



HACKMAN

*Annual Report 1997*

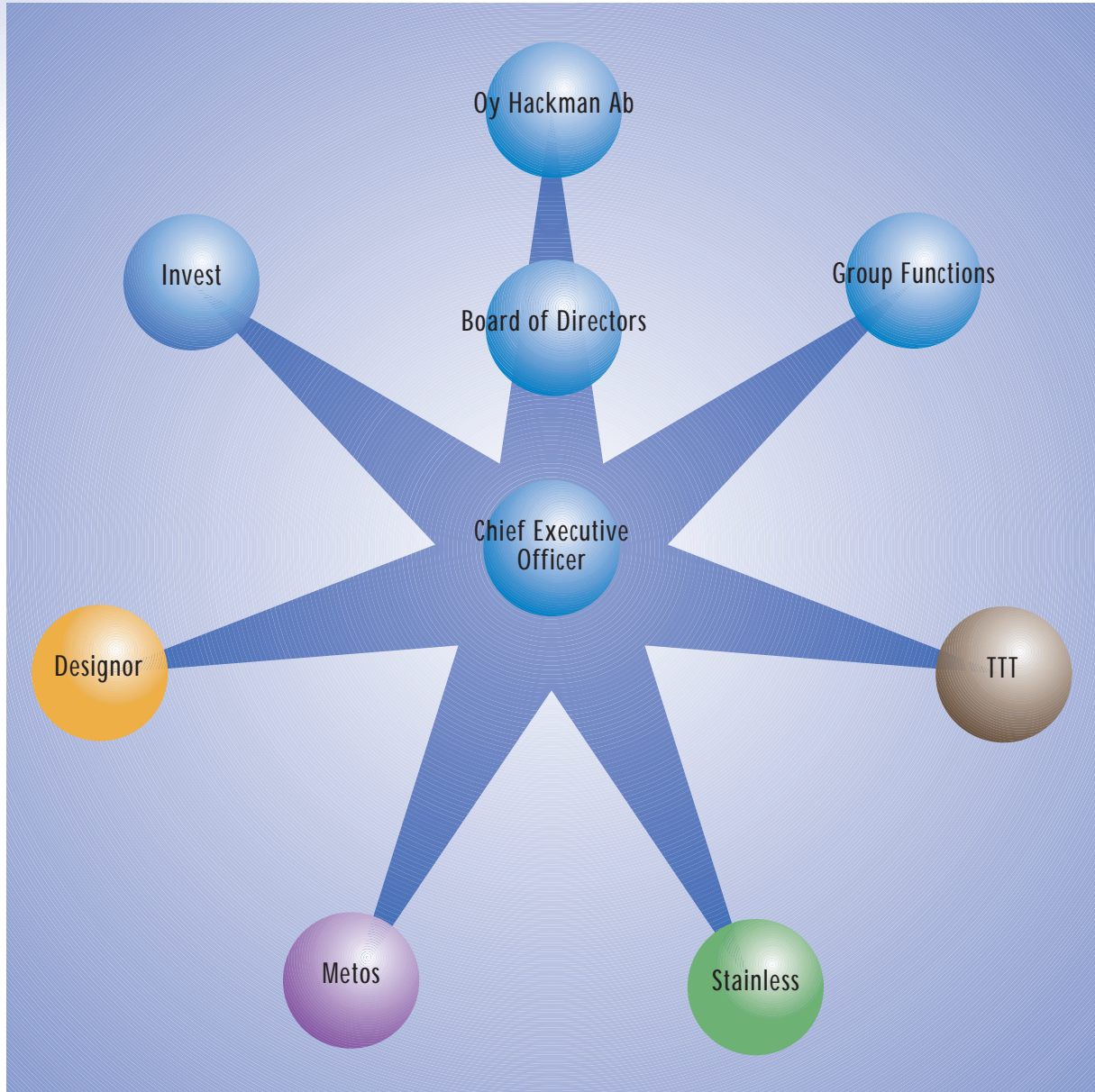


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# Group Structure



# Highlights

The Group's performance last year weaker than expected

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Technochemical business to Henkel at the beginning of 1997

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Excellent Metos performance, Metos 100 percent Hackman-owned, expansion in Italy and in dishwashing systems

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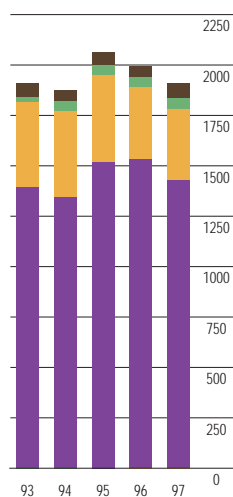
Changes in ownership organisation for milk cooling and plastics operations

## 1997 in Brief

		1997	1996	Change	%
Net Sales	FIM million	1 910	1 993	-83	-4.2
Outside Finland	FIM million	1 101	1 132	-32	-2.8
Operating result after depreciation	FIM million	32	21	12	56.0
Share of net sales	%	2	1	1	
Result before extraordinary items	FIM million	7	-24	30	-127.6
Share of net sales	%	0	-1	2	
Gross investments	FIM million	79	102	-23	-22.2
Balance sheet total	FIM million	1 631	1 916	-285	-14.9
Earnings per share (EPS)	FIM	-4.09	-8.59	4.50	
Dividend/earnings	%	neg.	neg.	-	
Return on investment (ROI)	%	4	2	1	
Return on equity (ROE)	%	-1	-4	3	
Equity ratio	%	41	37	4	
Number of personnel, December 31		3 084	3 204	-120	-3.7
Outside Finland		1 430	1 449	-19	-1.3

For a complete list of key figures see pages 26 and 31.

NET SALES, FIM MILLION



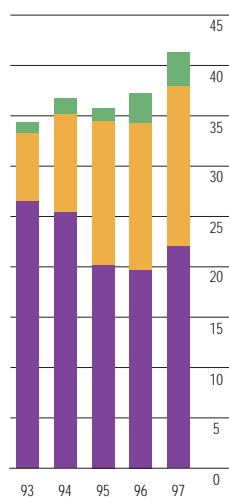
Other countries  
North America  
Other European countries  
Nordic countries

OPERATING RESULT AFTER DEPRECIATION, FIM MILLION



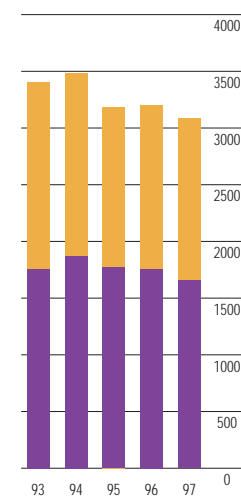
Operating result  
% of net sales

EQUITY RATIO, %



Minority interest  
Unrestricted equity  
Restricted equity

PERSONNEL, DECEMBER 31



Other countries  
Finland

# CEO's Review

Hackman is a diversified Group stressing the independence of each division. The Group's business operations are managed by defining the areas of emphasis and the resource needs of each division. The Group's economic, as well as personnel and immaterial resources, form a springboard to a future in which the need in particular to internationalize will be significant. By continuing to develop all of its resources, Hackman will consolidate its position as a unique and customer-oriented supplier and a long-term partner. Hackman's way of working includes playing a key role in international collaborative alliances when required by the development of the individual divisions.

Financially, 1997 was a less disappointing year for Hackman than 1996. The difference between projected planning and implementation was essentially less than that of previous years. On the other hand, compared to last year, a proportionately larger part of the individual business units clearly improved their performance. Increasing difficulties for consumer plastics and milk cooling business in Sweden, however, hindered improvements in overall profitability.

## Market Situation

The demand for *consumer goods* picked up in Finland and by the end of the year signs of improvement were also visible in Sweden and the Benelux countries. In other markets, volume development was stable or slightly down. Direct export and so-called factory deliveries for our own brands as well as for certain customers expanded as planned.

The demand for the *professional kitchen area* remained stable in our main markets, and we increased volume by expanding our market share, particularly for restaurant kitchens. In respect to

Metos-Marine maritime business the proportional amount of sales to luxury liners was intentionally reduced. Markets for highly developed dishwashing systems opened up significantly in areas outside Europe.

In the *industrial sector* market development during the year was uneven. Following internal restructuring of the *milk cooling* business, the competitiveness of the French and Polish units improved. The demand in their neighbouring countries also improved appreciably during the year. The Swedish unit's operations, however, were affected by falling markets.

The demand for *process industry* equipment was extremely weak at the beginning of the year but picked up significantly during the final months.

In April *Hadwaco* signed an agreement for world-wide marketing of water purification technology with U.S. Filter, one of the leading companies in the field. Completed deliveries, new orders, and forecasts made during the second half of the year confirmed the commercial potential of investments already made.

*TTT's* business operations, consisting of production and marketing of *wood cutting tools for the wood processing industry*, progressed due to stable demand. During the year TTT particularly strengthened its marketing and sales resources. TTT is placing increasing emphasis on customer-oriented operation models.

## Corporate structure

The divestiture of the technochemical business was completed in March. The streamlining of the Group's legal and operative structure has continued. The former intermediate function levels of Industry and Kitchen and Table were removed from the Group's structure. The divisions Designor, Metos, Stainless, and

TTT are responsible for the operative functions of the Group. Hammarplast/Sarvis, the plastics business unit, was separated from the Designor Division on January 1, 1998, and now reports as a part of Hackman Invest. The aim of these arrangements is to provide a greater rationale of business within plastics industry. Hackman Invest's 65 percent share in Nordic Cosmetic's capital stock was sold off according to a contract drawn up in December.

## Environmental affairs as a strategic component

Hackman adheres to the international principles of sustainable development set forth in the charter of the International Chamber of Commerce (ICC). The formulation of the Group's own environmental policy began during 1997. Environmental awareness in the planning of our business strategies will enable the principles of sustainable development to be implemented as part of our normal operations. An essential operational factor will be to identify the entire effects of product life spans on the environment. The environmental policy for the Group's companies will be confirmed in 1998.

The Group owns approximately 16.700 hectares of forest land. New forestry and nature conservation legislation went into effect in Finland at the beginning of 1997. Forestry legislation has also introduced principles of forest use from ecological and social perspectives. A primary objective of nature conservation legislation is the safeguarding of natural variety. Hackman has begun early to voluntarily comply with legislative requirements. Forestry certification is progressing in Finland, the goal being a certification system applicable to Finnish conditions based on international criteria. Hackman is com-

mitted to obtaining certification for forests owned by the Group.

### **Human resources - a cornerstone of success**

Hackman's human resources, cultivated for over two hundred years, are becoming increasingly important as a future competitive advantage. During 1997, long-term processes were set in motion to develop the competences and skills required in international business. These processes include the establishment of personnel strategies and the definition of management competence. A training programme in global business is underway and will be supplemented by the Group's internal programmes.

The process of analysis and mobilization of human resources was promoted by job satisfaction and organization climate surveys followed by remedial action plans. We have also taken action to promote individual working capacity and wellbeing in the units. Particular emphasis has been placed on a middle management pilot project.

During 1997 we recruited new employees for key positions. In the future we will especially look for experts in the fields of marketing, sales, and product development. Despite the independence of the divisions and the historical cultural differences between them, we will define joint Hackman values and corresponding working methods. We have encouraged participation in the units by combining management teams and cooperational bodies, as well as by continuing to develop team oriented organization structures and working practices. The Transnational Group Cooperation between management and personnel will continue.

### **Future Prospects**

The dynamic development of the diversified Hackman Group will be powered by defining basic success factors and implementing them in practical operations as well as by promoting communications with different constituent groups.

*Designor* provides their customers with high quality design products for cooking and tableware, the marketing of which will be promoted by internationally well-known brands.

*Metos* is a highly customer-oriented systems supplier of professional kitchens emphasizing customer satisfaction with long-term after-sales service. High quality products representing the most recent Metos technology are distributed world-wide.

*Stainless* aims to be the leading supplier of milk cooling technology for all of Europe after the completion of a restructuring programme in the milk cooling business. The promotion of Hadwaco's special technology is supported by worldwide cooperative agreements, rights licensing, and joint venture operations.

*TTT* enhances its customer relations by continually refining its service concepts. The consistency and high quality of products, combined with the ability to exploit the most up-to-date knowledge of raw materials in cooperation with machinery manufacturers, provide clear competitive advantages for the end users.

The entries and operational reserves listed in the financial statement for 1997 cover foreseeable non-recurrent costs resulting from restructuring arrangements. Our own actions, as well as visible trends in the markets, are creating confidence in



Hackman's ability to steadily improve its performance.

I thank our personnel, clients, and suppliers for collaborating in an atmosphere of openness as we prepare to carry out restructuring measures required by future needs, and I can assure you that Hackman, a company with rich tradition, wants to be, and will continue to be, a modern cooperating partner capable of anticipating future development trends. I would also like to express my thanks to Hackman's Board for its positive teamwork and its unbiased climate of discussion. We will be providing our stockholders with a clear picture of our strategic concepts and their implementation, as well as of our total operational performance so that Hackman as a company will be readily perceived as an attractive investment.

Tapio Hintikka  
*President and CEO*



# Report by the Board of Directors

The result of the Group was slightly better than in the previous year but is still unsatisfactory. Restructuring expenses mainly in Stainless and Designor will burden the result on short run, but this gives a good basis for an ongoing increase of profitability on long term.

The year started with slow development for Stainless and Designor in Sweden but the situation was improved during the last few months of the year.

Metos and TTT have developed according to plans.

## Changes in the Group structure

The technochemical business was divested in the beginning of the year and Nordic Cosmetics Ltd Oy at the end of the year. In January 1998 Metos became a 100 per cent owned Hackman company. The plastic business unit has been separated from Designor to facilitate the coming structural rationalization of the branch in cooperation with other companies in the field.

## The net sales

The Group's net sales declined 4.2 % to FIM 1 909.9 million (1996: FIM 1 992.7 million). The divestiture of the technochemical business in the beginning of the year decreased net sales by FIM 154.7 million or 7.8 %. Excluding the technochemical area, the Group's net sales increased by FIM 71.8 million or 3.9 %. The share of exports and foreign sales in Group net sales totalled 57.6 % or FIM 1 100.6 million (56.8 %; FIM 1 132.5 million).

## Result

The Group's gross margin was FIM 482.5 million or 25.3 % of net sales (FIM 537.8 million; 27.0 %). The operat-

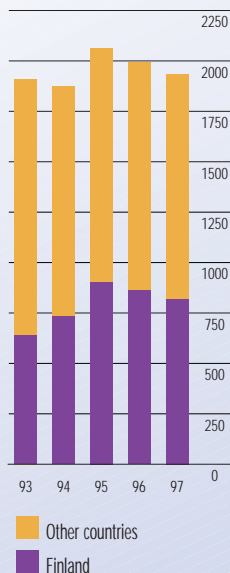
ing result increased to FIM 32.1 million (20.6 million). The result includes non-recurring items totalling FIM 7.2 million (FIM -16.4 million). These figures mainly consist of profit from the sale of the technochemical business (FIM 34.7 million), reserves for the Group's restructuring and reorganization expenses (FIM 16.9 mil-

lion) and the write-off of the earlier activated development costs (FIM 6.0 million).

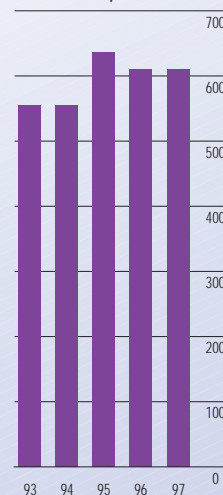
The Group's result before non-recurring operating items totalled FIM 24.9 million or 1.3 % of net sales (FIM 37.0 million; 1.9 %) or FIM 12.1 million less than 1996.

Research and development expenses

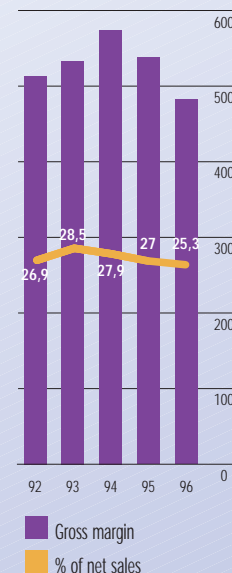
NET SALES, FIM MILLION



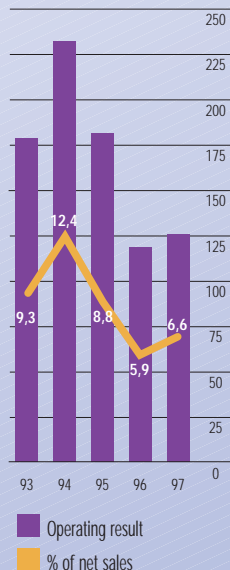
NET SALES PER PERSON, FIM THOUSANDS



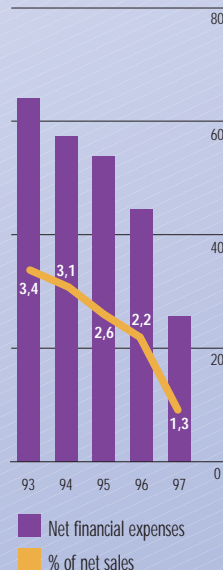
GROSS MARGIN, FIM MILLION



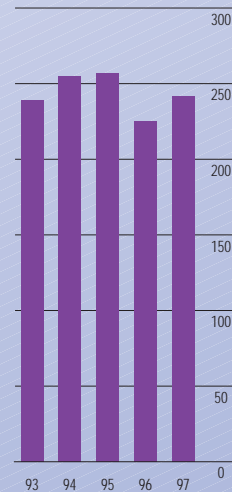
OPERATING RESULT BEFORE DEPRECIATION, FIM MILLION



NET FINANCIAL EXPENSES, FIM MILLION



VALUE ADDED/PERSON, FIM THOUSANDS





were FIM 47.7 million (FIM 43.2 million), rental income was FIM 5.0 million (FIM 2.9 million) and gains on the sale of fixed assets were FIM 6.0 million (FIM 0.8 million). These are included in other operating expenses.

Depreciation according to plan included in activity-based expenses was

FIM 93.3 million (FIM 97.4 million).

Net financial expenses totalled FIM 25.6 million or 1.3 % of net sales (FIM 44.2 million; 2.2 %). The Group's operational result after financial items and before non-recurring operating items and extraordinary items totalled FIM -0.7 million (FIM -7.2 million).

Extraordinary income included Hackman Invest's gains on the sale of forest and land totalling FIM 30.2 million (FIM 51.1 million). Most of these gains were generated from released revaluations. During 1997 the Group did not have any extraordinary expenses. The result before appropriations and taxes totalled FIM 36.7 million (FIM 27.4 million), increasing by FIM 9.3 million compared to 1996.

Taxes for the year totalled FIM 21.8 million (FIM 21.9 million). Result after extraordinary items, taxes and minority interests totalled FIM 3.7 million (FIM -1.0 million).

#### Divisional performances

Hackman Designer's net sales totalled FIM 896.0 million (FIM 871.2 million). Sales outside Finland was FIM 458.0 million or 51.1 % (54.9 %; FIM 478.4 million). Designer's operating result FIM 18.2 million decreased by FIM 11.3 million compared to the year before (FIM 29.5 million). The result has been affected by the poor performance of the operations in Sweden. Plastics and porcelain in Sweden and cutlery in Germany were facing a very difficult market situation. The result has also been harmed by additional write-off of obsolete stock (FIM 11.0 million) and by a provision concerning activated restructuring expenses (FIM 3.0 million).

Hackman Metos' net sales totalled FIM 470.1 million (FIM 417.1 million). Sales outside Finland was FIM 216.5 million or 46.0 % (FIM 197.0 million; 47.2 %). Metos operating result of FIM 31.3 million improved by FIM 15.0 million from 1996 (FIM 16.3 million). Hackman Metos has in May 1997



OPERATING RESULT AFTER DEPRECIATION, FIM MILLION



acquired a further 15 % of the shares in Wexiödisk Förvaltnings AB and the ownership is now 70 %.

Hackman Stainless' net sales totalled FIM 386.1 million (FIM 401.2 million). Sales outside Finland was FIM 342.5 million or 88.7 % (FIM 353.2 million; 88.0 %). Stainless' operating result FIM -11.2 declined by FIM 9.2 million from 1996's level (FIM -2.0 million). The deterioration was mainly due to the decreased result of Hackman Wedholms AB and

Hadwaco Ltd Oy as well as from the write-off of activated development expenses in Hackman Process Ltd. (FIM 6.0 million).

Hackman TTT's net sales totalled FIM 120.4 million (FIM 117.1 million). Sales outside Finland was FIM 80.1 million or 66.6 % (FIM 77.6 million; 66.3 %). TTT's operating result FIM 7.8 million was on the same level as in 1996 (FIM 7.9 million).

Hackman Invest's net sales totalled FIM 39.4 million (FIM 191.4 million). The sale of the technochemical business in the beginning of 1997 decreased the net sales by FIM 154.7 million. Sales from timber sold from the Group's forests declined FIM 5.4 million and totalled FIM 1.1 million (FIM 6.5 million). Hackman Invest showed an operating result of FIM 8.5 million (FIM -22.7 million).

### Investments and finance

The Group's gross investments totalled FIM 79.0 million (FIM 101.6 million). The investments consisted mainly of the purchase of an additional 15 % holding in Wexiödisk Förvaltnings AB, renewal of Designer's tools and molds and renovation of production plants.

Net working capital totalled FIM 414.6 million at the year end or

21.7 % from the net sales (FIM 523.7 million; 26.3 %). The Group's liquidity was good throughout the year. Interest bearing liabilities declined during the year by FIM 220.8 million and were FIM 548.5 million at the turn of the year. Short term liabilities were FIM 528.5 million (FIM 670.5 million) and long term liabilities were

FIM 423.9 million (FIM 537.1 million).

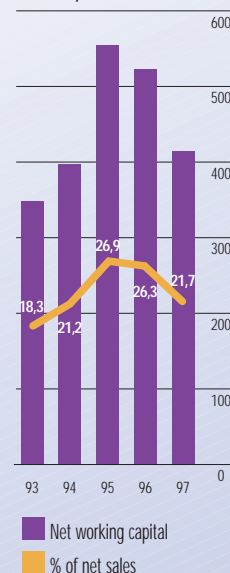
### Solvency

At the end of the year the Group's equity totalled FIM 610.9 million (FIM 651.2 million) or FIM 138.85 per share (FIM 148.00). Reserves have been divided into unrestricted equity and tax

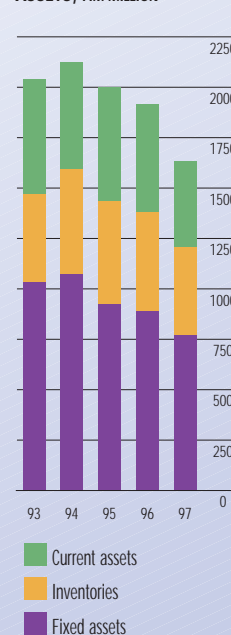
GROSS INVESTMENTS, FIM MILLION



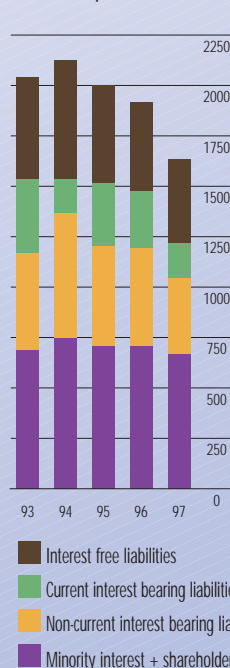
NET WORKING CAPITAL, FIM MILLION



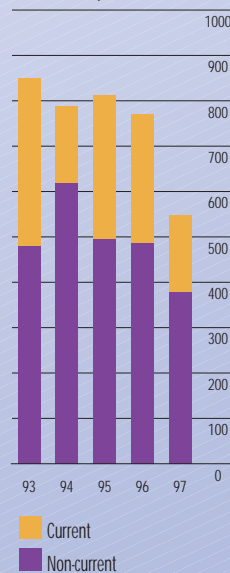
ASSETS, FIM MILLION



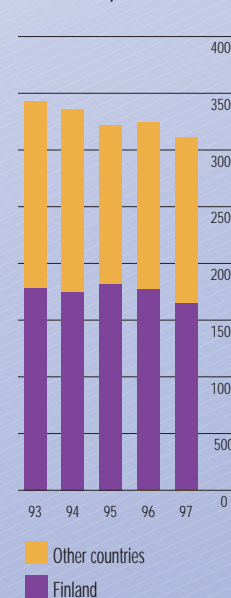
LIABILITIES, FIM MILLION



INTEREST BEARING LIABILITIES, FIM MILLION



PERSONNEL, AVERAGE





liabilities. Tax liabilities have been calculated at 28 % of the Finnish and Swedish and 30 % of the other Group company reserves. The Group's equity ratio rose to 41.3 % (37.2 %).

At the end of 1997 the Group had 21 716 hectares of forest, 152 hectares waterfront property, 82 hectares of industrial

property and 24 hectares of residential property. The total consolidated balance sheet value of these assets was FIM 259.8 million. The agreements called for a total of FIM 334.3 million (31 337 hectares) in the sale of forest and waterfront property. A total of FIM 253.2 million in these deals were executed 1995-1996 and

FIM 31.0 million 1997. The remaining part of the deals of 4 988 hectares has been executed in January 1998. Settlements for the deals have come during 1995-1998. The deals have no impact on the Group's equity.

**Future outlook**

The divisions are concentrating on strengthening their core business areas. The development of operations during 1997 enables an ongoing increase of the profitability in these areas on long term.

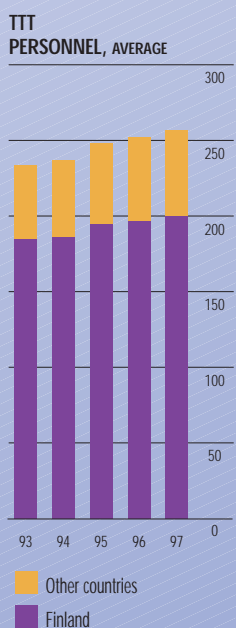
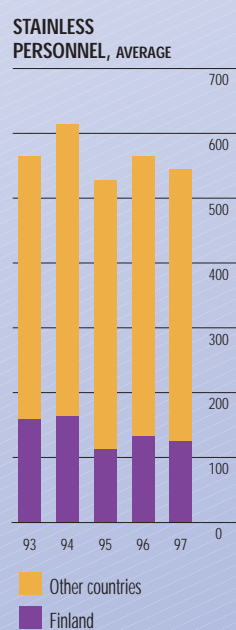
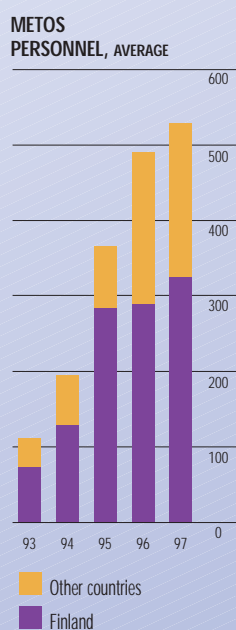
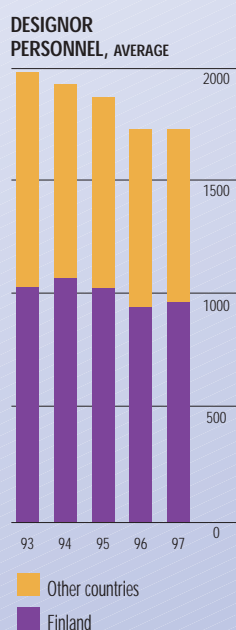
The order backlog was 30 % higher than a year ago and the development objectives set for the core businesses were achieved. Designor is today, without plastics, more focused to its core businesses. Current trends in the domestic market present positive perspectives. Resources have been allocated for the development of new markets.

The growth of Metos is developing as planned and expansion possibilities are being studied.

Stainless Milk Cooling business is mainly powered by Prominox S.A. in France. Market perspectives in Continental Europe look favorable. Stability also characterizes the situation of Hackman Process Ltd. and future projects together with Hadwaco Ltd Oy are promising.

TTT's business concept is sound and the medium term targets are based on investments in R & D and marketing.

Certain provisions on the books of 1997 have been made for costs of structural changes required in plastics and Hackman Wedholms AB. The current turmoil in the Asian financial markets has no direct impact on Hackman's business.





# Income Statements

FIM millions	Note	Group				Oy Hackman Ab			
		1997	%	1996	%	1997	%	1996	%
<b>Net sales</b>	1	<b>1 909.9</b>	100.0	1 992.7	100.0	<b>1.2</b>	100.0	6.8	100.0
Cost of goods sold	3	<b>-1 427.4</b>		-1 454.9		<b>-2.2</b>		-2.4	
<b>Gross margin</b>		<b>482.5</b>	25.3	537.8	27.0	<b>-1.0</b>	-87.4	4.4	64.2
Sales and marketing expenses	3	<b>-276.2</b>		-314.3					
Administrative expenses	3	<b>-121.7</b>		-126.4		<b>-27.3</b>		-21.3	
Other operating expenses	3.4	<b>-54.3</b>		-49.3		<b>-0.8</b>		0.0	
Other operating income	5	<b>12.0</b>		9.1		<b>8.9</b>		4.1	
Non-recurring operating items	6	<b>7.2</b>		-16.4		<b>-4.8</b>		-13.5	
Depreciation of group goodwill	3	<b>-17.2</b>		-20.0					
		<b>-450.4</b>		-517.2		<b>-24.0</b>		-30.8	
<b>Operating result</b>	7	<b>32.1</b>	1.7	20.6	1.0	<b>-25.1</b>	-2 138.1	-26.4	-386.3
Financial income and expenses	8,9	<b>-25.6</b>	-1.3	-44.2	-2.2	<b>-5.5</b>	-472.6	-5.8	-85.4
<b>Result before extraordinary items, appropriations and taxes</b>		<b>6.5</b>	0.3	-23.6	-1.2	<b>-30.6</b>	-2610.7	-32.2	-471.7
Extraordinary income and expenses									
Extraordinary income	10	<b>30.2</b>		51.1		<b>30.2</b>		51.1	
Extraordinary expenses	10								
Group transfers						<b>27.1</b>		35.0	
		<b>30.2</b>		51.1		<b>57.3</b>		86.1	
<b>Result before appropriations and taxes</b>		<b>36.7</b>	1.9	27.4	1.4	<b>26.7</b>	2 276.5	53.9	788.8
Change in accelerated depreciation	3,18,19					<b>0.0</b>		-0.1	
Change in voluntary reserves	29					<b>9.9</b>		0.0	
Direct taxes									
Current fiscal year		<b>-24.2</b>		-21.9		<b>-9.4</b>		-15.6	
Previous fiscal years		<b>0.7</b>		-1.1		<b>0.6</b>		-0.4	
Change in deferred tax liability		<b>1.7</b>		1.0					
		<b>-21.8</b>		-21.9		<b>-8.8</b>		-15.9	
<b>Result before minority interests</b>		<b>14.9</b>	0.8	5.5	0.3	<b>27.8</b>	2 371.2	37.8	553.6
Minority interests		<b>-11.2</b>		-6.5					
<b>Result for the period</b>		<b>3.7</b>		-1.0					

# Cash Flow Statements

Financial Statements

FIM Millions	Group		Oy Hackman Ab	
	1997	1996	1997	1996
Income from operations				
Operating result after depreciation	32.1	20.6	-25.1	-26.4
Depreciation	93.3	97.4	1.8	1.8
Financial income and expenses	-25.6	-44.2	-5.5	-5.8
Extraordinary items	30.2	51.1	57.3	86.1
Taxes	-21.8	-21.9	-8.8	-15.9
<b>Income from operations</b>	<b>108.2</b>	<b>102.9</b>	<b>19.7</b>	<b>39.7</b>
Increase (-)/decrease (+) in inventories	57.2	16.6	0.0	0.0
Increase (-)/decrease (+) in current receivables	74.2	66.7	188.9	-105.0
Increase (+)/decrease (-) in short-term interest bearing liabilities	-28.0	-47.3	-44.6	-43.6
Change in net working capital	103.4	36.0	144.3	-148.6
<b>Cash flow from operations</b>	<b>211.6</b>	<b>138.9</b>	<b>164.0</b>	<b>-108.9</b>
Investments in fixed assets	-79.0	-101.6	-1.7	-7.1
Income from sale of fixed assets	85.0	47.9	27.4	51.9
<b>Cash flow before financing</b>	<b>217.5</b>	<b>85.3</b>	<b>189.7</b>	<b>-64.1</b>
Increase (-)/decrease (+) in non-current receivables	19.2	-7.4	-16.3	105.0
Increase (+)/decrease (-) in long-term liabilities	-102.9	-4.5	-63.7	-37.7
Increase (+)/decrease (-) in short-term liabilities	-113.9	-32.7	-109.1	39.5
Dividend payments	-11.0	-13.2	-11.0	-13.2
Other changes in shareholders' equity	-24.2	-31.2	-24.2	-31.6
Increase (+)/decrease (-) in minority interests	-11.6	24.8		
Cash flow from financing	-244.4	-64.1	-224.4	62.0
<b>Cash flow after financing</b>	<b>-26.9</b>	<b>21.1</b>	<b>-34.7</b>	<b>-2.2</b>
Adjustments	-8.7	16.1		
Increase (+)/decrease (-) in liquid assets	-35.7	37.2	-34.7	-2.2

# Balance Sheets

FIM million	Note	Group		Oy Hackman Ab	
		1997	1996	1997	1996
<b>ASSETS</b>					
<b>Fixed and other long-lived assets</b>					
<b>Intangible assets</b>					
Research and development expenses	11	15.9	19.2		
Intangible rights	12	18.9	24.2		0.4
Goodwill	13	7.9	8.9		
Group goodwill	14,15	41.2	79.1		
Other long-lived assets	16	26.7	29.9	1.7	1.7
Advance payments		0.3	0.0		
		<b>110.9</b>	161.4	<b>1.7</b>	2.1
<b>Tangible assets</b>					
Forest, land and water	17,21	104.1	108.0	99.0	104.0
Revaluations	17	156.1	175.9	154.2	174.0
Buildings	18,21	120.7	121.5	14.8	15.6
Revaluations	18	12.4	12.6		
Machinery and equipment	19	213.9	241.7	1.6	1.8
Other tangible assets	20	4.6	3.7	1.5	1.5
Advances and fixed assets under construction		22.5	19.3		
		<b>634.1</b>	682.7	<b>271.1</b>	297.0
<b>Long-term financial assets</b>					
Shares and holdings	21,37	8.9	9.1	5.1	5.1
Shares in associated companies	21,36	1.5	1.5		
Shares in subsidiaries	21,22,35			344.0	345.3
Loan receivables	23,26	14.0	33.2	49.7	33.4
Other investments		0.9	0.9		
		<b>25.3</b>	44.6	<b>398.8</b>	383.7
<b>Total fixed and other long-lived assets</b>		<b>770.4</b>	888.7	<b>671.6</b>	682.8
<b>Inventories and financial assets</b>					
<b>Inventories</b>					
Raw materials and supplies		102.7	117.3		
Work in progress		74.7	95.9		
Finished goods	24	239.1	264.5		
Other inventories		18.1	12.8		
Advance payments		0.2	1.5		
		<b>434.8</b>	492.0		
<b>Receivables</b>					
Trade receivables	23,25	278.1	374.0	2.5	88.5
Loan receivables	25,26	8.9	3.1	216.9	232.8
Prepaid expenses and accrued income	25	26.7	30.4	2.7	3.4
Other receivables	23,25	33.2	13.6	202.1	288.2
		<b>346.9</b>	421.0	<b>424.1</b>	613.0
<b>Current financial assets</b>					
Other securities and investments	24	37.2	52.0	6.0	34.9
<b>Cash and bank deposits</b>		<b>41.9</b>	62.7	<b>4.6</b>	10.5
<b>Total inventories and financial assets</b>		<b>860.7</b>	1 027.7	<b>434.8</b>	658.4
		<b>1 631.0</b>	1 916.5	<b>1 106.4</b>	1 341.2



FIM million	Note	Group		Oy Hackman Ab	
		1997	1996	1997	1996
<b>Liabilities and shareholders' equity</b>					
<b>Shareholders' equity</b>					
<b>Restricted equity</b> 27					
Share capital		88.5	88.5	88.5	88.5
Contingency fund		163.4	162.6	132.2	132.2
Revaluation fund		102.5	122.5	102.1	122.0
		<b>354.4</b>	<b>373.6</b>	<b>322.7</b>	<b>342.6</b>
<b>Unrestricted equity</b> 28					
Operational fund				130.2	134.4
Retained earnings		252.9	278.7	241.5	214.7
Net result for the year		3.7	-1.0	27.8	37.8
		<b>256.6</b>	<b>277.6</b>	<b>399.4</b>	<b>386.9</b>
<b>Total shareholders' equity</b>		<b>610.9</b>	<b>651.2</b>	<b>722.1</b>	<b>729.5</b>
<b>Minority interest</b>		<b>54.9</b>	<b>55.3</b>		
<b>Reserves</b>					
<b>Accumulated depreciation in excess of plan</b>	18,19			4.9	4.9
<b>Voluntary reserves</b>	29				
Other reserves					9.9
					9.9
<b>Mandatory reserves</b>	30	<b>12.8</b>	<b>2.5</b>		
<b>Liabilities</b>					
<b>Long-term liabilities</b>					
Loans from financial institutions	31	167.5	229.3	109.4	168.6
Pension loans	31	209.5	255.0	59.2	63.7
Deferred tax liability		45.8	52.0		
Other long-term liabilities	31,32	1.1	0.7	0.1	0.2
		<b>423.9</b>	<b>537.1</b>	<b>168.7</b>	<b>232.4</b>
<b>Current liabilities</b>					
Loans from financial institutions		127.6	236.2	87.4	153.8
Pension loans		12.8	16.0	4.5	4.8
Advance payments		20.1	19.6		
Trade payables	32	124.1	131.2	1.6	3.8
Accrued expenses and prepaid income	32	142.4	147.3	7.3	18.3
Other current liabilities	32	101.6	120.1	110.0	183.7
		<b>528.6</b>	<b>670.5</b>	<b>210.6</b>	<b>364.4</b>
<b>Total liabilities</b>		<b>952.4</b>	<b>1 207.5</b>	<b>379.3</b>	<b>596.8</b>
		<b>1 631.0</b>	<b>1 916.5</b>	<b>1 106.4</b>	<b>1 341.2</b>

# Accounting principles

The consolidated financial statements have been prepared according to the Finnish Accounting Standards.

## Principles of consolidation

The consolidated financial statements cover the parent company as well as all companies in which the Group has, directly or indirectly, a controlling interest. The accounts of new companies are included in the Group's reporting from the day the Group took over the management of the company. The accounts of divested companies are included in Group reporting up to the day of divestiture. The balance sheets of companies founded or acquired at the year end are included in the consolidated balance sheet.

All intragroup transactions have been eliminated. Elimination of Group share ownership has been carried out using the acquisition cost method. Accordingly, the shares of subsidiaries have been balanced against subsidiary equity at the date of acquisition. When eliminating shareholders' equity of subsidiaries, this shareholders' equity is also considered to include the share of untaxed reserves which is not regarded as a deferred tax liability. The difference between the acquisition price of the shares and the total value of the subsidiary is recorded either under fixed assets, subsidiary goodwill or Group reserve (badwill). Goodwill in subsidiaries is depreciated straight line over 5-10 years.

The income statements of companies outside Finland have been translated into Finnish marks using an annual average exchange rate based on month-end exchange rates, while the balance sheets have been translated employing the ex-

change rate quoted on the balance sheet date. The resulting translation differences have been entered under unrestricted equity. The conversion discrepancy pertaining to subsidiary equity arising from the difference between the year end exchange rate and the rate of exchange at the date of acquisition is eliminated by carrying the difference directly under the Group's unrestricted equity.

Associated companies are companies in which the Group has a 20-50 % holding. Associated companies have been consolidated using the equity method. The percentage of associated company's profits which conforms to the Group's holding is recorded in the Group income statement as a financial item.

## Foreign currency items

Receivables and liabilities denominated in foreign currencies have been valued using the exchange rate quoted on the balance sheet date and exchange rate differences have been entered in the income statement under financial exchange rate differences. Unhedged transactions denominated in foreign currency have been recorded at the rates prevailing on the transaction date and hedged transactions using the hedged rate.

Hackman Group hedges its exposure in foreign currencies with derivatives as forward agreements and currency options. The interest element relating to derivatives is accrued as interest income or expense over the period to maturity and the exchange rate differences are recorded under financial exchange rate differences.

Open derivatives are valued using the exchange rate quoted on the balance sheet date and recorded in the income statement except for foreign exchange gains or

losses on derivatives that hedge future cash flow which are entered in the income statement once the underlying income or expense occurs. Option premiums are treated as advances until the options mature or become void. The difference between the paid or received premium and the closing price of the option on the balance sheet date is entered in the income statement.

Hackman group hedges also equity of foreign subsidiaries in order to minimise the effects of translation differences. In the consolidated statements exchange differences arising from equity hedging have been entered under consolidated shareholders' equity against translation differences resulting from translating the foreign subsidiaries' equity.

## Pension liabilities

Currently employed persons in Finland are insured through pension insurance companies. Non-current pension liabilities prior to the current pension legislation are presented in the notes under note 2. Non-Finnish pension insurance has been organized in accordance with the legislation and procedures prevailing in each country. The Group does not have its own pension fund.

## Net sales

Net sales is calculated as gross sales revenue less indirect sales taxes, delivery costs of sold products, credit losses and other sales adjustment items. Revenue is recognized at the date of delivery

## Research and development

All research and development expenses have been charged against the year during which they occurred, except for the some



projects which have not yet been completed.

### **Depreciation and valuation of fixed assets**

Fixed assets are capitalized using their original acquisition price. Depreciation according to plan is calculated straight line on the basis of the asset's economic lifetime and the acquisition cost as follows:

- stone and corresponding buildings 30 years
- other buildings 20 years
- machinery and equipment 10 years
- cars, office equipment and electronics 5 years

The depreciation figures for Finnish subsidiaries are based on the current tax regulations while the figures for foreign subsidiaries generally match the depreciation according to plan. The difference between the actual (tax-related) and depreciation according to plan is shown in the income statement. The accumulated difference between the actual and depreciation according to plan is split between tax liabilities and unrestricted equity.

In reviewing the figures in notes one should take note of the fact that the figures of foreign subsidiaries have been influenced by exchange rate fluctuations. This is why the balance sheets for the end of 1996 and the beginning of 1997 do not precisely match.

### **Leasing**

Leasing costs have been carried under rent. The Group has no major leasing items.

### **Revaluation**

Revaluation of land areas prior to 1974 are included in the bookvalue for these

assets while revaluations from 1974 are presented as a separate item in the balance sheet under the tangible assets. The counter items have been the contingency fund or the revaluation fund within restricted equity. At the date of sale the revaluation of the assets have been eliminated and recognized as income in the income statement.

### **Inventory valuation**

Inventories have been valued in accordance with their acquisition price, resale price or probable selling price, whichever is lowest, using the FIFO principle. The inventories of all subsidiaries include both direct and indirect costs of items procured for production.

### **General untaxed reserves**

Corporate taxation in Finland is based upon the official financial statements. Items deductible in taxation are presented at the income statement. Voluntary untaxed reserves in the consolidated financial statements have been divided between the profit for the fiscal year and equity as well as the change in deferred taxes and the deferred tax liability. The deferred tax liability is shown in the balance sheet as a long-term interestfree liability.





		Group		Oy Hackman Ab	
		1997	1996	1997	1996
<b>3. Depreciation</b>	<b>Depreciation according to plan</b>				
	Research and development	2.0	1.0	-	-
	Intangible rights	2.1	2.8	-	-
	Goodwill	1.7	1.8	-	-
	Other long-lived assets	7.8	7.5	0.3	0.2
	Buildings	7.5	6.9	0.8	0.8
	Machinery and equipment	53.4	56.2	0.5	0.5
	Other tangible assets	1.4	1.2	0.2	0.3
	<b>Total</b>	<b>76.0</b>	<b>77.4</b>	<b>1.8</b>	<b>1.8</b>
	Group goodwill	17.2	20.0	-	-
	Group reserve	-	-	-	-
	<b>Total</b>	<b>17.2</b>	<b>20.0</b>	<b>-</b>	<b>-</b>
	<b>Changes in accumulated depreciation in excess of plan</b>				
	Buildings	15.6	19.0	-0.1	-
	Machinery and equipment	-13.7	7.2	-	0.1
	<b>Total</b>	<b>1.9</b>	<b>26.2</b>	<b>-0.1</b>	<b>0.1</b>
	<b>Depreciation by function</b>				
	Cost of goods sold	54.1	55.8	0.2	0.3
	Sales and marketing	4.4	5.8	-	-
	Administration	12.1	12.1	1.6	1.5
	Other operating expenses (R&D)	5.4	3.7	-	-
	<b>Total</b>	<b>76.0</b>	<b>77.4</b>	<b>1.8</b>	<b>1.8</b>
<b>4. Other operating expenses</b>	Research and development	47.7	43.2	-	-
	Losses on sale of fixed assets	0.4	0.1	-	-
	Compensation for damages	0.7	-	0.7	-
	Other	5.5	6.1	0.1	-
	<b>Total</b>	<b>54.3</b>	<b>49.3</b>	<b>0.8</b>	<b>-</b>
<b>5. Other operating income</b>	Rental income	5.0	2.9	3.6	3.7
	Gains on sale of fixed assets	6.0	0.8	5.2	0.4
	Compensation for damages	0.0	0.1	-	-
	Other	0.9	5.4	0.1	-
	<b>Total</b>	<b>12.0</b>	<b>9.1</b>	<b>8.9</b>	<b>4.1</b>
<b>6. Non-recurring operating income</b>	Gains on sale of fixed assets	35.5	4.4	0.4	-
	Restructuring expenses	-12.8	-16.3	-0.9	-5.2
	Other extraordinary items	-15.5	-4.5	-4.3	-8.3
	<b>Total</b>	<b>7.2</b>	<b>-16.4</b>	<b>-4.8</b>	<b>-13.5</b>
<b>7. Operating result by Division</b>	Designor	18.2	29.5	-	-
	Metos	31.3	16.3	-	-
	Stainless	-11.2	-2.0	-	-
	TTT	7.8	7.9	-	-
	Invest and others	-4.1	-27.7	-4.4	0.6
	Internal eliminations	-9.8	-3.4	-20.7	-27.0
	<b>Total</b>	<b>32.1</b>	<b>20.6</b>	<b>-25.1</b>	<b>-26.4</b>

		Group		Oy Hackman Ab	
		1997	1996	1997	1996
<b>8. Intragroup financing</b>	<b>Financial income from Group companies</b>				
	Dividend income			-	-
	Interest income from long-term investments			-	-
	Interest income from short-term investments			13.8	17.4
	Other financial income			2.7	5.6
	<b>Total</b>			<b>16.5</b>	<b>23.0</b>
	<b>Financial expenses from Group companies</b>				
	Interest expenses			3.0	4.3
	Other financial expenses			-	-
	<b>Total</b>			<b>3.0</b>	<b>4.3</b>
<b>9. Financial income and expenses</b>	Dividend income from Group companies	-	-	0.0	-
	Other dividend income	0.8	0.1	0.4	0.1
	Interest income from long-term investments	0.8	1.3	0.4	0.2
	Interest income from short-term investments	5.7	4.8	15.1	20.9
	Other financial income	4.6	1.7	0.6	0.3
	Exchange rate gains/losses	2.8	2.4	-	3.1
	Share in profits/losses of associated companies	-	0.2	-	-
	Interest expenses	-36.8	-50.4	-19.9	-29.4
	Other financial expenses	-3.5	-4.3	-2.1	-1.0
	<b>Net financial items</b>	<b>-25.6</b>	<b>-44.2</b>	<b>-5.5</b>	<b>-5.8</b>
<b>10. Extraordinary items</b>	<b>Extraordinary income</b>				
	Gains on sale of forest and land	30.2	51.1	30.2	51.1
	<b>Total</b>	<b>30.2</b>	<b>51.1</b>	<b>30.2</b>	<b>51.1</b>

Gains on the sale of forest and land include released revaluations.

Notes to the balance sheet. FIM million		Group		Oy Hackman Ab	
		1997	1996	1997	1996
<b>11. R&amp;D investments</b>	Acquisition value January 1	20.2	16.0	-	-
	Investments Jan. 1- Dec. 31.	4.7	4.3	-	-
	Fixed asset disposals Jan. 1- Dec. 31	-6.0	-0.1	-	-
	Acquisition value December 31	18.9	20.2	-	-
	Depreciation according to plan Jan. 1	-1.0	-	-	-
	Acc. depr. on disposed assets Jan. 1-Dec. 31	-	-	-	-
	Depreciation according to plan Jan. 1-Dec. 31	-2.0	-1.0	-	-
	<b>Book Value December 31</b>	<b>15.9</b>	<b>19.2</b>	<b>-</b>	<b>-</b>
<b>12. Intangible assets</b>	Acquisition value January 1	31.3	24.9	0.4	-
	Investments Jan. 1- Dec. 31.	4.1	7.1	-	0.4
	Sold rights Jan. 1- Dec. 31	-10.0	-0.4	-0.4	-
	Acquisition value December 31	25.4	31.6	0.0	0.4
	Depreciation according to plan Jan. 1	-7.4	-4.6	-	-
	Acc. depr. on disposed assets Jan. 1-Dec. 31	3.0	0.0	-	-
	Depreciation according to plan Jan. 1-Dec. 31	-2.1	-2.8	-	-
	<b>Book value December 31</b>	<b>18.9</b>	<b>24.2</b>	<b>0.0</b>	<b>0.4</b>



		Group		Oy Hackman Ab	
		1997	1996	1997	1996
<b>13. Goodwill</b>	Acquisition value January 1	<b>13.6</b>	12.5	-	-
	Investments Jan. 1- Dec. 31	<b>0.2</b>	1.1	-	-
	Sold rights Jan. 1- Dec. 31	<b>-0.8</b>	-0.2	-	-
	Acquisition value December 31	<b>13.0</b>	13.4	-	-
	Depreciation according to plan Jan. 1	<b>-3.4</b>	-2.9	-	-
	Acc. depr. on disposed assets Jan. 1-Dec. 31	-	0.2	-	-
	Depreciation according to plan Jan. 1-Dec. 31	<b>-1.7</b>	-1.8	-	-
	Book value December 31	<b>7.9</b>	8.9	-	-
<b>14. Group goodwill</b>	Acquisition value January 1	<b>180.8</b>	184.6		
	Investments Jan. 1- Dec. 31	<b>8.0</b>	8.0		
	Sold rights Jan. 1- Dec. 31	<b>-41.7</b>	-		
	Acquisition value December 31	<b>147.1</b>	192.6		
	Depreciation according to plan Jan. 1	<b>-116.3</b>	-93.5		
	Acc. depr. on Disposed assets Jan. 1-Dec. 31	<b>27.6</b>	-		
	Depreciation according to plan Jan. 1-Dec. 31	<b>-17.2</b>	-20.0		
	Book value December 31	<b>41.2</b>	79.1		
<b>15. Group reserve</b>	Acquisition value January 1	-	5.1		
	Investments Jan. 1- Dec. 31	-	-		
	Sold rights Jan. 1- Dec. 31	-	-		
	Acquisition value December 31	<b>0.0</b>	5.1		
	Depreciation according to plan Jan. 1	-	-5.1		
	Acc. depr. on Disposed assets Jan. 1-Dec. 31	-	-		
	Depreciation according to plan Jan. 1-Dec. 31	-	-		
Book value December 31	<b>0.0</b>	0.0			
<b>16. Other long-lived assets</b>	Acquisition value January 1	<b>66.8</b>	53.6	<b>2.7</b>	1.2
	Investments Jan. 1- Dec. 31	<b>6.4</b>	13.3	<b>0.2</b>	1.6
	Sold rights Jan. 1- Dec. 31	<b>-8.4</b>	-0.1	-	-0.1
	Acquisition value December 31	<b>64.8</b>	66.8	<b>2.9</b>	2.7
	Depreciation according to plan Jan. 1	<b>-37.0</b>	-29.7	<b>-1.0</b>	-0.9
	Acc. depr. on Disposed assets Jan. 1-Dec. 31	<b>6.7</b>	0.3	-	0.1
	Depreciation according to plan Jan. 1-Dec. 31	<b>-7.8</b>	-7.5	<b>-0.3</b>	-0.2
	Book value December 31	<b>26.7</b>	29.9	<b>1.7</b>	1.7
<b>17. Forest, land &amp; water</b>	Acquisition value January 1	<b>108.2</b>	133.6	<b>104.0</b>	130.0
	Investments Jan. 1 - Dec. 31	<b>1.0</b>	1.0	<b>0.2</b>	0.2
	Fixed asset disposals Jan. 1-Dec. 31	<b>-5.1</b>	-26.6	<b>-5.1</b>	-26.2
	Acquisition value December 31	<b>104.1</b>	108.0	<b>99.1</b>	104.0
	Revaluation January 1	<b>175.9</b>	200.9	<b>174.1</b>	199.1
	Increase Jan. 1 - Dec. 31	-	-	-	-
	Decrease Jan. 1 - Dec. 31	<b>-19.9</b>	-25.0	<b>-20.0</b>	-25.0
	Revaluation December 31	<b>156.0</b>	175.9	<b>154.1</b>	174.1

		Group		Oy Hackman Ab	
		1997	1996	1997	1996
<b>18. Buildings</b>	Acquisition value January 1	<b>178.6</b>	156.1	<b>22.4</b>	22.3
	Investments Jan. 1- Dec. 31	<b>4.7</b>	23.2	-	0.1
	Fixed asset disposals Jan. 1- Dec. 31	<b>-7.3</b>	-3.0	-	-
	Acquisition value december 31	<b>176.0</b>	176.3	<b>22.4</b>	22.4
	Depreciation according to plan Jan. 1	<b>-55.6</b>	-49.9	<b>-6.8</b>	-6.0
	Acc. depr. on disposed assets Jan. 1-Dec. 31	<b>7.2</b>	1.7	-	-
	Depreciation according to plan Jan. 1-Dec. 31	<b>-6.9</b>	-6.7	<b>-0.8</b>	-0.8
	Book value December 31	<b>120.7</b>	121.5	<b>14.8</b>	15.6
	Accumulated depreciation in excess of plan January 1	<b>47.1</b>	28.1	<b>4.5</b>	4.5
	Increase Jan. 1 - Dec. 31	<b>19.0</b>	19.2	-	-
	Decrease Jan. 1 - Dec. 31	<b>-3.4</b>	-0.3	<b>-0.1</b>	-
	Accumulated depreciation in excess of plan December 31	<b>62.7</b>	47.1	<b>4.4</b>	4.5
	Revaluation January 1	<b>12.7</b>	12.5	-	-
	Increase Jan. 1 - Dec. 31	-	0.4	-	-
Decrease Jan. 1 - Dec. 31	<b>-0.3</b>	-0.2	-	-	
Revaluation December 31	<b>12.4</b>	12.6	-	-	
<b>19. Machinery and equipment</b>	Acquisition value January 1	<b>780.4</b>	716.0	<b>3.4</b>	3.1
	Investments Jan. 1- Dec. 31	<b>42.6</b>	66.6	<b>0.5</b>	1.0
	Fixed asset disposals Jan. 1- Dec. 31	<b>-73.3</b>	-14.8	<b>-0.5</b>	-0.7
	Acquisition value December 31	<b>749.7</b>	767.9	<b>3.5</b>	3.4
	Depreciation according to plan Jan. 1	<b>-534.7</b>	-472.8	<b>-1.6</b>	-1.6
	Acc. depr. on disposed assets Jan. 1-Dec. 31	<b>52.3</b>	2.8	<b>0.3</b>	0.5
	Depreciation according to plan Jan. 1-Dec. 31	<b>-53.4</b>	-56.2	<b>-0.5</b>	-0.5
	Book value December 31	<b>213.9</b>	241.7	<b>1.7</b>	1.8
	Accumulated depreciation in excess of plan January 1	<b>77.4</b>	70.2	<b>0.4</b>	0.3
	Increase Jan. 1 - Dec. 31	<b>5.3</b>	11.0	-	0.1
	Decrease Jan. 1 - Dec. 31	<b>-19.0</b>	-3.7	-	-
	Accumulated depreciation in excess of plan December 31	<b>63.7</b>	77.4	<b>0.4</b>	0.4
	Share of machines and equipment in book value December 31	<b>135.6</b>	165.8	-	-
	<b>20. Other tangible assets</b>	Acquisition value January 1	<b>10.0</b>	9.2	<b>1.8</b>
Investments Jan. 1- Dec. 31.		<b>2.7</b>	0.9	<b>0.4</b>	0.1
Fixed asset disposals Jan. 1- Dec. 31		<b>-0.4</b>	-0.4	<b>-0.2</b>	-0.4
Acquisition value December 31		<b>12.3</b>	9.6	<b>2.0</b>	1.8
Depreciation according to plan Jan. 1		<b>-6.3</b>	-4.8	<b>-0.4</b>	-0.1
Acc. depr. on disposed assets Jan. 1-Dec. 31		-	0.0	<b>0.1</b>	-
Depreciation according to plan Jan. 1-Dec. 31		<b>-1.4</b>	-1.2	<b>-0.2</b>	-0.3
Book value December 31	<b>4.6</b>	3.7	<b>1.5</b>	1.4	

		Group		Oy Hackman Ab	
		1997	1996	1997	1996
<b>21. Fixed asset tax values</b>	Land	<b>112.6</b>	117.4	<b>102.2</b>	108.1
	Buildings	<b>135.3</b>	133.4	<b>11.7</b>	12.3
	Shares and holdings	<b>9.5</b>	7.5	<b>7.1</b>	5.2
	Subsidiary shares	-	-	<b>244.3</b>	229.5
	Assets without confirmed tax value, book value	<b>1.0</b>	1.9	-	-
<b>22. Long-term financial assets group</b>	<b>Group companies</b>				
	Shares			<b>344.0</b>	345.3
	Loan receivables			<b>49.0</b>	31.0
	Total			<b>393.0</b>	376.3
<b>23. Receivables due after one year or later</b>	Trade receivables	<b>0.4</b>	1.5	-	-
	Loan receivables	<b>14.0</b>	33.2	<b>49.7</b>	33.4
	Other receivables	<b>14.6</b>	3.8	-	-
	Total	<b>29.0</b>	38.5	<b>49.7</b>	33.4
<b>24. Market value of current financial assets</b>	Securities in inventory	-	-	-	-
	Investments	<b>39.1</b>	54.5	<b>6.0</b>	34.9
	Total market value	<b>39.1</b>	54.5	<b>6.0</b>	34.9
	Corresponding book value	<b>37.2</b>	52.0	<b>6.0</b>	34.9
	Difference	<b>1.9</b>	2.5	<b>0.0</b>	0.0
<b>25. Receivables from Group and associated companies</b>	Accounts receivables/Group companies			<b>1.9</b>	1.7
	Deferred income/Group companies			<b>1.3</b>	1.0
	Loans receivables/Group companies			<b>211.1</b>	231.8
	Loans receivables/associated companies			-	-
	Other receivables/Group companies			<b>196.3</b>	286.5
	Other receivables/associated companies			-	-
	Total			<b>410.6</b>	521.0
<b>26. Executive pension liabilities and loans to the shareholders</b>	The retirement age for Group company managing directors is 60-67 years.				
	The retirement age for the managing director of the parent company is 60 years.				
	Loans granted to the managing directors and board members	<b>0.3</b>	0.8	<b>0.3</b>	0.1
Repayment periods vary from 0 - 12 years and are usually of the bullet type					
The interest rate is set at the Bank of Finland's prime rate +1%					



		Group		Oy Hackman Ab	
		1997	1996	1997	1996
<b>27. Restricted equity</b>	Share capital Jan. 1	<b>88.5</b>	88.5	<b>88.5</b>	88.5
	Share capital Dec. 31	<b>88.5</b>	88.5	<b>88.5</b>	88.5
	Contingency fund Jan. 1	<b>162.6</b>	162.6	<b>132.2</b>	132.2
	Transfers from unrestricted equity	<b>0.7</b>	-	-	-
	Contingency fund Dec. 31	<b>163.3</b>	162.6	<b>132.2</b>	132.2
	Revaluation fund Dec. 31	<b>122.5</b>	147.1	<b>122.0</b>	147.0
	Increase Jan. 1 - Dec. 31	-	0.4	-	-
	Released revaluations	<b>-19.9</b>	-25.0	<b>-19.9</b>	-25.0
	Revaluation fund Dec. 31	<b>102.6</b>	122.5	<b>102.1</b>	122.0
	Restricted equity Dec. 31	<b>354.4</b>	373.6	<b>322.8</b>	342.6
<b>28. Unrestricted equity</b>	Opening balance Jan. 1	<b>277.6</b>	282.4	-	-
	Parent company operating fund Jan. 1	-	-	<b>134.4</b>	141.0
	Released revaluations	<b>-4.3</b>	-6.6	<b>-4.3</b>	-6.6
	Parent company operating fund Dec. 31	-	-	<b>130.1</b>	134.4
	Parent company retained earnings Jan. 1	-	-	<b>252.5</b>	227.9
	Dividend payment	<b>-11.0</b>	-13.2	<b>-11.0</b>	-13.2
	Transfers to restricted equity	<b>-0.7</b>	-	-	-
	Conversion effects, other changes	<b>-8.7</b>	16.1	-	-
	Parent company retained earnings Dec. 31	-	-	<b>241.5</b>	214.7
	Net profit for the year	<b>3.7</b>	-1.0	<b>27.8</b>	37.8
	Unrestricted equity Dec. 31	<b>256.6</b>	277.6	<b>399.4</b>	386.9
	Distributable unrestricted equity	<b>166.7</b>	156.2		
<b>29. Voluntary reserves</b>	<b>Investment reserve</b>				
	Balance sheet value Jan. 1	<b>0.0</b>	0.1	-	-
	Increase Jan. 1 - Dec. 31	<b>0.0</b>	-	-	-
	Decrease Jan. 1 - Dec. 31	<b>0.0</b>	-0.1	-	-
	Balance sheet value Dec. 31	<b>0.0</b>	0.0	-	-
	<b>Other reserves</b>				
	Balance sheet value Jan. 1	<b>66.5</b>	61.8	<b>9.9</b>	9.9
	Increase Jan. 1 - Dec. 31	<b>3.2</b>	17.4	-	-
	Decrease Jan. 1 - Dec. 31	<b>-48.2</b>	-13.0	<b>-9.9</b>	-
	Balance sheet value Dec. 31	<b>21.5</b>	66.2	<b>0.0</b>	9.9
<b>30. Mandatory reserves</b>	Warranty reserve	<b>1.5</b>	1.0	-	-
	Restructuring	<b>9.0</b>	0.0	-	-
	Others	<b>2.3</b>	1.5	-	-
	Total	<b>12.8</b>	2.5	-	-
<b>31. Liabilities maturing within five years or later</b>	From financial institutions	<b>16.9</b>	15.3	-	-
	Pension loans	<b>163.1</b>	188.7	<b>44.3</b>	47.6
	Other long-term debts	<b>39.6</b>	50.2	-	-
	Total	<b>219.7</b>	254.2	<b>44.3</b>	47.6
<b>32. Liabilities to Group and associated companies</b>	Other long-term debts/Group companies			-	0.1
	Short-term debts/Group companies			<b>0.8</b>	1.6
	Deferred expenses/Group companies			<b>0.5</b>	0.4
	Other short-term debts/Group companies			<b>107.1</b>	161.4
	Other short-term debts/associated companies			-	-
	Total			<b>108.4</b>	163.5

		Group		Oy Hackman Ab	
		1997	1996	1997	1996
<b>33. Contingent liabilities and mortgages</b>	Mortgages				
	Collateral for own liabilities	<b>198.0</b>	220.6	<b>113.2</b>	120.2
	Collateral for Group companies	-	-	<b>51.8</b>	67.6
	Mortgages total	<b>198.0</b>	220.6	<b>165.0</b>	187.8
	Mortgages on company assets				
	Collateral for own liabilities	<b>91.0</b>	89.9	-	-
	Other pledges given				
	Collateral for own liabilities	<b>17.0</b>	11.6	-	-
	Guarantees				
	For Group companies	-	-	<b>203.6</b>	227.9
For others	<b>4.0</b>	23.5	<b>3.8</b>	3.7	
Guarantees total	<b>4.0</b>	23.5	<b>207.4</b>	231.6	
Other liabilities	<b>16.4</b>	20.9	-	-	
<b>34. Personnel</b>	<b>Average</b>				
	Hackman Designor	<b>1 740</b>	1 738	-	-
	Hackman Metos	<b>529</b>	491	-	-
	Hackman Stainless	<b>544</b>	565	-	-
	Hackman TTT	<b>257</b>	252	-	-
	Hackman Invest	<b>26</b>	178	-	-
	Hackman Industrier	-	2	-	-
	Head Office	<b>21</b>	22	<b>21</b>	22
	Total	<b>3 117</b>	3 248	<b>21</b>	22
	<b>31.12.</b>				
	Hackman Designor	<b>1 695</b>	1 713	-	-
	Hackman Metos	<b>536</b>	498	-	-
	Hackman Stainless	<b>549</b>	557	-	-
	Hackman TTT	<b>255</b>	251	-	-
	Hackman Invest	<b>26</b>	163	-	-
	Hackman Industrier	-	1	-	-
	Head Office	<b>23</b>	21	<b>23</b>	21
	Total	<b>3 084</b>	3 204	<b>23</b>	21
	<b>Personnel by country Dec. 31</b>				
	Finland	<b>1 654</b>	1 755	<b>23</b>	21
	Sweden	<b>799</b>	806	-	-
	Norway	<b>147</b>	187	-	-
	Denmark	<b>26</b>	28	-	-
	The Netherlands	<b>11</b>	9	-	-
	France	<b>267</b>	265	-	-
	Germany	<b>20</b>	29	-	-
	Austria	<b>2</b>	2	-	-
	Estonia	<b>35</b>	8	-	-
	Poland	-	3	-	-
	Hungary	<b>60</b>	52	-	-
	Russia	<b>3</b>	2	-	-
	USA	<b>60</b>	58	-	-
	Total	<b>3 084</b>	3 204	<b>23</b>	21



35. Group Companies Dec. 31. 1997	Group				Holding in Group Comps. %	Face Value Total '000	Total Book Value		Profit Last Period MFIM
	Share Holding %	Voting Share %	Share of Equity MFIM	No. of Shares			Parent Comp. MFIM	Group Comp. MFIM	
Hackman Designor Oy Ab	100	100	84.7	1 900	100	FIM 19 000	133.5	-	-0.5
Designor AG	100	100	0.0	100	100	CHF 50	-	0.1	-
Hackman LLC	98	98	0.1	26 912	98	HUF 27 412	-	1.3	-0.2
Fetefem LLC	98	98	-0.2	5 421	100	HUF 54 210	-	0.3	-1.2
Hackman Alu Oy Ab	100	100	4.0	6 087	100	FIM 3 044	-	0.0	1.5
Hackman Cutlery Factory LLC	99	99	0.5	10 761	100	HUF 107 606	-	3.3	-0.1
Hackman Polska Z.O.O.	100	100	-0.9	50	100	PLZ 50	-	0.1	-0.6
Zao Hackman Havi St. Petersburg	100	100	0.0	5 500	100	RUR 55 000	-	0.1	0.0
Hackman Europe B.V.	100	100	34.4	360 000	100	NLG 36 000	104.5	-	3.2
Hackman A/S	100	100	4.7	1	100	DKK 2 500	-	5.1	-0.8
Hackman Household A/S DK	100	100	0.0	24	100	DKK 15 000	-	-	-
Hackman Designor B.V.	100	100	-4.1	125	100	NLG 125	-	0.3	-1.4
Hackman Eesti AS	100	100	0.7	10	100	EEK 1 000	-	0.4	0.3
Hackman Fürst AG	100	100	3.2	50	100	CHF 50	-	2.4	-0.1
Hackman Fürst GmbH	100	100	0.2	50	100	DEM 4 550	-	16.0	-8.1
Hackman Fürst GmbH	100	100	-0.9	45	100	ATS 450	-	0.3	-0.7
Hackman TTT GmbH	100	100	0.9	3 000	100	DEM 300	-	0.7	0.0
Hackman Hammarplast AB	100	100	20.3	206 667	100	SEK 20 667	-	89.7	-1.1
Gösta Widén AB	100	100	0.3	1 000	100	SEK 100	-	2.1	-1.0
Hackman Industrier AB	100	100	19.7	280 000	100	SEK 28 000	-	93.5	5.6
Hackman Rörstrand AB	100	100	16.8	200 000	100	SEK 20 000	-	13.9	8.7
Nilsjohan AB	100	100	0.1	100	100	SEK 100	-	0.1	-
Hackman Wedholms AB	100	100	8.1	15 000	100	SEK 15 000	-	12.4	-4.3
Hackman Norge A/S	100	100	14.5	20 050	100	NOK 20 050	-	14.5	0.0
Hackman Designor A/S	100	100	36.3	16 981	100	NOK 8 490	-	13.9	2.4
Hackman Hammarplast A/S	100	100	0.1	150	100	NOK 150	-	0.1	-
Hackman TTT Oy Ab	100	100	19.8	24	100	FIM 12 000	-	34.9	0.1
Hackman USA Corporation	100	100	15.0	100	100	USD 2 000	-	16.1	-7.6
Hackman-MKT Inc.	100	100	0.0	1 000	100	USD 50	-	0.3	-
Hackman Tabletop Inc.	100	100	2.6	150 000	100	USD 150	-	2.6	0.3
The Peerless Saw Company	100	100	10.0	500	100	USD 50	-	12.5	0.8
Wedholms S.A.	100	100	0.1	250	100	FRF 250	0.0	0.1	-
Prominox S.A.	100	100	55.5	30 000	100	FRF 3 000	0.0	62.5	5.6
Eurotanks Sp.z.o.o.	51	51	1.1	102	51	PLZ 720	-	0.9	0.9
Hackman Intech Oy	100	100	0.3	25 000	100	FIM 250	0.1	0.1	0.0
Hackman Invest Oy Ab	100	100	10.8	1 000	100	FIM 10 000	10.0	-	0.0
Hackman Metos Oy Ab	60	60	41.4	60 000	60	FIM 10 000	24.3	-	11.1
Hackman Latvia SIA	60	60	0.0	10	100	LVL 2	-	0.0	-
Hackman Metos AB	60	60	0.9	1 700	100	SEK 1 700	-	7.3	0.0
Hackman Metos A/S	60	60	1.1	204 000	100	NOK 2 040	-	5.0	0.3
Hackman Metos SARL	60	60	0.0	1	100	FRF 50	-	0.0	0.0
Hackman Metos Eesti AS	60	60	0.4	400	100	EEK 400	-	0.1	0.4
Wexiödisk Förvaltnings AB	42	42	13.0	1 540	55	SEK 220	-	50.1	5.2
Wexiödisk AB	42	42	16.5	55 000	55	SEK 5 500	-	14.0	10.8
WD Metos Oy	42	42	0.9	1 000	70	FIM 1 000	-	3.5	-0.4
Hackman-MKT Oy	100	100	30.8	65 000	100	FIM 26 000	26.8	-	1.9
Hackman Washtec A/S	100	100	-1.0	275	100	EEK 413	-	1.0	-1.1
Hackman Pinnoitteet Oy	100	100	2.2	220	100	FIM 2 200	2.2	-	0.9
Hackman Prosessi Oy Ab	100	100	4.9	50 000	100	FIM 5 000	5.0	-	0.0
Hackman Sarvis Oy	100	100	0.8	100	100	FIM 1 000	3.9	-	0.2
Hackman Suurkeittiöt Oy Ab	100	100	6.2	400 000	100	FIM 4 000	11.9	-	-0.9
Hackman Finance Oy	100	100	4.0	3 500	100	FIM 3 500	-	2.1	0.1
Hadwaco Ltd Oy	91	91	-4.4	1 820	91	FIM 20 000	15.2	3.0	-7.0
Hadwaco US Inc.	91	91	-1.2	1 000	100	USD 1	-	0.0	0.4
Kiint. Oy Sorsakosken Teollisuustalot	100	100	6.8	7 000	100	FIM 7 000	6.0	1.0	0.0
Rondex Oy Ltd	100	100	0.8	500	100	FIM 500	0.5	-	0.1
<b>Total</b>							<b>344.0</b>	<b>487.9</b>	



36. Associated Companies December 31. 1997	Group				Holding in Group Comps. %	Face Value Total '000	Total Book Value		Profit Last Period	Date of Account Closing / Length of Period
	Share Holding %	Voting Rights %	Share of Equity MFIM	No. of Shares			Parent Company	Group Company		
Rörstrands Kulturforum AB	40	40	1.4	50	40	SEK 50	-	1.5	0.1	31.12.97/12
Total							-	1.5		

## 37. Shares and Holdings Dec. 31. 1997

Art ja Design City Helsinki Oy Ab				1	-	2	-	0.1		
Asunto Oy Elvalanranta				1 519	-	1 519	-	1.5		
Asunto Oy Pankkikallio				4 205	52.6	421	0.9 <sup>1)</sup>	-		
Asunto Oy Sorsakosken Pajaharju				13 598	27.4	136	0.2 <sup>1)</sup>	-		
Helsingin Puhelin Oy				89	-	-	0.0	0.1		
Helsinki Halli Oy				13	-	130	1.3	-		
Kiinteistö Oy Joutsenon Annukka				38	50.0	380	0.4 <sup>1)</sup>	-		
Leppävirran matkailukeskus Oy				150	33.3	150	0.2 <sup>1)</sup>	-		
Oy Kvantett Invest Ab				15 000	15.0	1 500	1.5	-		
Suomen Osakekeskusrekisteri Osuuskunta				2	-	-	0.1	-		
Tietosavo Oy				10 200	2.7	102	0.1	-		
Others				-	-	-	0.3	2.1		
Total							5.1	3.8		

<sup>1)</sup> Excluded from Group financial statements due to minor impact.

# Group Key Ratios and Figures

		1993	1994	1995	1996	1997
<b>Net Sales</b>	FIM million	1 911.4	1 873.3	2 061.5	1 992.7	<b>1 909.9</b>
Change	%	-2.7	-2.0	10.0	-3.3	<b>-4.2</b>
Exports and foreign sales	FIM million	1 273.5	1 142.1	1 158.1	1 132.5	<b>1 100.6</b>
Share of net sales	%	66.6	61.0	56.2	56.8	<b>57.6</b>
Salaries and benefits	FIM million	599.0	577.2	592.3	612.4	<b>628.7</b>
Share of net sales	%	31.3	30.8	28.7	30.7	<b>32.9</b>
Gross margin	FIM million	513.6	533.3	574.3	537.8	<b>482.5</b>
Share of net sales	%	26.9	28.5	27.9	27.0	<b>25.3</b>
Operating result before depreciation	FIM million	178.2	231.5	181.2	118.0	<b>125.4</b>
Share of net sales	%	9.3	12.4	8.8	5.9	<b>6.6</b>
Depreciation according to plan	FIM million	97.6	93.9	88.3	97.4	<b>93.3</b>
Decrease in group reserve	FIM million	2.2	0.9	1.5	0.0	<b>0.0</b>
<b>Operating result</b>	FIM million	82.8	138.5	94.4	20.6	<b>32.1</b>
Share of net sales	%	4.3	7.4	4.6	1.0	<b>1.7</b>
Net financial expenses	FIM million	64.0	57.3	53.8	44.2	<b>25.6</b>
Share of net sales	%	3.4	3.1	2.6	2.2	<b>1.3</b>
Result after financial items	FIM million	18.8	81.2	40.6	-23.6	<b>6.5</b>
share of net sales	%	1.0	4.3	2.0	-1.2	<b>0.3</b>
<b>Result before extraordinary items</b>	FIM million	18.8	81.2	40.6	-23.6	<b>6.5</b>
share of net sales	%	1.0	4.3	2.0	-1.2	<b>0.3</b>
<b>Result before appropriations and taxes</b>	FIM million	36.6	81.2	184.3	27.4	<b>36.7</b>
share of net sales	%	1.9	4.3	8.9	1.4	<b>1.9</b>
Direct taxes, operations	FIM million	11.4	25.8	12.1	7.6	<b>13.3</b>
Direct taxes, extraordinary items	FIM million			40.3	14.3	<b>8.4</b>
Minority interests	FIM million	3.0	-3.0	10.9	6.5	<b>11.2</b>
Value added	FIM million	821.6	857.9	826.4	730.4	<b>754.1</b>
Financial result	FIM million	120.6	148.4	259.0	117.2	<b>116.6</b>
Share of Net Sales	%	6.3	7.9	12.6	5.9	<b>6.1</b>
<b>Gross investments</b>	FIM million	121.7	186.4	142.6	101.6	<b>79.0</b>
Share of net sales	%	6.4	10.0	6.9	5.1	<b>4.1</b>
Dividends paid	<sup>1)</sup> FIM million	6.6	8.8	13.2	11.0	<b>11.0</b>
Interest bearing financial assets	FIM million	210.4	117.5	85.4	117.8	<b>87.9</b>
Interest free financial assets	FIM million	361.3	414.0	479.8	418.0	<b>338.0</b>
Inventories	FIM million	434.5	520.3	508.6	492.0	<b>434.8</b>
Fixed assets	FIM million	1 034.0	1 072.3	925.1	888.7	<b>770.4</b>
Interest free liabilities	<sup>2)</sup> FIM million	503.5	581.4	481.0	438.3	<b>404.0</b>
Interest bearing liabilities	FIM million	849.9	787.5	812.7	769.3	<b>548.5</b>
Share of net sales	%	44.5	42.0	39.4	38.6	<b>28.7</b>
Net working capital	FIM million	349.1	397.2	554.9	523.7	<b>414.6</b>
Share of net sales	%	18.3	21.2	26.9	26.3	<b>21.7</b>
Minority interest	FIM million	22.1	32.4	23.9	55.3	<b>54.9</b>
Shareholders' equity	<sup>2)</sup> FIM million	664.7	714.0	680.5	651.2	<b>610.9</b>
Balance sheet total	FIM million	2 040.2	2 123.4	1 998.9	1 916.5	<b>1 631.0</b>
<b>Return on investment</b>	<sup>2)</sup> %	7.2	10.0	7.1	2.1	<b>3.5</b>
<b>Return on equity</b>	<sup>2)</sup> %	1.1	7.7	3.9	-4.4	<b>-1.0</b>
<b>Equity ratio</b>	<sup>2)</sup> %	34.4	36.7	35.7	37.2	<b>41.3</b>
Quick ratio		0.7	0.9	0.8	0.8	<b>0.8</b>
Current ratio		1.2	1.5	1.4	1.5	<b>1.6</b>
<b>Average number of personnel</b>		3 432	3 362	3 221	3 248	<b>3 117</b>
abroad		1 646	1 614	1 402	1 480	<b>1 471</b>
Total personnel Dec. 31		3 406	3 485	3 187	3 204	<b>3 084</b>
Abroad		1 648	1 611	1 418	1 449	<b>1 430</b>
Net sales/person	FIM million	0.557	0.557	0.640	0.614	<b>0.613</b>
Value added/person	FIM million	0.239	0.255	0.257	0.225	<b>0.242</b>

1) Proposal of the Board for 1997.

2) General untaxed reserves have been divided into retained earnings (72 %) and deferred tax liability (28 %)

# Calculation of Key Ratios

<b>Value added</b>	Operating result before depreciation + salaries and benefits + rental costs
<b>Financial result</b>	Result before appropriations and taxes + planned depreciation – decrease in Group reserves – direct taxes from operations
<b>Net working capital</b>	Non-interest bearing current assets + inventories – short-term non-interest bearing liabilities
<b>Return on investment (ROI) Return on net assets (RNA)</b>	$\frac{\text{Result before extraordinary items + interest and other financial expenses} \times 100}{\text{Average (Balance sheet total – non-interest bearing liabilities)}}$
<b>Return on equity (ROE)</b>	$\frac{\text{Result before extraordinary items – taxes from operations} \times 100}{\text{Average (shareholders' equity + minority interest)}}$
<b>Equity ratio</b>	$\frac{\text{Shareholders' Equity + minority interest} \times 100}{\text{Total assets – advances received}}$
<b>Quick ratio</b>	$\frac{\text{Current assets}}{\text{Current liabilities – advances paid}}$
<b>Current ratio</b>	$\frac{\text{Current assets + inventories}}{\text{Current liabilities}}$
<b>Earnings per share (EPS)</b>	$\frac{\text{Result before extraordinary items – minority interest – taxes from operations}}{\text{Average number of shares}}$
<b>Cash flow per share</b>	$\frac{\text{Result before extraordinary items + depreciation – taxes from operations}}{\text{Average number of shares}}$
<b>Shareholders' equity / share</b>	$\frac{\text{Shareholders' equity}}{\text{Number of shares at year end}}$
<b>Dividend / share</b>	$\frac{\text{Dividend}}{\text{Number of shares at year end}}$
<b>Dividend as a percentage of earnings</b>	$\frac{\text{Dividend/share} \times 100}{\text{Earnings per share}}$
<b>Effective dividend yield</b>	$\frac{\text{Dividend/share} \times 100}{\text{Year end share price}}$
<b>Price earnings ratio (P/E)</b>	$\frac{\text{Year end share price}}{\text{Earnings per share}}$



# Shares and shareholders

## Share capital

The paid-in and registered share capital of Oy Hackman Ab is FIM 88 450 000.

According to the Articles of Association, the minimum share capital is to be FIM 66 150 000 and the maximum FIM 197 550 000. Within these limits share capital may be adjusted without any changes in the Articles of Association.

## Share and bond issues

The Hackman Board of Directors was not empowered to raise the share capital of the company in 1997, or to issue any options or bonds, nor have any such securities on the market during 1997.

## Increases in share capital 1988 - 1997

Date and method	Issue Ratio	Issue Price FIM	New Share Volume	Divided Rights	Increase in Share Capital, FIM	New Share Capital, FIM
8.4.1988 Fund Issue	1 K = 1 A 1 A = 1 A		1 650 000	1988	33 000 000	66 450 000
9. - 20.5.1988 New Issue	Public Placement	120	700 000	1988	14 000 000	80 450 000
7. 5. - 15.6.1990 Fund Issue	10 K = 1 A 10 A = 1 A		400 000	1990	8 000 000	88 450 000

## Share capital and shares, 1993 - 1997

	1993	1994	1995	1996	1997
Share Capital, FIM million	88.5	88.5	88.5	88.5	88.5
Share volume, 1 000 each					
A-shares	3 582.5	3 582.5	3 582.5	3 582.5	3 582.5
K-shares	817.5	817.5	817.5	817.5	817.5
Total number of shares outstanding	4 400.0	4 400.0	4 400.0	4 400.0	4 400.0
Redeemed K shares	22.5	22.5	22.5	22.5	22.5
Year end share total	4 400.0	4 400.0	4 400.0	4 400.0	4 400.0
Average share total	4 400.0	4 400.0	4 400.0	4 400.0	4 400.0

No adjustments in share issues over a five year period.

## Shares and voting rights

Oy Hackman Ab shares carry a face value of FIM 20 and are divided into two types:

A shares and K shares. There are 3 582 500 Hackman A shares outstanding or 81,4 % of the total shares outstanding. Each A share entitles the holder to one vote at the Annual Shareholders' Meeting. There are 817 500 K shares outstanding or 18,6 % of total shares outstanding. Each K share entitles its holder to 20 votes at the Annual Shareholders' Meeting. In addition, the company's Articles of Association include a repurchasing clause which entitles the company and other K shareholders right of first refusal in the event than K shares come into the possession of persons or entities other

than descendants of Commercial Councillor Wilhelm Hackman or Consul Carl Edvin Julius Ekström. In 1982 the company repurchased and invalidated 22 500 K shares.

According to the Articles of Association no single shareholder may exercise voting rights in excess of 10 % at the Annual Shareholders' Meeting.

The Articles of Association also specify that in the event of a share issue either new K or A shares may be purchased by K shareholders while A shareholders may only purchase new A shares.

Both share types entitle the holder to equal dividend rights.

### Share listing

Oy Hackman Ab's shares were listed on the Helsinki Stock Exchange as of June 1, 1994. The public quotation of the Hackman's shares began on July 19, 1988 with the quotation of the company's shares on the Helsinki OTC Exchange, which is controlled by the Finnish Security Brokerage Association.

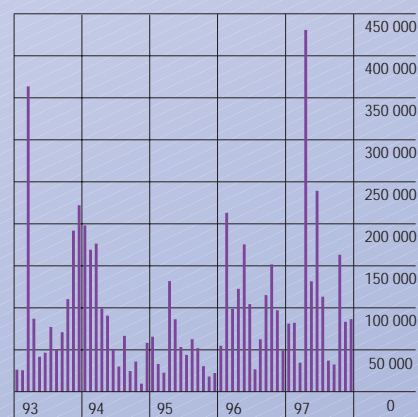
During 1997 a total of 1 498 002 A shares (1996: 1 274 082) or 41.8 % changed hands with a total value of FIM 242.8 million (155.9 mmk).

Hackman A shares reached a low of FIM 112 in March of 1997 and high of FIM 200 in October. The share price was FIM 180 at the year end, yielding a total market value of FIM 792 million. The average share price for the year was FIM 162.05.

A-SHARE PRICES  
1993-1997, FIM



A-SHARE TRADING VOLUMES  
1993-1997



### Share price and turnover

		1993	1994	1995	1996	1997
Face value	FIM	20.00	20.00	20.00	20.00	<b>20.00</b>
Finnish Tax value	FIM	77.00	76.00	62.00	86.00	<b>120.00</b>
A share price	FIM					
average <sup>1)</sup>		78.83	145.13	92.06	122.37	<b>162.05</b>
low		43.50	105.00	74.00	91.00	<b>112.00</b>
high		120.00	180.00	125.00	152.00	<b>200.00</b>
year end		112.00	108.00	93.00	124.00	<b>180.00</b>
Year end market value <sup>2)</sup>	FIM million	492.8	475.2	409.2	545.6	<b>792.0</b>
A share turnover	FIM million	102.2	144.4	56.1	155.9	<b>242.8</b>
share volume	1000 each	1 296.3	995.2	609.4	1 274.1	<b>1 498.0</b>
proportion of A shares outstanding	%	36.2	27.8	17.0	35.6	<b>41.8</b>
Total number of shareholders, December 31		6 201	3 011	2 893	2 758	<b>2 190</b>

<sup>1)</sup> Finnmark dominated A share turnover / number of shares changing hands.

<sup>2)</sup> Total number of shares outstanding at year end x A share year end share price



## Shareholders and Management holdings

According to the book-entry system Hackman had 2 190 shareholders as of 31 December, 1997. Foreign shareholders and nominee registered held a total of 1 237 968 shares, or 28.1 % of the total with voting rights of 11.1%.

The Board Members were in possession of 25 000 K shares and 85 510 A shares. This represents 2.9 % of the company's voting rights. The Group Executive Board members held 1 857 A shares representing less than 0.1 % of the voting rights.

According to the book-entry system as of 31 December, 1997 there were 1 005 195 shares registered in the name of a nominee by Merita Bank Ltd, which is 22.8 % of the total shares and 5.0 % of the voting rights.

## Major shareholders

Book-entry securities system, December 31. 1997	K shares		A shares		Total Number	Voting rights	
	Number	%	Number	%		%	%
1. Susanne Hohenthal	35 040	4.3	73 169	2.0	108 209	2.5	3.9
2. Robin Ekström	35 550	4.3	50 950	1.4	86 500	2.0	3.8
3. Karsina Oy	34 490	4.2			34 490	0.8	3.5
4. Helene Franzén	27 380	3.3	64 438	1.8	91 818	2.1	3.1
5. Peter Fazer	25 865	3.2	92 082	2.6	117 947	2.7	3.1
6. Christina Diehl	27 572	3.4	47 547	1.3	75 119	1.7	3.0
7. Birgitta Reims	27 623	3.4	42 916	1.2	70 539	1.6	3.0
8. Johan Gripenberg	27 623	3.4	40 000	1.1	67 623	1.5	3.0
9. Ebba Valentini	25 400	3.1	82 360	2.3	107 760	2.4	3.0
10. Jan Hörhammer	25 000	3.1	85 000	2.4	110 000	2.5	2.9
<b>Total, 10 largest shareholders</b>	<b>291 543</b>	<b>35.7</b>	<b>578 462</b>	<b>16.1</b>	<b>870 005</b>	<b>19.8</b>	<b>32.3</b>
Board Members and CEO	25 000	3.1	85 510	2.4	110 510	2.5	2.9
Executive Board Members			1 857	0.1	1 857	0.0	0.0

## Distribution of shares

Book-entry securities system, December 31. 1997	Shareholders		Shares		Votes	
	Number	%	1 000 Each	%	1 000 Each	%
1 - 99	1 442	65.8	72	1.6	75	0.4
100 - 999	573	26.2	131	3.0	236	1.2
1 000 - 9 999	105	4.8	337	7.7	2 054	10.3
10 000 - 99 999	64	2.9	2 246	51.0	13 838	69.4
100 000 - 999 999	5	0.2	599	13.6	2 714	13.6
1 000 000 - 9 999 999	1	0.1	1 005	22.9	1 005	5.0
Not transferred to book-entry system			10	0.2	10	0.1
<b>Total</b>	<b>2 190</b>	<b>100.0</b>	<b>4 400</b>	<b>100.0</b>	<b>19 932</b>	<b>100.0</b>

## Ownership structure

Book-entry securities system, December 31. 1997	Shareholders		Shares		Votes	
	Number	%	1 000 Each	%	1 000 Each	%
Private individuals	2 013	91.9	2 608	59.3	16 501	82.8
Financial institutions	15	0.7	334	7.6	334	1.7
Companies	123	5.6	103	2.3	758	3.8
Non-profit organizations	5	0.2	98	2.2	98	0.5
Non-profit institutes	8	0.4	9	0.2	9	0.0
Non-Finnish and nominee reg.	26	1.2	1 238	28.1	2 222	11.1
Not transferred to book-entry system			10	0.3	10	0.1
<b>Total</b>	<b>2 190</b>	<b>100.0</b>	<b>4 400</b>	<b>100.0</b>	<b>19 932</b>	<b>100.0</b>



### Shareholder Agreements

The company is not aware of any shareholder or other agreements which would have a significant impact on the ownership or voting rights of Oy Hackman Ab.

### Equity-related key figures

		1993	1994	1995	1996	1997
Earnings / share (EPS)	FIM	1.01	13.27	3.99	-8.59	<b>-4.09</b>
Cash flow / share	FIM	23.36	33.72	26.20	15.03	<b>19.65</b>
Equity / share <sup>1)</sup>	FIM	151.06	162.28	154.67	148.00	<b>138.85</b>
Dividend / share	FIM	1.50	2.00	3.00	2.50	<b>2.50</b>
Dividend / earnings <sup>2)</sup>	%	149.1	15.1	75.2	neg.	<b>neg.</b>
Effective dividend yield	%	1.3	1.9	3.2	2.0	<b>1.4</b>
Price / earnings ratio (P/E)		111.4	8.1	23.3	neg.	<b>neg.</b>

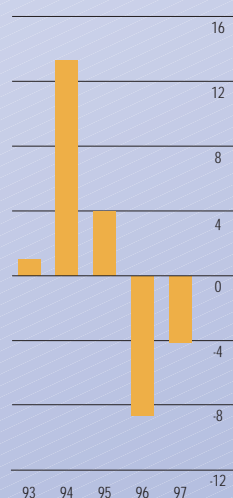
No share issue adjustments over 5 year period

<sup>1)</sup> 72 % of reserves and retained earnings have been carried as equity and 28 % as tax liabilities

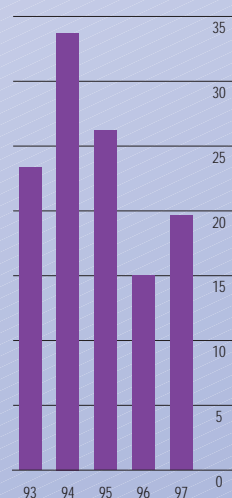
<sup>2)</sup> Proposal of the Board for 1997

Calculations of Key Ratios on page 27.

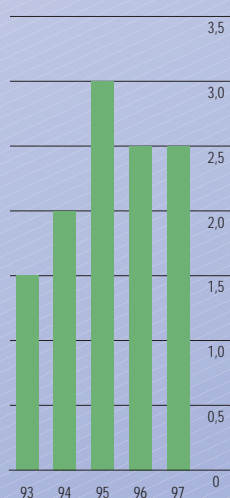
EARNINGS/SHARE, FIM



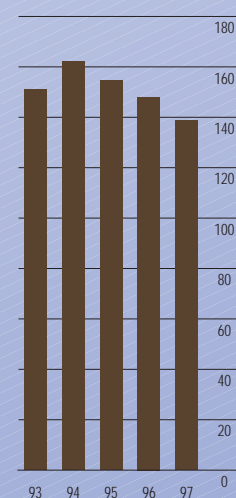
CASH FLOW/SHARE, FIM



DIVIDEND/SHARE, FIM



EQUITY/SHARE, FIM



# Proposal of the Board of Directors

According to the Group balance sheet the unrestricted equity as of December 31, 1997 amounted to	FIM	256 580 000,00
of which the distributable unrestricted equity amounted to	FIM	166 651 000,00

The Parent Company's unrestricted equity breaks down as follows:

Operational fund, December 31, 1997 FIM	FIM	130 156 006,97
Retained earnings, December 31, 1997 FIM	FIM	241 494 800,09
Profit for the year	FIM	27 781 945,37
	FIM	399 432 752,43

The Board of Directors recommends that:

- a dividend on 1997 of FIM 2.50 per share be distributed on the 817,500 K-shares outstanding and on the 3,582,500 A-shares outstanding, the sum totalling:	FIM	11 000 000,00
- a sum is to be retained in the Group's operational fund amounting to FIM:	FIM	130 156 006,97
- the remaining sum is to be held in retained earnings:	FIM	258 276 745,46
	FIM	399 432 752,43

Helsinki, February 17, 1998

*Stig Gustavson*

*Björn Gavelstad*

*Carl-Olaf Homén*

*Jan Hörhammer*

*Lars Renström*

*Tapio Hintikka*  
CEO

*To the shareholders of Oy Hackman Ab*

We have audited the accounting records, the financial statements and the administration of Oy Hackman Ab for the financial year ended December 31, 1997. The financial statements, consisting of the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on the administration.

We have conducted the audit in accordance with generally accepted Finnish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 is to assure ourselves that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements including the consolidated financial statements may be adopted and the members of the Board of Directors and the Managing Director of the parent company be discharged from liability for the financial year audited by us. The appropriation of profits proposal by the Board of Directors is in compliance with the Companies' Act.

We have reviewed the interim reports published during the financial year. The interim reports have been prepared in accordance with applicable regulations.

Helsinki, March 2, 1998

*Joe Sundholm*

Authorised Public Accountant

*Jan Holmberg*

Authorised Public Accountant



# Hackman Designer

Hackman Designer designs, manufactures, and markets brand-name kitchen utensils and tableware for discerning customers. Sales are carried out by distributors who alert customers to the superior value of our products. We create profitability with efficiency throughout the entire refining chain from raw materials suppliers to end users.

Hackman Designer invests heavily in the consistent development of its brands. The essential feature of our products is Scandinavian design. Our product development and marketing are focused on an analysis of consumer requirements and consumer behaviour.

## 1997 A Year of Change

Designer revamped its structure and procedures during 1997 to strengthen its current business operations. We deliberately targeted sub-areas in our marketing. Our new warehousing and logistics solutions increase capital efficiency and reduce costs.

The reorganization of the Swedish operations was completed. Production of our plant's own branded products increased; at the same time, subcontracted products increased for companies in and outside the field.

## Survey of Business Areas

### *Cutlery*

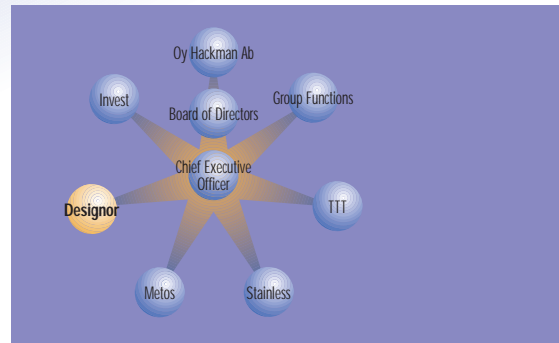
Our collaborative projects with internationally recognized designers produced successful results for the Hackman tools product line launched at the Frankfurt fair in February of 1998.

### *Cookware*

The Alu division's manufacturing operations for coated products was transferred from Järvenpää to Sorsakoski. We successfully launched the Panny series, designed by Nanny Still. Hot Pans sales developed favorably in our main markets. ISO quality certification was granted to our Sorsakoski division.

### *Glass*

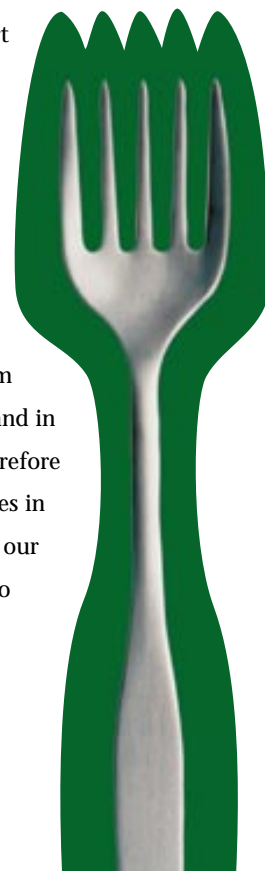
The division strongly supports design. The most important iittala events in 1997



were the Massamelu exhibition, participation in the Art Goes Kapakka ("Art goes Pub") campaign, and the Kaj Franck exhibition in Heinola. Heikki Orvola's Evergreen vase was awarded the Formland Prize in Denmark. Nuutajärvi is turning into a genuinely diversified workshop village for glass and handicrafts. The events scheduled in 1998 to celebrate the 100th anniversary of Alvar Aalto's birth will be iittala high points of the year.

### *Porcelain*

Arabia's development has been positive. The 24h tableware set designed by Heikki Orvola for Arabia received the prestigious Design Plus award at the Frankfurt consumer goods fair held in February 1997. Arabia will celebrate its 125th anniversary in November 1998. Rörstrand's performance has suffered from weak consumer demand in Sweden. We have therefore increased our resources in Sweden and adjusted our operating principles to achieve our goals. Pia Törnell, who designs for Rörstrand, received the



DESIGNOR, FIM million	1997	1996
Net Sales	896.0	871.2
Outside Finland	458.0	478.4
Operating result after depreciation	18.2	29.5
% of net sales	2.0	3.4
Investments	35.2	27.6
RNA %	2.2	3.8
Personnel, average	1 740	1 738
Outside Finland	766	786



"Utmärkt Svensk Form" prize twice during 1997 for her products Sinus and Montello.

### Candles

In Finland, Havi is the clear market leader in its field.

Within a short time, Havi has also become well-known in Russia and particularly in the Baltic countries. Havi's

success is due partly to being a recognized and respected brand and partly to product value, selective product design and efficient production.



### Plastics

Hammar/Sarvis, responsible for Designor's plastics operations, became a part of Hackman Invest Group Functions in early 1998. This is part of the sector arrangements currently in preparation.

### Future prospects

We believe that economic conditions will improve during 1998, primarily in our Scandinavian markets. Our expectations are particularly focused on Sweden. In Holland and Belgium, responsibility for Arabia and iittala products will be transferred from the importer to our own subsidiary company. In the Benelux countries, especially Holland, we believe that development will be favorable despite heavy competition. On the other hand, the German market remained fairly tame, and

additional investments in Germany await improvements in the economic climate.

We are developing the Fürst cutlery business in Germany based on industrial teamwork. In the Baltic states, demand

for Hackman products has increased, and the outlook is favourable.

Russia is a potential new market area offering many challenges.

The significance of distribution management continues to grow. Speed and reliability are the most important success factors for companies practising distributive trade. Close cooperation with our distributors is therefore becoming an increasingly significant part of our operations. Our goal is deep and effective cooperation between different companies. Above all, we concentrate on improving the overall management of the materials chain.

The development of the consumer / retail business concept initiated by Hackman Designor continues. We are placing particular emphasis on the promotion and overall appearance of retail shops and on related support functions. A more efficient exploitation of resources is the point of departure for our active and expanding operations.

**JORI KECKMAN**  
DIVISION DIRECTOR, HACKMAN DESIGNOR  
MANAGING DIRECTOR,  
HACKMAN DESIGNOR OY AB

**STEEN MANELIUS**  
DEPUTY MANAGING DIRECTOR,  
RESPONSIBLE FOR DESIGNOR SALES

#### BUSINESS AREAS:

**TUOMO KOKKONEN**  
DIRECTOR, PORCELAIN / ARABIA,  
CANDLES / HAVI

**HANS BIETH**  
DIRECTOR, PORCELAIN / RÖRSTRAND

**MAGNUS VAENERBERG**  
DIRECTOR, COOKWARE / HACKMAN

**THOMAS ENCKELL**  
DIRECTOR, CUTLERY / HACKMAN

**JUHANI VESTERINEN**  
DIRECTOR, GLASS / IITTALA

**HENRY LÖFSTEDT**  
CONTROLLER



# Hackman Metos

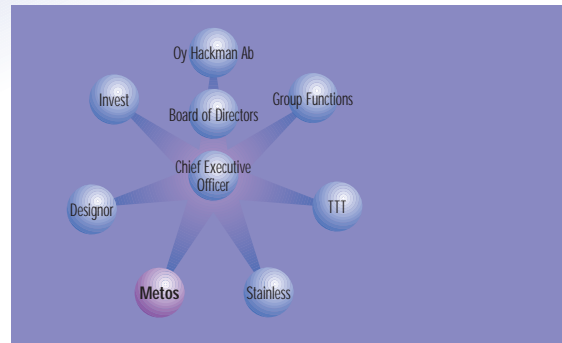
Hackman Metos designs, manufactures, and markets products and complete solutions required by customers for effective food and beverage production in their professional kitchens. The Metos brand name guarantees product quality and long-term customer service. Our product range includes individual pieces of equipment and full-scale turnkey kitchens as well as service products, tableware, glassware, and cutlery.

In close cooperation with our customers we plan and design optimal kitchen facilities using the latest CAD/CAM technology. We guarantee kitchen efficiency by taking the individual functional needs of our clients into account, and by using the most suitable furnishings and equipment, be they standard or tailored product solutions, for each kitchen.

Our selection includes products manufactured by Hackman Metos as well as by our authorized partners, each of

whom are international leaders in their field. For Hackman Metos, turnkey kitchens mean an assumption of total responsibility for the technical performance of a kitchen over its entire life span. Subsequently we support our customers with our professional and comprehensive service organisation, providing preventive maintenance and prompt repairs.

Hackman Metos maintains full-service sales companies in Finland, Sweden, Norway, Russia, Estonia, Lithuania, Latvia,

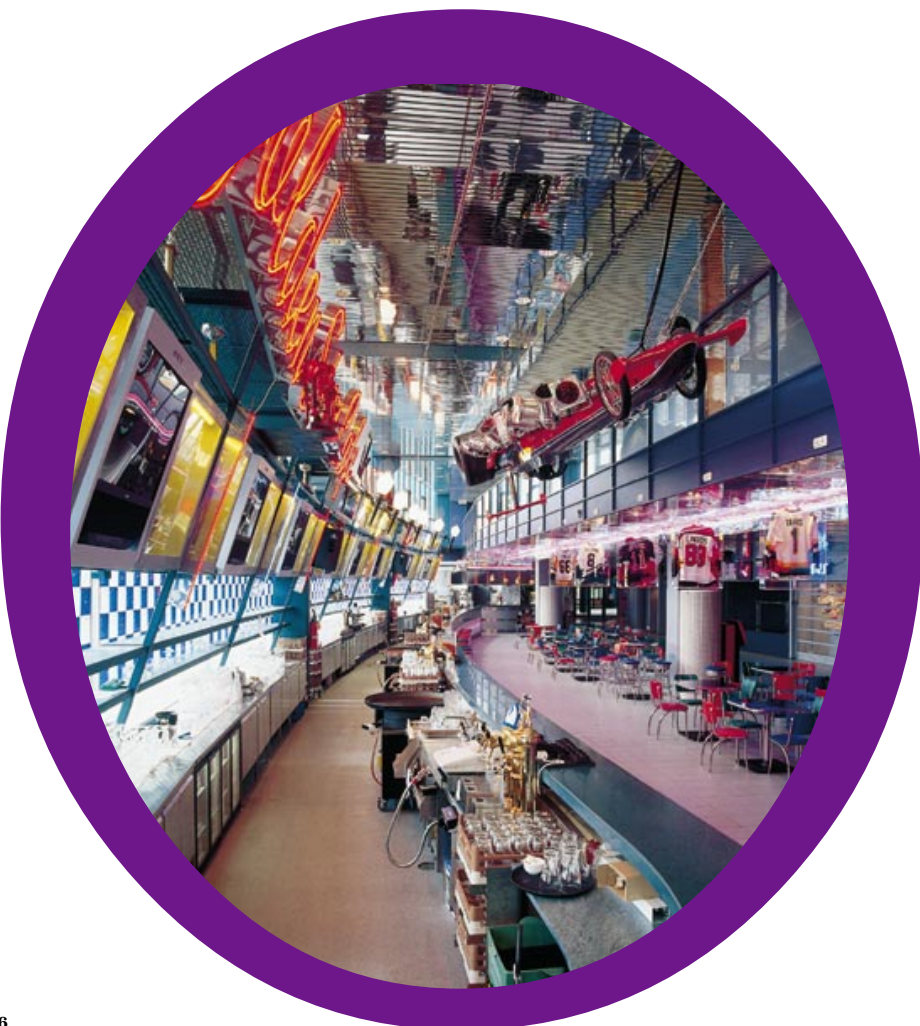


and France. Our wide-ranging expert network of representatives also manages global sales and customer services for marine kitchens and galleys on freighters and passenger ships. Our production plants are located in Kerava, Sorsakoski and Hyvinkää in Finland, as well as in Växjö and Klässbol, Sweden.

## 1997 in Brief

All sales units increased their sales during 1997, except for Norway and Marine's cruise liner kitchen sales. The position of Hackman Metos as a market leader in Scandinavia and the Baltic countries was further strengthened. Our significantly improved performance in most of the units was due to volume growth as well as increased productivity.

Major achievements in 1997 at Hackman Metos were the continuing development of aftersales operations and service concepts, the development and start-up of a new computer system as well as a range of significant product development projects. We continued to strengthen our Estonian and Moscow sales branches, and we opened a new marketing office for equipment sales in Paris. A notable contract was the supply of the kitchen equipment for the Hartwall Arena in Helsinki. The delivery of a new dishwashing system for Sidney Airport reinforced our company's position as one of the world's leading suppliers of dishwashing systems.





<b>METOS, FIM million</b>	<b>1997</b>	<b>1996</b>
Net Sales	470.1	417.1
Outside Finland	216.5	197.0
Operating result after depreciation	31.3	16.3
% of net sales	6.7	3.9
Investments	18.6	12.2
RNA %	23.6	13.6
Personnel, average	529	491
Outside Finland	203	201



At the Equip'Hotel 97 exhibition in Paris, our Culino combi-kettle received the Apria Prize for progressive product development.

### Prospects for 1998

Increased demand is expected in Norway, Russia, and in Marine's freighter kitchens and galleys. The unstable currency situation in the Baltic countries could interrupt positive development.

Continued decreases are expected in the Finnish and Swedish public sectors; but, by contrast, growth will continue in the restaurant sector. Total demand in Finland and Sweden will most likely remain at the 1997 level. On the other hand, markets for maintenance will continue to grow as equipment stock ages. Stiff price competition will continue in Europe due to excess capacity.

Hackman Metos will continue to strengthen its market position by developing customer-driven operations and increasing investments in product development and marketing. The completed installation of a new computer system, refinements of logistics and procurement functions, and a streamlined production structure will improve our productivity and competitiveness. In the latter half of 1998, we will, besides other



measures, discontinue the production of dishwashing machines at the Kerava plant. In the future the manufacture of dishwashing machines will be concentrated at the Väjö plant.

By promoting sales, especially in the Baltic countries, Russia, and in international equipment export, Hackman Metos will continue to grow in 1998. Hackman Metos has had no significant cruise liner kitchen orders since 1997. This will adversely affect the company's sales development, but growth in other market areas will compensate for this dip.

In 1998 Hackman Metos will increase to 85 percent its ownership share in Wexiödisk Förvaltnings AB. At the beginning of the year Oy Hackman Ab purchased Instrumentarium Oy's 40 percent minority share in Hackman Metos Oy Ab. The acquisition of Instrumentarium's minority share and the additional 15 percent share of Wexiödisk have increased the division's goodwill depreciation. The operational performance is anticipated to continue to develop positively in 1998. Hackman Metos intention is to participate in the ongoing restructuring process of the professional kitchen sector in Europe.

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MANAGING DIRECTOR,  
HACKMAN METOS OY AB

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**LENNART SANDIN**  
DIRECTOR, SWEDEN AND NORWAY

**JARMO SALMINEN**  
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BALTIC COUNTRIES, PROJECT EXPORT

**LEENA KOSKINEN**  
DIRECTOR, RUSSIA

**JARMO SEPPÄLÄ**  
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**PEKKA MÖNKKÖNEN**  
DIRECTOR,  
COOKING AND FRYING PRODUCTS,  
STAINLESS STEEL EQUIPMENT

**JARKKO AHLSTEN**  
DIRECTOR,  
MARKETING AND PRODUCT SOURCING

**ROLAND CARLSSON**  
MANAGING DIRECTOR,  
WEXIÖDISK AB

**GÖRAN FRÖLANDER-ULF**  
CONTROLLER

**PENTTI KIVINEN**  
DIRECTOR, LOGISTICS



# Hackman Stainless

Hackman Stainless designs, manufactures and markets milk cooling and transport tanks for the dairy industry, as well as components for the food processing industry. For the process industry we design, manufacture and market tanks, pipes and equipment as well as water purification systems based on evaporation for the treatment of industrial effluents and landfill leachate.

The milk cooling business consists of Prominox S.A. in France, Hackman Wedholms AB in Sweden and Eurotanks Sp.z.o.o. in Poland. Hackman Process Ltd. Oy and Hadwaco Ltd Oy in Finland form independent operations that are nevertheless linked through production.

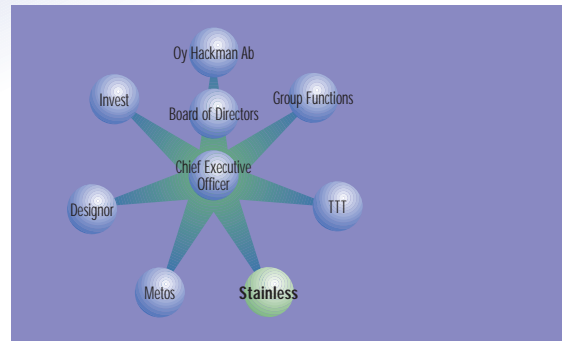
## 1997 in Brief

The streamlining of operations initiated at Prominox in 1996 succeeded well and the unit's performance improved. Sales increased during the year in review, particularly in Poland and Brazil. Hackman Wedholms registered losses

giving rise to the initiation of a reorganization programme.

Hadwaco signed an agreement with U.S. Filter for worldwide marketing of water purification systems. In addition to orders from Finland we received new orders from Holland, Italy, Egypt, South Africa and Singapore. Hackman Process Ltd. Oy continued to perform well even though overall demand fell in the forest industry during the year.

We have initiated further restructuring operations in the milk cooling business with the objective of strengthening our core expertise. These measures, together with the Best Partner contract



signed with Alfa Laval Agri, provide us the ability to meet the challenges of the future and to attain greater capacity for profit.

## Future Prospects

Hackman Process Ltd. Oy, a company within the Hackman Stainless division, has until now functioned exclusively as a subcontracting company for the pulp and paper industries. For this reason its performance has been dependent on those sectors' investments and business cycles. We therefore now intend to concentrate on products of higher refinement.



STAINLESS, FIM million	1997	1996
Net Sales	386.1	401.2
Outside Finland	342.5	353.2
Operating result after depreciation	-11.2	-2.0
% of net sales	-2.9	-0.5
Investments	15.5	39.0
RNA %	-7.3	-1.3
Personnel, average	544	565
Outside Finland	419	433



At the same time we will develop and strengthen teamwork between Hadwaco and Hackman Process Ltd. Oy.

We will further develop our milk cooling business in order to establish a sound and strong European supplier concept. This requires restructuring measures in the branch. Regarding Hackman Wedholms AB, our Swedish milk cooling unit, we will concentrate on milk cooling tanks and dispose of other business operations.

After years of development work we have mastered Hadwaco's evaporation process, a system based on the use of plastic heat exchangers capable of

operating under varied conditions. This enables commercialisation of the product.

At this stage, the conversion of our product development organisation into a commercial team, requires commitment and efforts. Hadwaco's cooperation agreement with U.S. Filter has provided us with access to a wider and more diversified clientele. This collaboration has also enabled us to discover new potential application areas. Hadwaco's successful pilot runs, the filling of orders, and teamwork with U.S. Filter have created a solid foundation for our future operations.

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DIVISION DIRECTOR,  
HACKMAN STAINLESS

VEIKKO PITKÄNEN  
MANAGING DIRECTOR,  
HACKMAN PROSESSI OY AB

TELJO KOLKKA  
CONTROLLER, HACKMAN STAINLESS  
MANAGING DIRECTOR,  
HACKMAN WEDHOLMS AB, SWEDEN

JEAN FRUCHARD  
MANAGING DIRECTOR,  
PROMINOX S.A., FRANCE

LAURI PREPULA  
MANAGING DIRECTOR,  
HADWACO LTD OY





# Hackman TTT

Wherever wood is being expertly cut, whether it be for eight, sixteen, or twenty-four hours a day, three letters stand out in the commercial field: TTT. Hackman TTT's wood cutting tools are well known throughout the world in the pulp, paper, panel and sawmill industries.

Hackman TTT's competitive edge is based on solid experience and expertise accumulated over many years. It is characterized by highly skilled and motivated personnel as well as systematically modernized production equipment. Because our staff is our most vital production resource, we have actively developed extensive training programmes.

The ISO 9002 certificate of quality we received in 1993 has also been of great value for our operations. The TTT

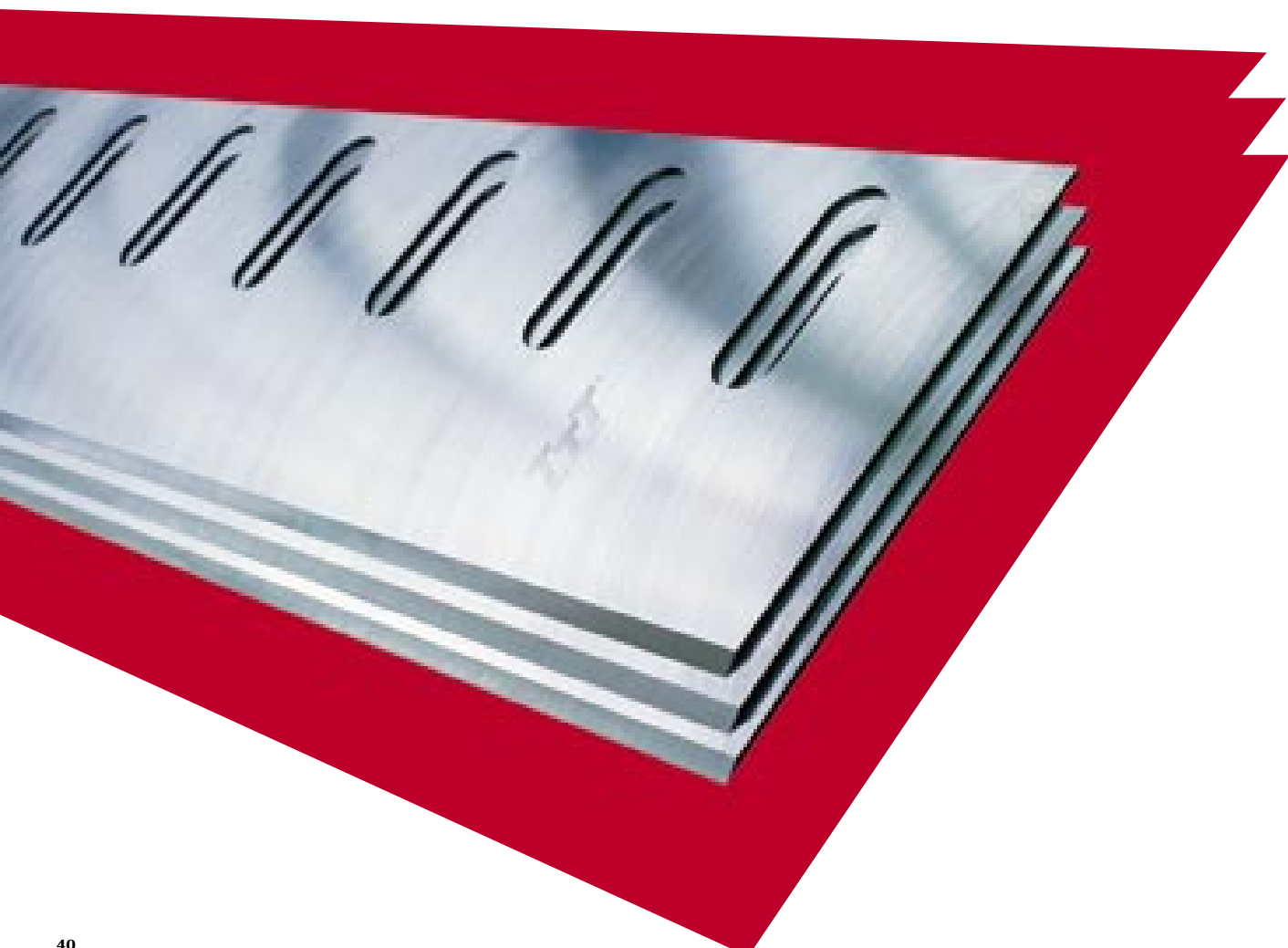
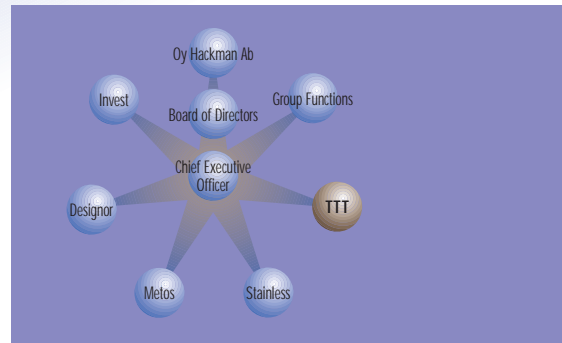
teams are committed to consistency, high quality, and prompt delivery capability.

## 1997 in Brief

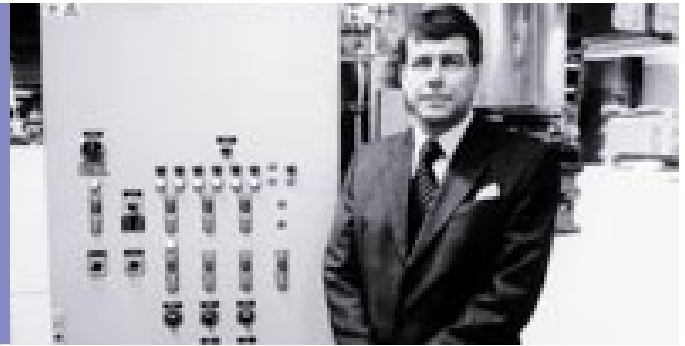
The concluding year marked TTT's 37th year of operation. The combined production output of TTT's three plant locations: Toijala and Outokumpu in Finland and Columbus, Ohio, USA, reached record highs despite a difficult overall business climate. Extremely favorable development has taken place in the produc-

tion unit for circular saws that we began to modernize in the early 1990's. In 1997, the product group achieved record figures both in turnover and profit.

In 1997 we invested FIM 5,1 million to update our production machinery. We significantly expanded the Outokumpu plant and acquired two grinding machines for the Toijala factory with a precision exceeding 0,001 millimetres. We have also ordered a heat treatment line representing the latest of the technology in the



TTT, FIM million	1997	1996
Net Sales	120.4	117.1
Outside Finland	80.1	77.6
Operating result after depreciation	7.8	7.9
% of net sales	6.5	6.8
Investments	5.1	10.5
RNA %	12.4	12.9
Personnel, average	257	252
Outside Finland	57	55



field. The line will be operational in 1998.

Positive growth has encouraged us to accelerate our development planning.

During the year under review we particularly emphasized product development, sales and marketing, and the organization was strengthened by taking on new staff. The most significant of our marketing efforts was the Ligna fair in Hannover. The trade fair exhibition was used to launch the latest result of TTT's product development, *the Speeler (Super-Saver Peeler)*, for which we have applied a patent in several countries. This new type of veneer lathe knife provides customers significant savings in costs. It has been designed specifically for the market in Japan and South-Eastern Asia,

where it has already been extremely well received.

**A Look Towards the Future**

From TTT's perspective, 1998 began more favorably than the previous year, and we expect moderate growth in turnover. Our aim for the future is for TTT to concentrate on efficiency in customer service. Additionally, development programmes initiated in production will be completed on schedule. Despite the situation of instability in South-Eastern Asia we look forward to growing business in the area.

HENRIK IMMONEN  
DIVISION DIRECTOR, HACKMAN TTT  
MANAGING DIRECTOR, HACKMAN TTT OY AB

ANTTI TUOMOLA  
SALES DIRECTOR, FINLAND AND NEARBY  
COUNTRIES

TIMO KYLMÄLAHTI  
SALES DIRECTOR, INTERNATIONAL SALES

TIM GASE  
MANAGING DIRECTOR, PEERLESS SAW CO., USA

REIJO LEIVO  
DIRECTOR, R & D

HELMUT W. KRAMER  
DIRECTOR, HACKMAN TTT GMBH, GERMANY

ANDRÉ DELOFFRE  
SALES MANAGER, HACKMAN TTT STÉ, FRANCE

MARKKU VUORINEN  
PRODUCT MANAGER

SIRPA VIRTANEN  
MANAGER, MARKETING PLANNING  
AND COMMUNICATION

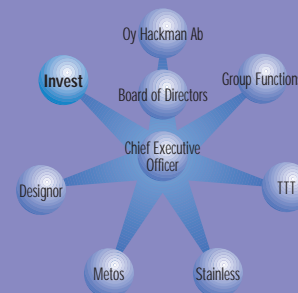
HELINÄ KNUUTILA  
CONTROLLER



# Hackman Invest

**Hackman Invest is included in Hackman's Group Functions. Invest manages the Group's fixed assets and administers associated companies and their ownership arrangements.**

<b>INVEST, FIM million</b>	<b>1997</b>	<b>1996</b>
Net Sales	<b>39.4</b>	191.4
Outside Finland	<b>4.6</b>	29.7
Operating result after depreciation	<b>8.5</b>	-22.7
% of net sales	<b>21.7</b>	-11.8
Personnel, average	<b>47</b>	200
Outside Finland	<b>26</b>	3



The company's fixed assets consist primarily of forests that amount to approximately 16,700 hectares. The forests are managed in compliance with legislation governing privately owned forests. On the average, these forests contain 95 m<sup>3</sup> of wood per hectare. Our planned wood harvest consists of a quarter of the average annual wood growth. Furthermore, planned zonings of our waterfront properties have continued and are nearly completed. Subsequently sales of shore-zoned lots have been active for 1997.

The technochemical business was sold to Henkel KGaA on March 3, 1997.

We also divested our remaining shares in Nordic Cosmetics Oy on December 31, 1997.

At the beginning of 1998, plastic operations, formerly part of the Hackman Designor division, was joined to Hackman Invest as part of the preparations aimed at achieving more streamlined business operation. Plastic products markets in different countries have developed unevenly, both in respect to quan-

tity and price levels. For divisions to remain competitive, they must be either very large or be allied with each other to guarantee sufficient resources for product development, efficient production, and successful marketing. Hammar/Sarvis has taken action to improve its performance particularly by increasing volume and developing production and logistics.





# Notice to the Shareholders

## **Annual Shareholder's Meeting**

Thursday, April 16, 1998, 3.00 p.m.  
Hotel Strand Inter-Continental,  
John Stenbergin ranta 4, Helsinki

All shareholders who have been registered no later than April 9, 1998 in the official company shareholder register kept by Suomen Arvopaperikeskus Oy may participate in the Annual Shareholders' Meeting.

Notification of attendance no later than April 9, 1998 to:  
Oy Hackman Ab, Share register,  
P.O. Box 955, 00561 HELSINKI  
or by phone at +358 204 39 5717  
(in Finland 0204 39 5717)

## **Payment of Dividends**

The Board of Directors has proposed a dividend of FIM 2,50 per share for 1997 on both A- and K-shares.

The dividend clearing day is to be April 21, 1998 and the date of payment, April 24, 1998 if the proposal of the Board is approved.

Shareholders who have not changed over to the Book-Entry Securities System by the clearing day will receive their dividend payment once their shares have been changed over to the system.

# Board of Directors, Auditors, Executive Board & Group Functions



*Board of Directors from left to right: Jan Hörhammer, Björn Gavelstad, Stig Gustavson, Carl-Olaf Homén, Lars Renström.*

## B O A R D

STIG GUSTAVSON,

\*1945. Chairman. Board member since 1997.

President and CEO of KCI Konecranes International Plc. Term expires 2000.

BJÖRN GAVELSTAD,

\*1939. General Manager of Orkla Foods International.

Board Member since 1996. Term expires 1999.

CARL-OLAF HOMÉN,

\*1936. Board Member since 1980. Term expires 1998. A shares 510.

JAN HÖRHAMMER,

\*1945. Board Member since 1992. Division Director, Vaisala Oy.

Term Expires 1998. A shares 85 000 and 25 000 K shares.

LARS RENSTRÖM,

\*1951. Board Member since 1997. Managing Director of Uniroc AB.

Term expires 2000.

## A U D I T O R S

JOE SUNDHOLM, CGR • JAN HOLMBERG, CGR

## D E P U T Y A U D I T O R S

KIM KARHU, CGR • OY JOE SUNDHOLM & Co AB, CGR-CORPORATION

E X E C U T I V E   B O A R D

TAPIO HINTIKKA,

\*1942. President and CEO. Employed since 1997.

HENRIK IMMONEN,

\*1946. Director, Hackman TTT and Managing Director, Hackman TTT Oy Ab.  
Employed since 1989.

JORI KECKMAN,

\*1961. Director, Hackman Designor and Managing Director, Hackman Designor Oy Ab.  
Employed 1986 - 1991 and since 1994.

TOUKO LAINE,

\*1943. Director of Administration. Employed since 1990.  
A shares 10.

LARS MALMQVIST,

\*1946. Chief Financial Officer. Employed since 1990.  
A shares 214.

MARKUS NYMARK,

\*1946. Director, Hackman Stainless. Employed 1981 - 1989 and since 1992.  
A shares 121.

MICHAEL RAMM-SCHMIDT,

\*1952. Director, Hackman Metos and Managing Director, Hackman Metos Oy Ab.  
Employed since 1989. A-shares 1 512.

G R O U P   F U N C T I O N S

TERHI HÖLSÖ

\*1951. Group Communication Officer. Employed since 1990.

JUSSI JÄNTTI

\*1960. Group Finance Manager. Employed since 1988.

KAISA KOKKONEN

\*1962. Group Business Controller. Employed since 1997

HANNELE KOKOTTI

\*1953. Human Resources Director. Employed since 1997.

JUHANI KUJALA

\*1944. Group Business Planning and Development Director. Employed since 1994.  
A-shares 50.

MIRJA SAKSLIN

\*1956. Group Controller. Employed since 1997.



# Directory

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## **Financial Information**

Hackman will publish the following reports  
in Finnish, Swedish and English:

WEEK 13

Annual Report 1997

WEEK 23

Interim Report, January - April, 1998

WEEK 41

Interim Report January - August, 1998

The publications can be ordered

by writing to

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All financial information will

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on Hackman's home pages:

[www.hackmangroup.com](http://www.hackmangroup.com)







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