in Singapore.

Foster Wheeler Energia's Finnish operations are located in Helsinki, Kaarina, Heinola, Varkaus, Kouvola,

and Karhula. The company's home markets are Finland, Scandinavia, and the Baltic countries. In co-operation with sister companies abroad, the company also operates in the Asian, Continental European, and Russian markets.

The parent company's Board of Directors consists of the following members: Mr. Henry E. Bartoli, Mr. Timo Kauranen, and Mr. Wes Steiner. The company management includes Mr. Timo Kauranen, President; Mr. Tuomo Hulkkonen, Executive Vice-President; Mr. Ari Aalto, Vice-President Sales; Mr. Matti Meltti, Chief Financial Officer; and Ms. Riitta Hovi, Legal Affairs.

The company's auditors are Coopers & Lybrand, a firm of independent public accountants. The Group's number of personnel averaged 905 during 1997.

PRODUCT RANGE AND AREAS OF EXPERTISE:

- HIGH-OUTPUT PULVERIZED-FUEL-FIRED BOILERS
- CIRCULATING FLUIDIZED BED BOILERS AND GASIFIERS
- BUBBLING FLUIDIZED BED BOILERS
- GRATE-FIRED BOILERS
- GAS- AND OIL-FIRED BOILERS
- HEATING PLANTS
- HEAT RECOVERY STEAM GENERATORS
- WASTE-HEAT BOILERS FOR THE METALLURGICAL INDUSTRY
- SEPARATE EQUIPMENT INCLUDING CONDENSERS, HEAT EXCHANGERS, COAL PULVERIZERS AND BURNERS
- BOILER MODERNIZATIONS AND SERVICE OPERATIONS, PLANNING, SUPERVISION, IMPLEMENTATION AND TESTING SERVICES



FROM THE LEFT: RIITTA HOVI, TUOMO HULKKONEN, TIMO KAURANEN, ARI AALTO AND MATTI MELTTI.

Large delivery of circulating fluidized bed technology to paper mill in China

THE POSITION OF THE FOSTER WHEELER CORPORATION ON THE ASIAN MARKET WAS STRENGTHENED BY THE DELIVERY, ALREADY BEGUN, OF THREE CIRCULATING FLUIDIZED BED BOILERS TO DAGANG, CHINA. THE ASIA PULP AND PAPER CO., LTD IS BUILDING A NEW PAPER MILL IN DAGANG, AS WELL AS A POWER PLANT THAT WILL SUPPLY ELECTRICITY AND PROCESS STEAM FOR THE NEEDS OF THE MILL.

The delivery includes three circulating fluidized bed boiler plants, two with heat outputs of 287 MW each and one with a heat output of 179 MW. The boilers' principal fuel is coal, and their key advantages are that they are efficient, environmentally friendly, and flexible with regard to fuel.

The boilers will be manufactured primarily in Finland at Foster Wheeler's facilities. All deliveries to China will take place during 1998.

The contract was signed based on several factors: previous successful deliveries to the same customer in Indonesia, the rapid delivery schedule, our large circulating fluidized bed boiler deliveries to various customers in Asia, and Foster Wheeler's expertise with regard to financing arrangements.

The establishment of Foster Wheeler service operations in Asia was also one of the important factors that helped us win the contract.



"AS A WHOLE, 1997 WAS A GOOD YEAR IN ASIA, WITH VIGOROUS GROWTH IN NET SALES. SALES AND PROFIT OBJECTIVES WERE EXCEEDED. THE PRIORITIES THIS YEAR INCLUDE A SUCCESSFUL START TO THE DELIVERIES IN THE ORDER BOOK, AND FURTHER STRENGTHENING THE SERVICE OPERATIONS TO OUR CUSTOMERS IN ASIA, WHICH ARE NOW QUITE NUMEROUS."
MATTI MASKUNIITTY,
REGIONAL DIRECTOR, ASIA

DELIVERY OF TWO LARGE CIRCULATING FLUIDIZED BED BOILERS TO THE NATIONAL POWER SUPPLY LTD POWER PLANT IN THATOOM, THAILAND. THIS TURNKEY DELIVERY INCLUDES INSTALLATION SERVICE BY FOSTER WHEELER.

FOSTER WHEELER IS ONE OF THE LARGEST FOREIGN BOILER SUPPLIERS IN CHINA. THE NEIJANG POWER PLANT HOUSES THE LARGEST CIRCULATING FLUIDIZED BED BOILER IN CHINA, WITH A TOTAL OUTPUT OF 285 MW, SUPPLIED BY FOSTER WHEELER ENERGIA OY. THE BOILER ENABLES THE POWER PLANT TO PRODUCE 100 MW OF POWER FOR USE IN SZECHUAN PROVINCE. THE MAIN PART OF THE BOILER WAS MANUFACTURED BY FOSTER WHEELER'S WORKSHOP IN VARKAUS.



A CFB BOILER DELIVERY TO THE KERINCI PULP & PAPER MILL OF P.T. RIAU ANDALAN PULP & PAPER COMPANY WAS IN PROGRESS ON SUMATRA, INDONESIA. THE HEAT OUTPUT OF THE NEW BOILER IS 314 MW AND IT IS FUELED WITH BARK AND COAL.

IN APRIL, THE POLISH POWER COMPANY ELEKTROWNIA JAWORZNO III S.A. ORDERED TWO NEW BOILER PLANTS FOR ITS POWER PLANT.

The new boilers will replace two pulverized-fuel-fired boilers in existing facilities, significantly decreasing emissions in the area. The delivery consists of CFB boilers with a power output of 70 MW, fully installed and commissioned. The boilers will be fuelled by waste coal. The new boiler technology will diminish the size of the plant and speed up the installation work.

Continued success in power modernization projects European markets

A significant proportion of the products and services needed for the project will be acquired from suppliers in Poland. The boiler plants will be completed at the end of 1999. For example, most of the pressurized parts of the plant's boilers will be manufactured by the Foster Wheeler Energy Fakop workshop in

Socnowiez, and the rest of the parts in Varkaus. Foster Wheeler's solid experience in coal waste combustion, CFB technology's flexibility with regard to fuel, and high usability were key factors in winning the contract.

"DURING 1997, THE FOCUS OF OUR EUROPEAN OPERATIONS SHIFTED TO POLAND, WHERE SIGNIFICANT ORDERS FOR BOILERS WERE SIGNED."

*MARKKU KOSTAMO,
REGIONAL DIRECTOR, EUROPE*

THE CFB BOILER ORDERED BY THE EC KATOWICE S.A. POWER PLANT IN A CONTRACT SIGNED IN MAY WILL SUPPLY 120 MW OF POWER AND 180 MW OF HEAT. THE TOTAL STEAM OUTPUT OF THE BOILER UNIT IS 352 MW.



✓ Česká republika

IN JULY, THE CZECH COMPANY ASSIDOMÁN SEPAP A.S. ORDERED MODERNIZATION OF A POWER PLANT BOILER FOR ITS PULP AND PAPER MILL FROM FOSTER WHEELER. THE PROJECT WILL BE CARRIED OUT BY FOSTER WHEELER SERVICE OY.

The project, to be delivered as a turnkey service, comprises the modification of an existing boiler, operating on pulverized coal, to a modern CFB boiler. The modernization, to be completed in November

1998, will cut down the power plant's nitrogen and sulfur emissions significantly. The heat output of the plant will be 176 MW and it will supply electricity, process steam and heat for the use of the pulp and paper mill. The fuel used will be coal, but the modernized CFB boiler will also allow biological fuels from the plant, such as bark and sludge, to be utilized. The main points of the delivery include replacement of pressurized parts, accessories related to the CFB technology, modernization of

electrical wiring and instrumentation, an automation system, biofuel receiving/handling equipment, and renovation of coal-feeding and ash-disposal equipment.

"IN 1997 OUR RESULT WAS RECORD-LIKE AND WE HAD A MAGNIFICENT OPENING FOR MODERNIZATION PROJECTS IN THE CZECH REPUBLIC. THE VIGOROUS GROWTH OF SERVICE AND REPAIR OPERATIONS CONTINUED AND THE RECORD-BREAKING VOLUME OF ORDERS AT THE TURN OF THE YEAR PROVIDED A GOOD START FOR THE CURRENT YEAR."
MARKKU RUUTIAINEN,
MANAGING DIRECTOR,
FOSTER WHEELER SERVICE OY



plant in the Eastern

ASSIDOMÁN SEPAP'S PULP AND PAPER MILL IS THE LARGEST IN THE CZECH REPUBLIC. THE MILL PRODUCES BLEACHED AND UNBLEACHED PULP, SACK PAPER, DIFFERENT TYPES OF BOARD, PE-COATED PAPER AND VARIOUS TYPES OF SPECIAL PAPER. THE ENERGY FOR THE MILL IS POWERED BY ITS OWN POWER PLANT.

THE ENERGY PRODUCTION OF THE METSÄ-SERLA PAPER AND BOARD MILL IN SIMPELE WAS INTENSIFIED BY MODERNIZING THE EXISTING PULVERIZED-FUEL-FIRED BOILER INTO A FLUIDIZED BED BOILER ON A TIGHT SCHEDULE. THE OUTPUT OF THE BOILER WAS INCREASED BY APPROXIMATELY 20 PERCENT TO 113 MW AND THE FUEL RANGE WAS WIDENED; IN ADDITION TO PEAT, THE BOILER CAN NOW BE FUELED BY WOOD WASTE AND SLUDGE FROM THE BIOLOGICAL PURIFICATION PLANT. SINCE THE MODERNIZATION PROJECT THE BOILER'S FLUE GAS EMISSIONS HAVE DECLINED SIGNIFICANTLY.

Boiler modernizations and new gasification techniques to the Nordic countries

FOSTER WHEELER SERVICE OY SUPPLIED GASIFICATION EQUIPMENT UTILIZING BIOFUEL AND RECYCLED FUEL FOR THE KYMIJÄRVI POWER PLANT OF LAHDEN LÄMPÖVOIMA OY. THE GASIFIER WAS SUPPLIED IN ACCORDANCE WITH A TIGHT PROJECT SCHEDULE.

The gasifier operating in connection with the steam boiler is able to utilize various fuels, including wood waste, wood chips, peat, crushed tires and assorted municipal waste. The use of biofuel and recycled fuel considerably decreases the use of imported fuel at the plant, which results in significant savings in fuel costs and an essential decrease in carbon dioxide emissions in the Lahti area.

The project is the first ever in Europe to apply the gasification of damp biological waste in energy production, based on pressurized circulating fluidized bed technology. Part of the financing for the project consists of the European Union's investment support for promotion of new energy technologies.



The gasification technology utilized in the Kymijärvi power plant gasifier is based on the CFB technology developed in Finland, which has been utilized successfully in environmentally-friendly industrial steam boilers.

STORA CELL AB ORDERED MODERNIZATION OF THE NORRSUNDET FACTORY'S BARK BOILER INTO A FLUIDIZED BED BOILER FROM FOSTER WHEELER SERVICE OY. THE PROJECT IS FOSTER WHEELER'S FIRST MODIFICATION OF INDUSTRIAL BOILERS IN SWEDEN, AND IT WAS CARRIED OUT DURING THE SUMMER ON A TIGHT DELIVERY SCHEDULE.

The delivery consisted of conversion of the grate to a fluidized bed, delivery of necessary accessories and air channels, and basic planning of electric wiring and instrumentation. The boiler's heat output is 50 MW. Since the renovation the boiler has been utilizing bark for fuel, the amount having increased from 50 percent to 100 percent due to the modernization. At the same time, emissions from the boiler decreased considerably.



"THE SERVICE BUSINESS OF FOSTER WHEELER ENERGI AB DEVELOPED FAVOURABLY DURING 1997, DOUBLING THE TURNOVER TO 43 MSEK. FOR NEW BOILERS, THE CUSTOMERS HELD BACK ORDERS, AWAITING THE GOVERNMENTAL SUPPORT FOR BIOFUELLED UNITS. NO ORDERS WERE RECEIVED DURING THE YEAR." CHRISTER OLSSON, MANAGING DIRECTOR, FOSTER WHEELER ENERGI AB, SWEDEN

РОССИЯ

A CONTRACT WAS SIGNED WITH LUKOIL, THE LARGEST OIL COMPANY IN RUSSIA, FOR THE DELIVERY OF A BOILER PLANT AND THREE GAS-FIRED BOILERS TO THE COMPANY'S REFINERY IN PERM.

"THE RUSSIAN ENERGY MARKET IS PROMISING, BUT NEGOTIATION PERIODS FOR CONTRACTS TEND TO BE LONG, BECAUSE OF QUESTIONS RELATED TO FINANCING ARRANGEMENTS, AMONG OTHER THINGS."
TIMO NIEMINEN,
REGIONAL DIRECTOR, RUSSIA



Opening moves on the demanding Russian market

The delivery includes three gas-fired boilers complete with installation. The heat output of each boiler is 90 MW and they produce steam for the needs of the refinery.

The key factors in winning the contract were the fact that Foster Wheeler is well-known as a designer and supplier of oil-industry equipment, and the experience of Finns in boiler deliveries to Russia.

Financing for the project was arranged by Foster Wheeler in cooperation with the Dutch ABN AMRO Bank.

SEVERAL NEW GAS-BURNING COGENERATION POWER PLANTS WERE PUT INTO USE IN FINLAND DURING THE LATE SUMMER AND AUTUMN. THESE PLANTS ARE EFFICIENT AND ENVIRONMENTALLY FRIENDLY DUE TO THEIR STATE-OF-THE-ART TECHNOLOGY. FOSTER WHEELER ENERGIA OY DELIVERED THE BOILERS THAT RECOVER THE GAS TURBINE WASTE-HEAT IN THE POWER PLANTS.

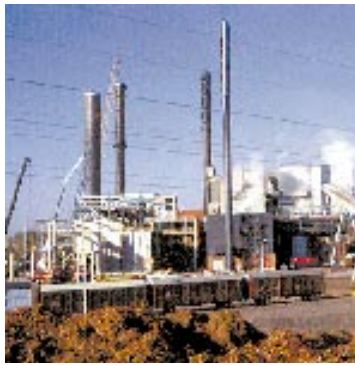
Kotkan Energia's Hovinsaari gas-burning cogeneration power plant was completed in October, multiplying the company's own power production. In addition to power,

the plant supplies industrial steam and district heating, with natural gas as the principal fuel. The boiler delivered by Foster Wheeler Energia Oy is a horizontal heat recovery boiler with natural circulation.

Simultaneously, a new gas-burning cogeneration power plant was brought into use, ensuring the power self-sufficiency of the Neste production plant in Porvoo. Foster Wheeler Energia Oy supplied a similar, horizontal natural circulation boiler there.

Latest boiler technology for natural gas power plants in Finland

ONE OF THE FIRST GE FRAME 6 FA GAS TURBINE HEAT-RECOVERY BOILERS IN THE WORLD WAS DELIVERED TO THE NEW COGENERATION POWER PLANT AT METSÄ-SERLA OYJ KIRKNIEMI MILL.



"IN 1997 THE FOUR LARGEST COUNTRIES IN THE SECTOR WERE CLARIFYING THEIR POLICIES WITH REGARD TO ENERGY PRODUCTION, AND NO SIGNIFICANT CONTRACTS WERE SIGNED. FOR THE YEARS TO COME, PLENTY OF BOTH PLANS AND OFFERS HAVE BEEN MADE AND LIVELY SALES ARE EXPECTED FOR THE NEXT THREE YEARS."
KALEVI VIRTANEN, REGIONAL DIRECTOR, DOMESTIC MARKETS

The Nokian Lämpövoima power plant, modernized to utilize natural gas, is, in terms of overall efficiency, one of Pohjolan Voima's most effective power production units. The gas-burning cogeneration boiler is based on natural circulation technology, and its use means a considerable improvement of air quality in the town of Nokia. For instance, the boiler utilizes the new "Dry Low No_x" technology.

The power output of the Helsingin Energia's new Vuosaari B natural gas power plant is 463 MW, an addition of approximately 50% to Helsingin Energia's power production capacity. The heat output of Vuosaari B is 416 MW.

CONTINUING COOPERATION BETWEEN BUSINESS GROUPS, CUSTOMERS, INTERNATIONAL PARTNERS AND RESEARCH UNITS KEEPING UP WITH DEVELOPMENTS ENSURES THAT THE LATEST INFORMATION AND EXPERTISE ARE INCLUDED IN FOSTER WHEELER'S R&D PROJECTS.

RESEARCH AND DEVELOPMENT IS AN INTEGRAL PART OF THE FOSTER WHEELER CORPORATION'S INTERNATIONAL BUSINESS. THE R&D UNIT IN FINLAND SPECIALIZES IN THE DEVELOPMENT OF FLUIDIZED BED BOILERS.

Research and development at the cutting edge of technology

The R&D unit in Karhula employs approximately 60 people. The unit has been specializing in research and development of fluidized bed technologies since the late 1960's.

The unit's current priority areas are further development of fluidized bed boilers in order to make larger boiler sizes practical, pressurized combustion technology, and research into gasification techniques.

The development of pressurized circulating fluidized bed (PCFB) boilers continued at the R&D unit with a development project that

supports the planning of a demonstration plant to be constructed in the United States in Lakeland, Florida. The main objectives were fuel testing for the demonstration plant, and the development of the boiler's main components, such as the fluidized bed heat exchanger, ash systems, and gas heat filtering.



"THE MOST SIGNIFICANT STEP REGARDING GASIFICATION TECHNIQUES WAS THE START OF THE LAHDEN LÄMPÖVOIMA OY GASIFIER, WHICH UTILIZES BIOFUEL AND RECYCLED FUEL, AT THE BEGINNING OF 1998."
REIJO KUIVALAINEN, EXECUTIVE,
RESEARCH AND DEVELOPMENT

Foster Wheeler Energia Group

Consolidated Statement of Earnings 1.1.-31.12.1997

FIM million	Group 1997	Group 1996
REVENUES	1 392,4	1 129,7
Change of finished goods	0,8	(0,1)
Production for own use	0,2	(0,7)
Other operating income	0,4	16,6
Operating expenses	(1 323,7)	(1 052,8)
EARNINGS FROM OPERATIONS BEF. DEPRECIATION	70,2	92,7
Depreciation	(23,4)	(35,7)
EARNINGS FROM OPERATIONS	46,8	57,0
Financial income and expense	11,1	8,0
EARNINGS BEFORE EXTRAORDINARY ITEMS, UNTAXED RESERVES AND TAXES	57,9	65,0
EARNINGS BEFORE VOLUNTARY PROVISIONS AND TAXES	57,9	65,0
Depreciation in excess of / less than plan	(13,1)	(13,2)
Increase (-)/decrease (+) of untaxed reserves	2,4	(0,7)
Taxes	(14,1)	(14,4)
NET EARNINGS	33,0	36,7

Organization

MANAGEMENT	PROFIT CENTERS	SUPPORT UNITS	SUBSIDIARIES
President Timo Kauranen	Asia Matti Maskuniitty	Process technology Arto Hotta	Foster Wheeler Service Oy Markku Ruutiainen
Executive Vice President Tuomo Hulkkonen	Europe Markku Kostamo	Engineering Jouni Tuononen	Foster Wheeler Energi AB, Sweden Christer Olson
Vice President, Sales Ari Aalto	Domestic markets Kalevi Virtanen	Materials handling & control systems Seppo Rissanen	Foster Wheeler Energie GmbH, Germany Markku Kostamo
Chief Financial Officer Matti Meltti	Russia Timo Nieminen		Foster Wheeler Energia Polska, Sp. Z.O.O. Poland Boguslaw Piekarski
Legal affairs Riitta Hovi			Foster Wheeler Energy Fakop Ltd. Poland Andrzej Niderla
GLOBAL OPERATIONS IN FINLAND	GROUP SERVICES		Foster Wheeler Energy Pte.Ltd, Singapore Donald McPherson
Sales	Human resources development Outi Ahmavaara	Information management Riitta Kauppinen	
North and East Europe, CIS Ari Aalto	Forwarding Sirpa Hämäläinen	Information systems development Seppo Tunturi	
Procurement Timo Wartiovaara	Accounting Tuula Rissanen	Office and real estate services Keijo Keinänen	
Production Jorma Peiponen	Treasury Jukka Immonen	Payroll administration Päivi Jäntti	
Research and development Reijo Kuivalainen		Communications Jyrki Antikainen	

Foster Wheeler Energia Group

Consolidated Balance Sheet 31.12.1997

FIM million	Group 1997	Group 1996
ASSETS		
FIXED ASSETS AND OTHER NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	3,7	3,8
Goodwill	136,4	140,6
Other capitalized expenditure	1,0	1,2
	<u>141,1</u>	<u>145,5</u>
Tangible assets		
Land	4,7	4,7
Buildings	101,2	104,1
Machinery and equipment	27,0	29,5
Other tangible assets	0,2	0,5
Construction in progress	2,0	0,1
	<u>135,1</u>	<u>138,8</u>
Shares and long-term investments		
Shares	0,1	0,1
INVENTORIES		
Materials and supplies	4,0	3,2
Work in process	1,7	1,0
	<u>5,7</u>	<u>4,2</u>
RECEIVABLES		
Trade receivables	86,2	74,0
Note receivables	1,7	104,1
Prepaid expenses	16,4	22,0
Uncompleted contracts	362,7	159,2
Other receivables	0,5	1,0
	<u>467,5</u>	<u>360,3</u>
Cash and cash equivalents	56,2	139,1
TOTAL ASSETS	805,8	788,1
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Undistributable equity		
Common stock	80,8	80,8
Paid-in capital	80,8	80,8
	<u>161,5</u>	<u>161,5</u>
Distributable equity		
Retained earnings	4,0	(1,8)
Net earnings	33,0	36,7
	<u>198,5</u>	<u>196,5</u>
UNTAXED RESERVES		
Costs in excess	2,1	2,1
Accumulated depreciation in excess of plan	40,2	30,8
Voluntary provisions	2,0	0,7
Other untaxed provisions	2,0	0,7
LIABILITIES		
Long-term loans		
Loans from financial institutions	0,6	1,3
Other long-term debts	114,8	157,3
Deferred taxes	2,0	2,0
	<u>117,4</u>	<u>160,5</u>
Current liabilities		
Current instalments of long-term loans	0,6	0,7
Advances received	3,1	5,8
Trade payables	135,6	85,2
Accrued expenses	239,5	146,7
Advances received in excess of undelivered projects	41,5	153,1
Other short-term debts	25,4	6,0
	<u>445,6</u>	<u>397,6</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	805,8	788,1

Project deliveries in progress as of 31 December, 1997

Project	Country	Heat output MWh	Fuel
CFC boilers			
Porici II	Czech Republic	178	brown coal, bituminous coal
Hornitex	Germany	87	wood waste
Maoming, I and II	China	2x156	oil shale
P.T. Riau Andalan	Indonesia	314	bark, coal
National Power Supply	Thailand	2x370	anthracite, coal, bark
Olomouc	Czech Republic	141	brown coal, bituminous coal
Norske Skogindustrier	Norway	50	bioslurry, sedimented sludge, bark, wood chips
Dagang	China	2x287,1x179	coal, sludge
Sepap Steti	Czech Republic	176	coal, bark, sludge
Jaworzno	Poland	2x180	coal
Katowice	Poland	352	bituminous coal
Waste heat boilers of gas turbine			
Helsingin Energia, Vuosaari B	Finland	2x282	natural gas
Mosenergo	Russia	29	natural gas
Gorzow	Poland	112,5	natural gas
Map ta Phut	Thailand	4x65	natural gas, diesel oil
Oil-fired boilers			
Siam Paper	Thailand	75	oil
Grate boilers			
Kiani Kertas	Indonesia	152	wood waste, oil
Waste heat boilers of metallurgical plants			
SC Phoenix	Romania	20	waste gases from smelter
LG Metals	Korea	40	waste gases from smelter
Gresik	Indonesia	2x40	waste gases from smelting and conversion furnaces
Nicico	Middle East	2x40	waste gases from smelter
Mexicana de Cobre	Mexico	38	waste gases from smelter
Saganoseki	Japan	30	waste gases from smelter
Heating plants			
Paimio	Finland	12	heavy oil
Hercofin, Tampere	Finland	4,9	heavy oil
Enso Oy, Imatra	Finland	6,5	natural gas/light fuel oil
Thermoline	Russia	10	natural gas
Tjumenski	Russia	9	natural gas/propane
Sperbank	Russia	0,75	natural gas

For the good of the environment

THE 1997 OPERATIONS OF FOSTER WHEELER ENERGIA OY WERE IN COMPLIANCE WITH ITS ENVIRONMENTAL LICENSES AND APPROVED PLANS. THE COMPANY MADE ITS ENVIRONMENTAL POLICY MORE SPECIFIC AT THE END OF THE YEAR.

In addition to the requirements of legislation and the regulations set by public authorities, the expectations and needs of customers are met by developing operations and products so that they are continuously being made more environmentally-friendly. The principle is responsible

environmental impacts. Foster Wheeler Energia Oy supplied the heat recovery boiler for the gas turbine, improving the efficiency of the natural-gas power plant.

- An extensive power plant modernization program is in progress in the Czech Republic as energy suppliers try to meet the strict environmental regulations that will become valid in 1999, requiring a decrease in sulfur and nitrogen emissions. Foster Wheeler Energia Oy is taking part in the modernization process designed to cut down the emissions of power plants in the Czech Republic. The deliveries by the company include modern circulating fluidized bed boilers for the power plants of Porici and Olomouc.

- The Växjö power plant in Sweden was completed in April. The plant supplies power and heat from bio-fuel with minimal environmental impacts. Foster Wheeler Energia Oy's new-generation CFB boiler met all the strict emissions limits set by the Swedish authorities. In addition, the boiler is well suited for utilizing biofuel.

action in environmental issues, action that takes the future into consideration.

Environmental impact is a crucial aspect in product design and development at Foster Wheeler Energia Oy. As a result of the development processes, more environmentally-friendly energy technologies were introduced in the following projects, among others:

- In November, Helsingin Energia's Vuosaari B combined heat and power plant was completed, yielding extremely high efficiency with minimal



The aim of Foster Wheeler Energia Oy is to take environmental issues into consideration as a key factor in developing operational and quality systems. To meet future needs, Foster Wheeler Energia Oy is preparing the creation of an environmental management system, which will produce useful information on environmental issues both for the use of company management and the various interest groups of the company.

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