

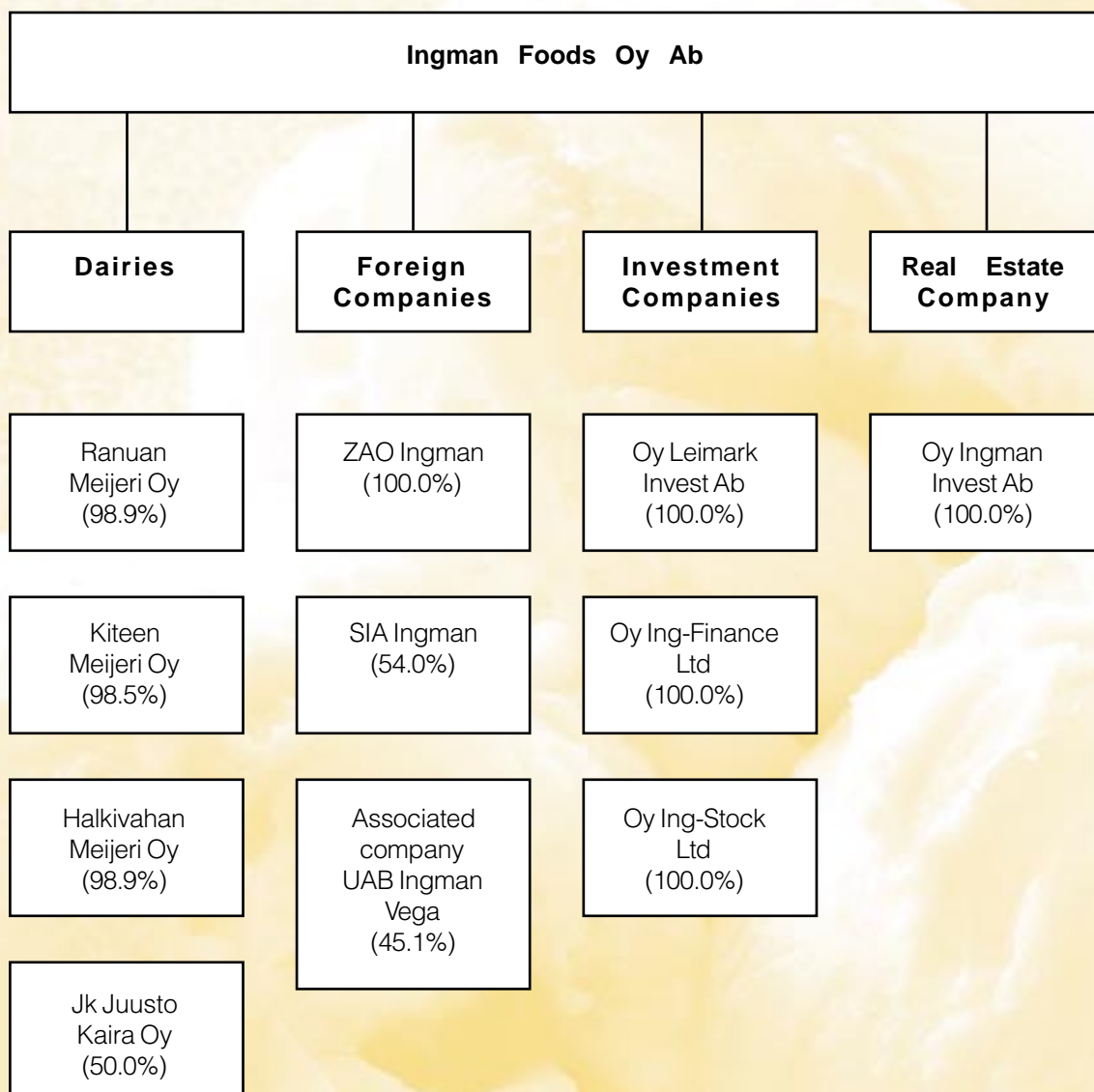




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GROUP IN BRIEF



Ingman Foods is a Finnish food industry group which concentrates on milk processing. Its product range includes refrigerated products, liquid milk products, ice-cream products and dairy products.

The dairy subsidiaries are responsible for the production of cheese, butter, milk powder, lactose and milk protein.

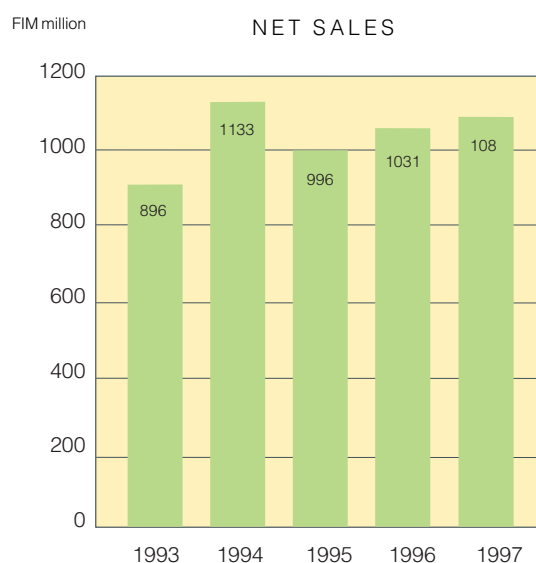
The associated company UAB Ingman Vega produces ice cream in Lithuania.

The sales and distribution office ZAO Ingman operates in St Petersburg, Russia, and the sales office SIA Ingman in Riga, Latvia.

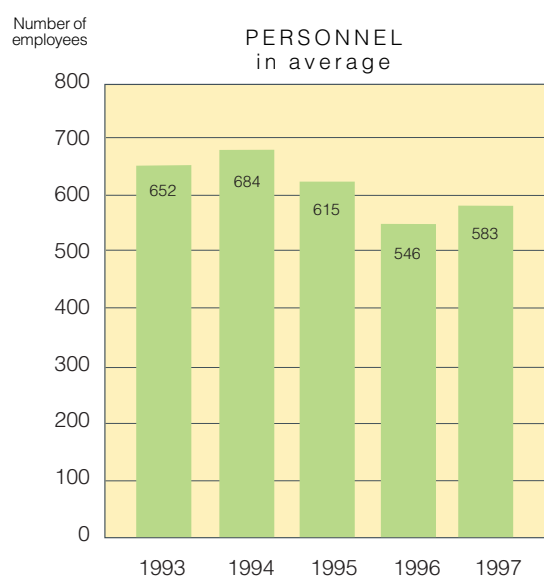
Securities trading is carried on by Oy Leimark Invest Ab, Oy Ing-Finance Ltd and Oy Ing-Stock Ltd. Oy Ingman Invest Ab is the Group's real estate company.

The parent company Ingman Foods Oy Ab's A shares are quoted on the Helsinki Stock Exchange.

1997 IN BRIEF



- C-G Ingman handed over Group leadership to Robert Ingman in May.
- Sales developed favourably, thanks to the positive effect of the fine summer weather on ice-cream sales in Finland. Ice-cream exports, on the other hand, continued to decrease.
- The profitability of Ingman Foods' core activities increased as a result of increased profitability on the domestic market but there was a shortfall in export margins.
- Ingman Foods' interest in the Danish associated company Hjem-Is Europa A/S and the capital stock of the real estate company Kiinteistö Oy Helsingin Hämeentie 109-111 were sold.



		1997	1996	Change	%
Net Sales	FIM million	1 085.4	1 031.0	54.4	5.3
Operating Profit before Depreciation	FIM million	107.4	79.9	27.5	34.5
Share of Net Sales	%	9.9	7.7	2.1	
Operating Profit	FIM million	62.6	40.4	22.2	54.8
Share of Net Sales	%	5.8	3.9	1.8	
Profit after Financial Items	FIM million	54.0	25.1	29.0	115.5
Share of Net Sales	%	5.0	2.4	2.5	
Earnings per Share	FIM	13.40	20.90	-7.5	-35.9
Gross Investments	FIM million	78.7	97.6	-18.9	-19.4
Balance Sheet Total	FIM million	1 189.4	1 164.9	24.5	2.1
Equity Ratio	%	58.9	48.5	10.4	
Personnel in average		583	546	37	6.8

MANAGING DIRECTOR'S REPORT

1997 was a good year for the Finnish economy. The 5.9 per cent growth in GDP was high. Most companies that are quoted on the stock exchange improved their financial results substantially. This was also reflected in the HEX index which rose by over 32 per cent during the year, in spite of the impact of the Asian financial crisis on stock market development towards the end of the year.

The dairy sector developed propitiously. The Finnish dairies were able to maintain their result level and at the same time pay higher prices for milk ingredients than in the last few years.

Also Ingman Foods was favoured by the positive economic development. Net sales increased moderately by 5.3 per cent. The financial result improved and profit after financial items increased to FIM 54.0 million, which means that the financial result more than doubled over the previous year.

The targets set for domestic sales were reached. Net sales increased by almost 11 per cent. The good financial result of the ice-cream products group, brought about by the long, warm summer, was gratifying. Net sales increased also in the dairy products group as well as in the refrigerated products group as far as milk and cream are concerned.

Ingman Foods' export objectives on the other hand were not reached. Ice-cream exports decreased substantially which was compensated for in net sales by increased dairy product exports. The profitability of exports still remained weaker.

Securities trading showed good financial results. The aim to yield a profit equalling the HEX portfolio index at least was achieved. As also the index rose strongly, the total financial result from securities trading was good.

Extraordinary items were large. The sale of Ingman Foods' interest in Hjem-Is Europa succeeded beyond expectation and yielded a considerable profit. The sale of the company's old dairy and office premises in Hämeentie in Helsinki can be considered successful in spite of the sales loss.

The prospects for 1998 are weaker, due to increased competition on the domestic market. This competition is expected to be very sharp in particular regarding milk and cream. Exports will mainly remain unchanged. To estimate securities trading is on the other hand difficult this early in the year. The total result level is thus expected to fall.

I would like to thank all the employees for a good year and also to extend my thanks for good co-operation to our customers, milk producers and other interest groups.

Robert Ingman



INGMAN FOODS GROUP

Ingman Foods is a Finnish food industry group whose operating environment is constantly changing. Over the years, the Group has been systematically developed into one of Finland's leading food manufacturers, and it now holds an important position in the dairy branch.

The strategy of the Group is to concentrate on milk-based products, and the other product groups have been sold out over the years. The Group's main ingredient now is fresh Finnish milk.

The major product groups are:

- refrigerated products
- milk products
- dairy products
- ice-cream products.

The refrigerated products include yogurt, curdled milk, puddings, unripened cheese, cottage cheese, food creams (smetana, sour cream, Crème Fraîche and Crème Gourmet), curd, vanilla and chocolate sauce, and juices. The milk products are milk, sour milk, and cream. The dairy products are different kinds of cheese, butter, lactose, and milk protein.

Ingman Foods Group has production units in Sipoo, Lapinjärvi, Kuusamo, Ranua, Kitee, and Urjala. The parent company Ingman Foods Oy Ab's units are situated in Sipoo and Lapinjärvi. Refrigerated and ice-cream products are produced in Sipoo and processed cheese in Lapinjärvi where also cheese produced in Kuusamo is packaged.



The Group company Jk Juusto Kaira Oy operates in Kuusamo and Ranua. Cheese, lactose and milk protein are produced in Kuusamo and butter in Ranua.

In Kitee, Kiteen Meijeri Oy produces butter and milk powder.

Halkivahan Meijeri Oy, situated in Urjala, produces butter and unripened cheese.

The associated company UAB Ingman Vega produces ice cream in Mazeikiai, Lithuania.

Ingman Foods has a comprehensive sales and distribution network in Finland. The main office and main production units are situated in Sipoo near Helsinki. Besides the sales offices in Tampere and Oulu, there are also several delivery terminals in various parts of Finland. The sales offices abroad are situated in St Petersburg, Russia, and Riga, Latvia.

Ingman Foods is one of the oldest food companies in Finland

During its 90-year long operation, the company has grown and adapted itself to meet ever-changing market requirements. Ingman Foods' major resources lie in the true competence of its personnel, innovative product development and valuable traditions. The company has been the first to introduce several new products to the Finnish market, such as curdled milk, natural unflavoured yogurt and yogurt with fruit, layered yogurt, traditional and flavoured cottage cheese, Crème Fraîche, smetana sour cream, curd, fruit juices, packaged and giant ice-cream cones, and premium ice cream.

Ingman Foods' prime-quality products are based on first-class ingredients and an advanced quality control system. Milk is the main ingredient and the kernel of production. The company has its own organisation for collecting milk, and so have its dairy subsidiaries and co-operation dairies elsewhere in Finland. The European ISO 9001 quality standard is applied to operations at the Sipoo plant, and at the moment concerted efforts are being made to obtain the ISO 14001 Environment Certificate.

Historical Background

- 1907** Kotisaari Oy was founded.
- 1929** Oy Hj. Ingman Ab started production in Sipoo.
- 1987** Maitotuote Oy and Oy Iglu Ab merged with Oy Hj. Ingman Ab.
- 1988** Oy Hj. Ingman Ab and Kotisaari Oy merged into Kotisaari-Ingman Oy.
- 1990** Kotisaaren Leipomo Oy was sold.
- 1991** Apetit Pakaste Oy merged with Kotisaari-Ingman Oy. The company name was changed into Ingman Foods Oy Ab. The new plant and main office in Sipoo were opened.
- 1995** Ingman Foods Oy Ab clearly focused on milk processing and gave up marketing of frozen food and vegetables, and juices and beverages with the exception of juices and beverages for refrigerated delivery.
- 1997** The company celebrated its 90th anniversary.

Sales Offices, Delivery Terminals and Production Plants

Sales office and delivery terminal

- 1) Sipoo
- 2) Tampere
- 3) Oulu
- 4) St Petersburg, Russia
- 5) Riga, Latvia

Delivery terminals

- 6) Kouvola
- 7) Kuopio
- 8) Lahti
- 9) Seinäjoki
- 10) Turku
- 11) Tammisaari
- 12) Jyväskylä
- 13) Kokkola
- 14) Maarianhamina
- 15) Vaasa

Production plants

- A. Sipoo, Ingman Foods Oy Ab
- B. Lapinjärvi, Ingman Foods Oy Ab
- C. Kuusamo, Jk Juusto Kaira Oy
- D. Ranua, Jk Juusto Kaira Oy
- E. Kitee, Kiteen Meijeri Oy
- F. Urjala, Halkivahan Meijeri Oy
- G. Mazeikiai, Lithuania
UAB Ingman Vega (associated company)





PRODUCTS AND TRADEMARKS

The year 1997 witnessed a growth in the overall range of products in those product groups where Ingman Foods operates. This was due to the ever keener competition by newcomers and the increasing activity of other manufacturers. Also the market showed great interest in a wider product range.

In a situation where the overall range of products is expanding, special demands are placed on product development. One must be able to introduce special tempting novelties in a market where there is already an abundant supply. Each new product must bring something original to the product range and thus give the shopkeeper a reason for giving it shelf or counter space.

Committed product development is one of Ingman Foods' most important competitive assets. In 1997, Ingman Foods launched several noteworthy novelties. In the ice-cream group, Kingis Crispy, Jazz cone, two-litre family packs and Tofu Ice were the foremost, while the functional RELA series represents something quite new in the refrigerated product range. In cheeses, several special cheeses expanded the product range.

In this situation the importance of strong brands is also enhanced. When large numbers of new products enter the market, the consumer seems to take to novelties in an already well-known brand. A strong brand thus guarantees an easier breakthrough and a longer life span for the products.

In 1997, Ingman Foods continued to focus its marketing investments on a few select brands, namely Ingman, Kingis, Jättis, Jazz, Mövenpick, Tofu Ice, and RELA. Despite keen competition, these targeted investments ensured competitiveness in the advertising investments per brand.

Mr Milk once again proved to be a very efficient model for Ingman's products. Ingman's TV commercials had the highest recorded score of all commercials shown in Finland in 1997. However, a high recorded score is not enough in itself but as all research into Ingman's corporate image was also favourable, these together will certainly impact the sales figures positively.

Refrigerated Products

The domestic market for yogurt grew by about 3 per cent in volume and about 9 per cent in value as compared with 1996. Half of the yogurt products were sold in one-kilo cartons and the rest in small cups. Ingman Foods had a market share of 25 per cent in yogurts.

The total market for curdled milk continued to decrease by about 7 per cent. Only sales of flavoured curdled milk increased. Ingman Foods' market share in this group was well over 20 per cent.

The interest in functional food, i.e. food that promotes health, is growing strongly. Ingman

Foods launched its RELA series where the health effect is based on a lactic bacterium which has been widely researched, i.e. Lactobacillus Reuteri. This product series and especially the natural unflavoured RELA yogurt - the only fatfree unflavoured yogurt on the market - were warmly welcomed.





The segment for food creams and other cooking products continued to grow, and Ingman Foods increased its share in this segment as well. A new product was launched to complement the traditional Crème Fraîche and smetana sour cream - Crème Gourmet, a lighter food cream based on vegetable fat.

Ingman Foods' exports of refrigerated products remained on the same level as before.

Milk Products

The total consumption of liquid milk products continues to shrink. In 1997, the fall was 2 per cent over 1996. Despite this, the consumption of milk and sour milk is still high in Finland, i.e. about 170 litres per capita a year. Sales of Ingman Foods' liquid milk products increased from 38 million litres in 1996 to 51 million litres in 1997.

Dairy Products

This product group consists of cheese, butter, and the powder products: milk powder, milk protein, and lactose, with cheese being the most important.

The year 1997 was characterised by a leveling off in cheese consumption which caused the sales of Finnish cheese to fall and the amount of imported cheese to rise somewhat. Consumption amounted to about 84 million

kilos in 1997, which is about 1.6 per cent less than the year before. 16.4 kilos of cheese were consumed per capita.

The cheese group is a growing product group within Ingman Foods whose market share is 14 per cent. Despite the fact that less Finnish cheese was sold in 1997 than the year before, Ingman Foods' sales increased by 8 per cent. Sales of Edam cheese decreased by about 1 per cent, whereas sales of Emmenthaler cheese increased by no less than 53 per cent. The assortment variety was the main reason for this success.

Also the processed cheese segment grew strongly in 1997, and Ingman Foods' sales increased by about 30 per cent over 1996. This can be explained by the several successful novelties that were launched during the year.

Ingman Foods' market share in butter sales in Finland is 12 per cent.

The price level of domestic cheese and butter products stabilised in 1997. This meant higher prices, especially for the volume cheese Edam, and better profitability for the whole product group.

Exports of cheese and butter products went up in 1997, especially exports to Russia.

Ice-Cream Products

The total ice-cream market in Finland grew from 69 million litres in 1996 to 72 million litres in 1997. The strongest growth was measured in the Soft Ice segment. One reason for the growth was the increase in the number of sales outlets. A significant increase was also noted in the Sandwich and family pack product segments. Sales of ice-cream sticks, including ice lollies, dropped in spite of the warm summer, and sales of ice-cream cakes fell by a half from 1996.

Ice-cream imports remained on the same level as in 1996, i.e. at about 13 per cent of the total consumption, whereas ice-cream exports went down by 38 per cent.

Ingman Foods maintained its market share of over 30 per cent on the domestic market in spite of new competitors. In retail sales, Ingman Foods became market leader in October 1997. The novelties launched in the autumn, including two-litre family packs of two different flavours, were warmly welcomed by both the shops and the consumers. A new brand, Tofu Ice, was launched in December. Tofu Ice is a vegetable fat based soya ice cream, and represents a strongly growing segment within the ice-cream group.

Ingman Foods' ice-cream exports significantly decreased from 1996, but the company still maintained its position as the biggest Finnish ice-cream exporter. A positive new development were the successful exports to such completely new European markets as Greece and Holland.



BOARD OF DIRECTORS' REPORT

3.1.1997-2.1.1998

Sales at the beginning of the year were weak but recovered during the latter part of the year mainly due to the positive effect of the fine summer weather on ice-cream sales in Finland. Ice-cream exports on the other hand continued to decrease and could not be compensated for in profitability by the increase in dairy product exports. The profitability of Ingman Foods' core activities increased as a result of increased profitability on the domestic market but there was a shortfall in export margins. Securities trading was profitable and reached the same good level as the year before.

Net Sales

Group net sales increased by 5.3 per cent to FIM 1085.4 million (1996: FIM 1031.0 million). The increase in sales within the refrigerated and dairy products groups exceeded the decrease in ice-cream sales and securities trading.

Exports and foreign activities amounted to FIM 131.6 million (FIM 129.2 million), accounting for 12.1 per cent (12.5 per cent) of net sales.

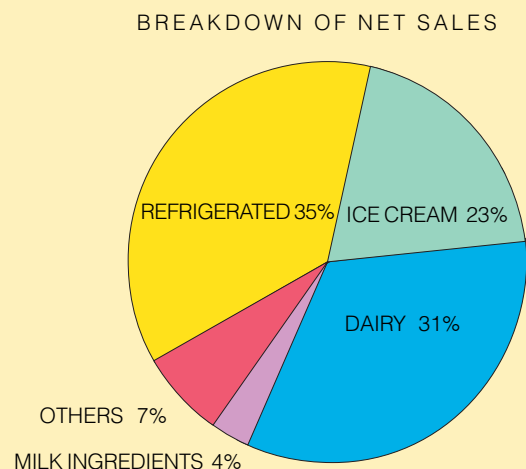
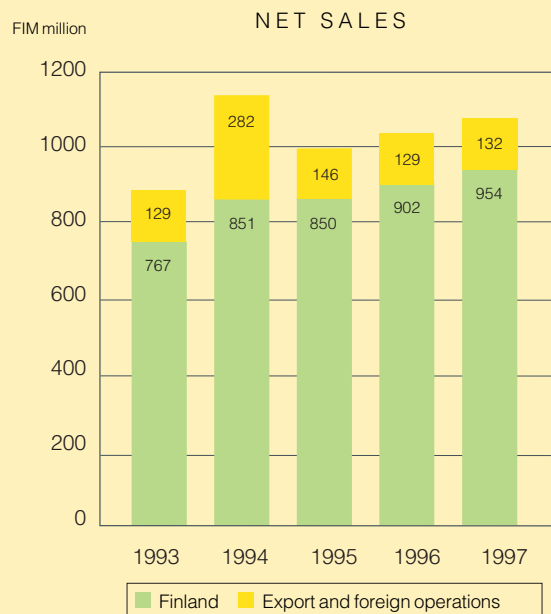
Net sales in the refrigerated products group increased by 10.5 per cent to FIM 381.3 million (FIM 345.1 million) due to increased sales of packaged milk and cream. Refrigerated products accounted for 35.1 per cent (33.5 per cent) of the Group's total net sales. Exports of refrigerated products remained on the same level as the year before.

Net sales in the ice-cream products group decreased by 5.5 per cent due to significantly lower export figures than in 1996. Net sales of ice-cream products amounted to FIM 245.7 million (FIM 259.9 million), and accounted for 22.6 per cent (25.2 per cent) of Group net sales. Net sales on the domestic market remained unchanged whereas the ice-cream export figures were significantly lower than the year before.

Net sales in the dairy products group increased by 30.4 per cent to FIM 335.2 million (FIM 257.1 million) mainly due to a bigger supply of cheese. Dairy products accounted for 30.9 per cent (24.9 per cent) of Group net

sales. Also dairy product exports increased strongly.

In 1997, the Group provided smaller amounts of milk ingredients to outside units since Jk Juusto Kaira Oy had been included in the Group. The provision of milk ingredients amounted to FIM 45.9 million (FIM 58.8 million). Most of the milk ingredients were



delivered to Hämeenlinnan Osuusmeijeri. Milk ingredients accounted for 4.2 per cent of Group net sales.

Net sales of the product group "Others" decreased to FIM 77.3 million (FIM 110.1 million) due to lower securities trading volumes. This accounted for 7.1 per cent of Group net sales.

Financial Result

Group operating profit before depreciation increased by FIM 27.5 million to FIM 107.4 million (FIM 79.9 million) due to the increased profitability of the core activities. Operating profit before depreciation accounted for 9.9 per cent (7.7 per cent) of net sales. Cost savings and a slightly improved price level led to the improved financial result. The financial result of the investment company Oy Leimark Invest Ab was excellent also in 1997.

Depreciation according to plan was recorded to the amount of FIM 44.8 million (FIM 39.4 million). The main part of the increase of FIM 5.4 million can be explained by the immediate write-off of Jk Juusto Kaira Oy's goodwill.

Operating profit increased by FIM 22.2 million to FIM 62.6 million (FIM 40.4 million), accounting for 5.8 per cent (3.9 per cent) of net sales.

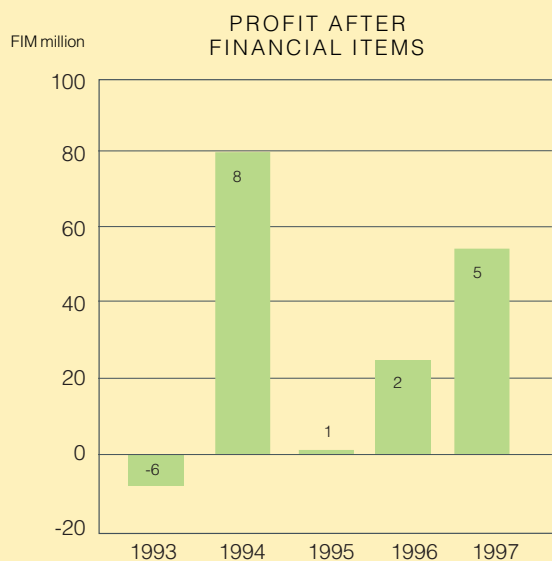
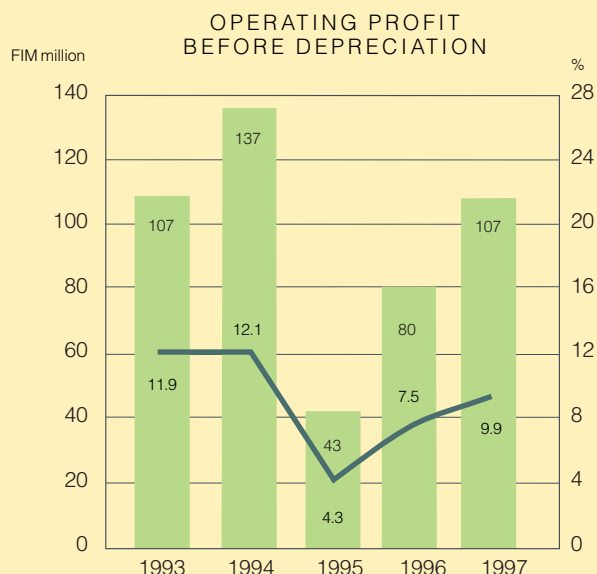
Due to lower interest expenses the financial costs decreased by FIM 6.8 million net from FIM 15.4 million to FIM 8.6 million.

Profit after financial items amounted to FIM 54.0 million (FIM 25.1 million), which is 5.0 per cent (2.4 per cent) of net sales.

Extraordinary items totalled FIM 76.8 million (-FIM 2.2 million). This includes a profit of FIM 124.6 million from selling the interest in Hjem-Is Europa A/S and a sales loss of FIM 49.1 million which came from the sale of the real estate company Kiinteistö Oy Helsingin Hämeentie 109-111.

The financial result before appropriations and taxes amounted to FIM 130.8 million (FIM 22.9 million). Direct taxes totalled FIM 37.1 million (FIM 1.8 million).

The Group's total financial result after minority interest amounted to FIM 87.9 million (FIM 6.8 million).



Investments and Financing

The investment level in 1997 was low, and most investments were reinvestments. The gross investments amounted to FIM 78.7 million (FIM 97.6 million). The gross investments were big because Jk Juusto Kaira Oy and certain other minor companies have been included in the Group for the first time. They raised the Group's fixed assets by FIM 59.4 million net, and these are included in the Group's gross investments. The actual investments in 1997 amounted to FIM 19.3 million.

The Group's working capital increased by FIM 103.6 million to FIM 258.0 million (FIM 154.4 million). This increase is caused by the Group's changed consolidation principles. Liquidity was good throughout the year.

The equity ratio increased by 10.4 percentage points and now stands at 58.9 per cent (48.5 per cent). The interest-bearing liabilities decreased by FIM 117.1 million to FIM 339.9 million (FIM 457.0 million). Amortizations in 1998 will amount to FIM 93.4 million.

Personnel

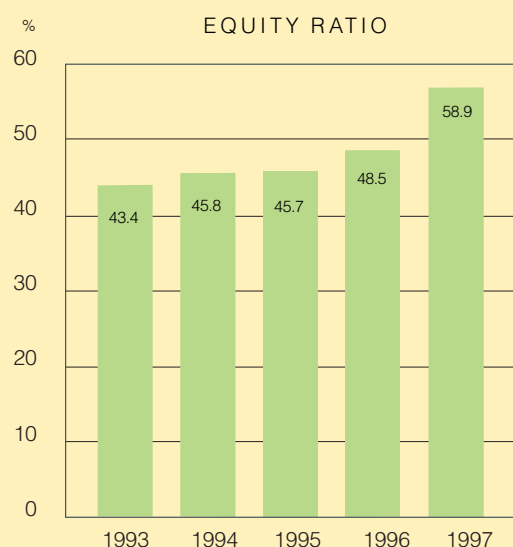
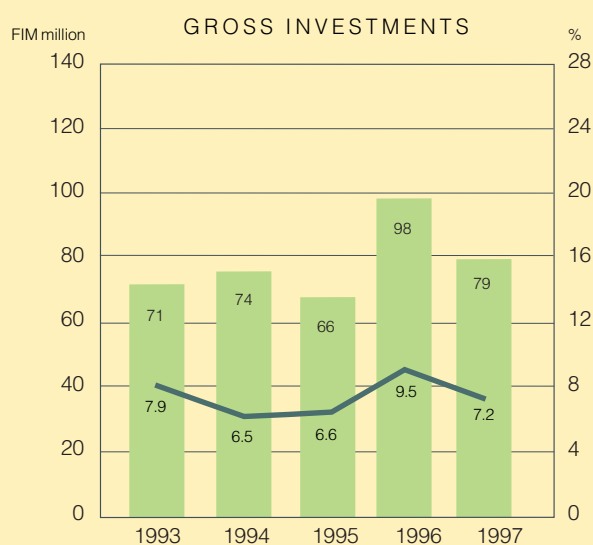
The total number of employees increased with the inclusion of Jk Juusto Kaira Oy's personnel. Rationalization measures have, however, continued in the parent company and have led to a decline in the number of employees. This decline mostly affected production. The Group employed an average of 583 (546) persons and at year end 559 (500) persons. The average number of employees increased by 37 persons, and the number of employees at year end by 59 persons. For detailed information, see Notes to the Financial Statements, item 22.

The salaries, fringe benefits and remunerations paid to the members of the Board of Directors and the Managing Directors of the Group during the year totalled FIM 2.0 million and to the other employees FIM 78.1 million. For detailed information, see Notes to the Financial Statements, item 3.

Milk Procurement

The procurement of milk within the Group remained on the same level as in 1996. The structural changes which started when

Finland joined the EU still continue, and several suppliers gave up milk production. The number of milk suppliers decreased during the year by 51 in all and will continue to decrease but more slowly. The change in milk procurement will, however, be minimal as the remaining milk suppliers are increasing their milk production. The procurement of milk



within the Group amounted to 59.4 million litres (59.6 million litres). For detailed information, see Notes to the Financial Statements, items 23 and 24.

In addition, the Group bought in milk for processing in the production plants and for selling to the co-operation dairies. This milk

amounted to 116.9 million litres (48.2 million litres). The increase is mainly due to the fact that the milk used in Jk Juusto Kaira Oy's production plants has now been included in the figures for the first time.

Subsidiaries

Total net sales of the dairy subsidiaries increased because Jk Juusto Kaira Oy was included in the Group. The total financial result of the dairy subsidiaries is still negative even if better than in 1996.

Net sales of the foreign subsidiaries increased somewhat from 1996 but their operational result was weaker.

The investment companies achieved good financial results and reached the same good level as in 1996. Securities trading reached its aim of yielding a profit which equals the HEX portfolio index at least. The HEX portfolio index went up by 31.8 per cent in 1997.

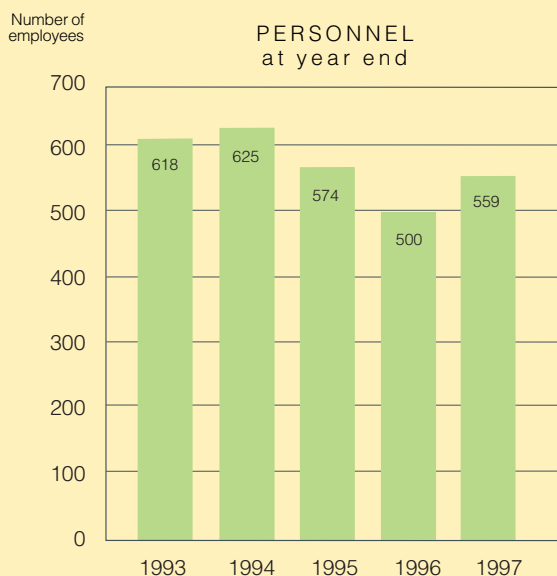
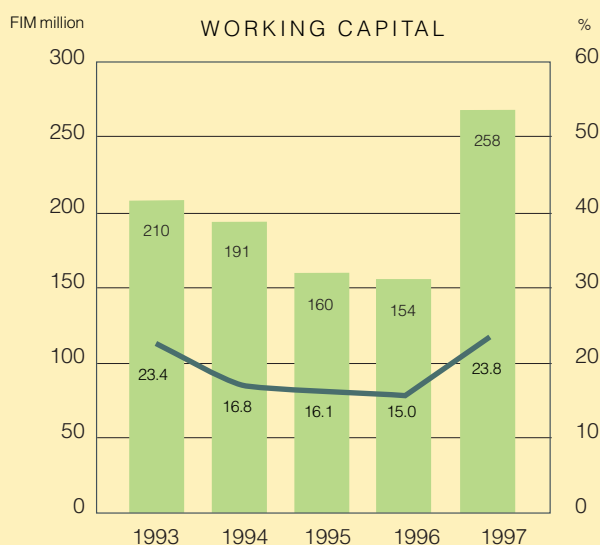
Strategic Decisions

Ingman Foods' interest in Hjem-Is Europa A/S and the real estate company Kiinteistö Oy Helsingin Hämeentie 109-111 were sold in 1997. The interest in the Danish associated company Hjem-Is Europa A/S was sold in October to the German company Schöller Holding GmbH & Co.

In December, the whole capital stock of the real estate company Kiinteistö Oy Helsingin Hämeentie 109-111 was sold to Tapiola Companies. The Group's previous main office and production plant were included in this sale. In recent years, the real estate had served as a milk terminal and a warehouse. These activities will now be transferred to the main production plant in Sipoo.

Future Prospects

Due to increased competition on the domestic market, the prospects for the Group in 1998 seem somewhat weaker. Exports are expected to remain on the 1997 level but at this stage it is difficult to forecast the profitability of securities trading. The financial result of the Group is consequently expected to weaken.



INCOME STATEMENTS

FIM thousand	Group		Ingman Foods Oy Ab					
	3.1.1997- 2.1.1998	%	3.1.1996- 2.1.1997	%	3.1.1997- 2.1.1998	%	3.1.1996- 2.1.1997	%
Net Sales (1)	1 085 427	100.0	1 031 049	100,0	989 568	100.0	886 609	100,0
Increase+ or Decrease- in Product Inventories	5 506		-15 366		3 265		-13 429	
Share of Result of Associated Companies	3 886		3 064					
Other Operating Income (2)	9 309		13 213		7 021		6 982	
Variable Costs:								
Materials, Supplies and Goods								
Purchases during the Financial Period	-759 357		-743 883		-733 485		-626 764	
Increase+ or Decrease- in Inventories	295		3 633		-1 652		-5 007	
	-759 061		-740 250		-735 137		-631 770	
Personnel Costs (3)	-65 214		-55 591		-48 242		-49 459	
Other Variable Costs	-50 158		-33 130		-27 740		-27 286	
	-874 434		-828 970		-811 119		-708 516	
Gross Profit	229 694	21.2	202 989	19.7	188 735	19.1	171 646	19.4
Fixed Costs								
Personnel Costs (3)	-36 558		-34 510		-31 774		-32 198	
Rents	-12 440		-9 875		-10 370		-9 909	
Other Fixed Costs	-73 291		-78 726		-68 595		-70 417	
	-122 290		-123 111		-110 740		-112 524	
Operating Profit before Depreciation	107 404	9.9	79 878	7.7	77 995	7.9	59 122	6.7
Depreciation of Fixed and Other Long-Lived Assets (4)	-44 782		-39 431		-34 295		-34 274	
Operating Profit	62 622	5.8	40 447	3.9	43 700	4.4	24 848	2.8
Financial Income and Expenses (5):								
Dividend Income	1 185		1 267		3 853		3 871	
Interest Income	8 154		9 726		11 604		10 967	
Other Financial Income	1 362		4 297		1 202		4 041	
Interest Expenses	-18 028		-28 252		-16 101		-23 667	
Other Financial Expenses	-1 253		-2 407		-1 008		-1 785	
	-8 581	-0.8	-15 369	-1.5	-450	0.0	-6 572	-0.7
Profit before Extraordinary Items, Appropriations and Taxes	54 041	5.0	25 077	2.4	43 250	4.4	18 276	2.1
Extraordinary Income and Expenses								
Extraordinary Income (6)	125 890		13 474		128 606		19 555	
Extraordinary Expenses (6)	-49 108		-15 652		-49 070		-14 295	
	76 782		-2 177		79 536		5 260	
Profit before Appropriations and Taxes	130 824	12.1	22 900	2.2	122 786	12.4	23 536	2.7
Increase-/Decrease+ in Depreciation Difference (4)	-3 202		-15 160		-7 114		-15 999	
Increase-/Decrease+ in Voluntary Reserves	-789		725					
Direct Taxes	-37 069		-1 776		-31 914		-1 655	
Net Profit	89 763	8.3	6 689	0.6	83 759	8.5	5 881	0.7
Minority Interest	-1 944		141					
Group Interest	87 819	8.1	6 830	0.7				

CASH FLOW STATEMENTS

FIM thousand	Group		Ingman Foods Oy Ab	
	3.1.1997 2.1.1998	3.1.1996- 2.1.1997	3.1.1997- 2.1.1998	3.1.1996- 2.1.1997
Income from Operations				
Operating Profit	61 624	40 447	42 702	24 848
Depreciation	44 782	39 431	34 295	34 274
Financial Income and Expenses	-8 580	-15 369	-450	-6 572
Share of Result of Associated Companies	-	5 019	-	-
Extraordinary Income and Expenses	76 782	-6 565	79 536	4 629
Taxes	-37 069	-1 776	-31 914	-1 655
Income from Operations	137 539	61 187	124 169	55 524
Change in Net Working Capital				
Inventories (increase-/decrease+)	-117 563	15 608	-1 613	18 436
Current Receivables (increase-/decrease+)	-5 371	-21 762	22 614	-52 137
Current Liabilities (increase+/-decrease-)	5 713	22 237	-5 695	15 138
Change in Net Working Capital	-117 221	16 083	15 306	-18 563
Cash from Operations	20 318	77 270	139 475	36 961
Investments in Fixed Assets	-78 679	-97 620	-41 564	-38 407
Sales of Fixed Assets	118 525	68 179	79 976	63 874
Cash Flow before Financing	60 164	47 829	177 887	62 428
Financing				
Non-Current Receivables (increase-/decrease+)	84 682	-	-31 987	-
Long-Term Liabilities, increase+	70 451	104 000	50 000	50 000
Long-Term Liabilities, decrease-	-187 611	-232 122	-142 308	-217 881
Dividends	-10 630	-10 070	-10 654	-10 093
Annulled Dividends	23	130	-	130
Minority Interest (increase+/-decrease-)	8 888	1 396	-	-
Cash Flow from Financing	-34 197	-136 666	-134 949	-177 844
Cash Flow after Financing	25 967	-88 838	42 938	-115 416
Conversion Difference and Other Changes	44 002	-31 801		
Increase(+) /Decrease (-) in Liquid Assets	69 969	-120 638	42 938	-115 416

BALANCE SHEETS

FIM thousand	2.1.1998	Group 2.1.1997	2.1.1998	Ingman Foods Oy Ab 2.1.1997
ASSETS				
Fixed and Other Long-Lived Assets				
Intangible Assets				
Other Long-Lived Assets (7)	10 566	9 286	6 951	9 225
Tangible Assets				
Land and Water Areas (10)	11 459	10 986	9 467	9 467
Buildings and Structures (8,10)	294 560	322 035	254 261	261 724
Machinery and Equipment (9)	276 156	269 749	246 243	263 158
Advances and Prepayments	153	437	437	437
	582 328	603 206	509 972	534 786
Long-Term Financial Assets				
Shares and Holdings (10,27)	20 668	20 513	20 132	20 066
Shares in Associated Companies (10,11,26)	13 611	77 908	8 148	42 572
Shares in Group Companies (10,11,25)			31 931	42 192
Loans Receivable (11,12,14)	15 412	100 095	159 567	127 580
	49 692	198 516	219 778	232 410
Fixed and Other Long-Lived Assets	642 586	811 008	736 700	776 422
Inventories and Financial Assets				
Inventories				
Raw Materials and Supplies	20 218	18 717	16 148	17 800
Finished Products/Goods	78 261	48 343	50 686	47 421
Other Inventories	149 088	62 943		
	247 567	130 003	66 834	65 222
Receivables				
Accounts Receivable (12,13)	79 420	84 462	81 186	88 810
Loans Receivable (12,13,14)	2 702	1 669	1 605	1 283
Accruals and Deferred Income (13)	24 625	14 547	12 851	6 785
Other Receivables (12,13)	10 476	11 175	10 115	31 494
	117 224	111 853	105 758	128 372
Cash and Bank Deposits	182 027	112 058	150 567	107 629
Inventories and Financial Assets	546 818	353 915	323 160	301 222
	1 189 404	1 164 923	1 059 860	1 077 644

BALANCE SHEETS

FIM thousand	Group 2.1.1998	2.1.1997	Ingman Foods Oy Ab 2.1.1998	2.1.1997
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity				
Restricted Equity (15)				
Share Capital	28 036	28 036	28 036	28 036
Restricted Reserves	1 529	1 529	1 529	1 529
	29 565	29 565	29 565	29 565
Unrestricted Equity (16)				
Contingency Fund			1 135	1 135
Retained Earnings and Other Unrestricted Equity	213 125	184 062	191 359	196 131
Net Profit for the Year	87 819	6 830	83 759	5 881
	300 944	190 892	276 252	203 147
Equity	330 509	220 457	305 817	232 712
Minority Interest	12 401	1 568		
Reserves				
Accumulated Depreciation in Excess of Plan	357 329	343 074	347 191	340 077
Voluntary Reserves (17)				
Other Reserves	789	-		
Liabilities				
Long-Term Liabilities (18)				
Loans from Financial Institutions	245 550	344 793	214 986	290 153
Pension Loans	901	12 011	-	11 077
	246 451	356 804	214 986	301 230
Current Liabilities				
Loans from Financial Institutions	93 279	98 120	84 291	88 389
Pension Loans	89	2 054	-	1 966
Accounts Payable (19)	68 984	60 045	51 108	51 789
Accruals and Deferred Expenses (19)	73 510	31 992	52 859	27 954
Other Current Liabilities (19)	6 064	50 808	3 607	33 526
	241 926	243 019	191 865	203 624
Liabilities	488 376	599 823	406 851	504 854
	1 189 404	1 164 923	1 059 860	1 077 644

ACCOUNTING PRINCIPLES

The Financial Statements of Ingman Foods have been prepared in accordance with the Finnish accounting standards. All Group companies have in the Group Financial Statements applied the accounting principles below.

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. Also the associated company in which the Group interest is 50% and where its influence is significant has been consolidated. According to earlier practice the Financial Statements covered only companies in which the Group directly had a controlling interest. The Financial Statements from the previous period have not been amended according to the present principles of consolidation and the Financial Statements are therefore not comparable. Especially the inventories are affected by the change of the principles of consolidation.

The companies are consolidated by the acquisition cost method. Accordingly, the shares of the subsidiaries have been balanced against subsidiary equity at the point of acquisition. 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 reserves. The subsidiary goodwill and the Group reserves arisen from the consolidation have been expensed.

All inter-Group transactions, internal receivables and payables and internal dividends have been eliminated.

The Financial Statements of the foreign companies are converted into Finnish marks using the official average year end rate of the Bank of Finland. The conversion discrepancy pertaining to subsidiary equity arising from the difference between the year end exchange rate and the rate of exchange at the point of acquisition is eliminated by carrying the difference directly under the Group's unrestricted equity.

Associated companies of which the Group's holding is 20-50 % are consolidated using the equity method. The percentage of associated company's profits which conforms to the

Group's holding including the goodwill depreciation is recorded in the Group Income Statement. Dividends from associated companies are eliminated. The Group's share of the profits and losses of the associated companies arisen after the acquisition including the goodwill depreciation have been added to the acquisition value of the associated companies and to the equity in the Group Balance Sheet.

Foreign Currency Items

The foreign currency denominated accounts and receivables as well as liabilities to the parent company and domestic subsidiaries have been converted into Finnish marks at the official average year end rate of the Bank of Finland. The exchange rate gains and losses are presented as a net value in the financial items in the Income Statement.

Pension Liabilities

The personnel is insured through pension insurance companies. The Group does not have its own pension fund. Pension liabilities prior to the current pension legislation are presented in the notes to the financial statements under note 3.

Research and Development

The research and development costs are moderate and have been expensed.

Valuation of Fixed Assets and Depreciation

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

- Buildings and structures 20-50 years
- Machinery and equipment 5-30 years
- Other long-lived assets 5-10 years

The Income Statements are charged with maximal tax-related depreciations. The difference between the tax-related and the planned depreciation is shown as a change in depreciation difference in the income statement. The accumulated difference between the tax-related and the planned depreciations is shown as a separate item among the general untaxed reserves in the Balance Sheet.

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a fifo-basis.

NOTES TO THE FINANCIAL STATEMENTS

Income Statement, FIM thousand	Group		Ingman Foods Oy Ab	
	3.1.1997- 2.1.1998	3.1.1996- 2.1.1997	3.1.1997- 2.1.1998	3.1.1996- 2.1.1997
1. Net Sales				
Net sales by product group				
Refrigerated products	381 284	345 098	385 828	343 629
Ice-cream products	245 673	259 945	233 399	257 329
Dairy products	335 239	257 120	300 489	255 916
Milk ingredients	45 934	58 780	69 852	29 735
Others	77 296	110 106	-	-
Total	1 085 427	1 031 049	989 568	886 609
Net sales by country				
Finland	1 072 404	1 019 502	989 568	886 609
Russia	13 555	14 546	-	-
Other	3 672	728	-	-
Internal sales	-4 204	-3 727	-	-
Total	1 085 427	1 031 049	989 568	886 609
	3.1.1997- 2.1.1998	%	3.1.1996- 2.1.1997	%
Geographic distribution of net sales				
Finland	953 807	87,9	901 849	87,5
Russia	85 620	7,9	86 000	8,3
Other	46 000	4,2	43 200	4,2
Total	1 085 427	100,0	1 031 049	100,0
	3.1.1997- 2.1.1998		3.1.1996- 2.1.1997	
2. Other Operating Income				
Rental income	7 195	13 120	6 023	6 982
Gains on sale of fixed assets	998	-	998	-
Returned credit losses	726	92	-	-
Other	390	-	-	-
Total	9 309	13 213	7 021	6 982
3. Personnel Costs				
Wages, salaries and benefits	80 830	72 643	63 427	65 666
Pension costs	13 278	10 980	10 803	9 941
Other personnel costs	8 485	7 316	6 586	6 877
Total	102 592	90 939	80 816	82 484
Paid salaries, benefits and remunerations to members of the Board of Directors and the Managing Directors	1 959	1 689	1 016	846
Other personnel	78 118	70 989	62 943	64 838
Total paid salaries, benefits and remunerations	80 078	72 678	63 959	65 685
4. Depreciation				
According to plan				
Goodwill	3 858	-	-	-
Other long-lived assets	2 904	2 354	2 275	2 343
Buildings and structures	9 668	10 935	7 619	7 616
Machinery and equipments	28 352	26 142	24 401	24 314
Total	44 782	39 431	34 295	34 274
Change in depreciation in excess of plan				
Other long-lived assets	-68	-	-	-
Buildings and structures	170	476	1 229	622
Machinery and equipments	2 102	14 056	4 887	14 746
Gains on sale of fixed assets	998	627	998	631
Total	3 202	15 160	7 114	15 999

	Group		Ingman Foods Oy Ab	
	3.1.1997- 2.1.1998	3.1.1996- 2.1.1997	3.1.1997- 2.1.1998	3.1.1996- 2.1.1997
5. Intra-Group Financing				
Financial income from Group companies				
Dividend income			833	833
Interest income from long-term investments			3 994	1 899
<u>Total</u>			4 828	2 732
Financial expenses to Group companies				
Interest expenses			29	264
<u>Total</u>			29	264
6. Extraordinary Income and Expenses				
Extraordinary income				
Gains on sale of shares	124 559	7 440	110 780	7 440
Gains on sale of fixed assets	-	1 015	-	1 015
Revaluations	1 331	-	17 826	-
Share of result of associated companies	-	5 019	-	-
Group contribution	-	-	-	11 100
<u>Total</u>	125 890	13 474	128 606	19 555
Extraordinary expenses				
Loss on sale of fixed assets	49 070	727	49 070	721
Guarantee loss	37	14 925	-	13 575
<u>Total</u>	49 108	15 652	49 070	14 295
Balance Sheet, FIM thousand				
	Group		Ingman Foods Oy Ab	
	2.1.1998	2.1.1997	2.1.1998	2.1.1997
7. Other Long-Lived Assets				
Acquisition value 3.1.1997	31 787	31 424	31 531	31 059
Investments	5 656	476	-	472
Sold assets	-	-112	-	-1
Acquisition value 2.1.1998	37 443	31 787	31 531	31 531
Accumulated depreciation according to plan 3.1.1997	-23 864	-20 148	-22 305	-19 962
Accumulated depreciation on disposed assets	-110	-	-	-
Depreciation according to plan	-2 904	-2 354	-2 275	-2 343
<u>Book value 2.1.1998</u>	10 566	9 286	6 951	9 225
8. Buildings and Structures				
Acquisition value 3.1.1997	311 470	314 441	307 563	306 347
Investments	57 069	65 233	156	1 253
Sold assets	-	-5 845	-	-37
Acquisition value 2.1.1998	368 539	373 829	307 719	307 563
Accumulated depreciation according to plan 3.1.1997	-64 311	-40 828	-45 839	-38 192
Accumulated depreciation on disposed assets	-	-31	-	-31
Depreciation according to plan	-9 668	-10 935	-7 619	-7 616
<u>Book value 2.1.1998</u>	294 560	322 035	254 261	261 724
9. Machinery and Equipment				
Acquisition value 3.1.1997	396 977	380 738	375 853	351 207
Investments	58 247	29 042	11 023	26 491
Sold assets	-3 568	-12 742	-4 535	-1 844
Acquisition value 2.1.1998	451 656	397 039	382 341	375 853
Accumulated depreciation according to plan 3.1.1997	-148 146	-101 811	-112 695	-89 043
Accumulated depreciation on disposed assets	998	663	998	663
Depreciation according to plan	-28 352	-26 142	-24 401	-24 314
<u>Book value 2.1.1998</u>	276 156	269 749	246 243	263 158
10. Taxation Value of Fixed Assets				
Land and water areas	4 056	3 458	3 461	3 425
Buildings and structures	74 363	99 888	60 596	62 125
Shares and holdings	17 555	65 211	53 608	129 825

	Group		Ingman Foods Oy Ab	
	2.1.1998	2.1.1997	2.1.1998	2.1.1997
11. Long-Term Financial Assets Group and Associated Companies				
Group companies				
Shares			31 931	42 192
Loan receivable			144 028	-
Total			175 959	42 192
Associated companies				
Shares			8 148	42 572
Total			8 148	42 572
12. Receivables Due after One Year or Later				
Loan receivable	15 412	100 095	159 567	127 580
Total	15 412	100 095	159 567	127 580
13. Receivables from Group and Associated Companies				
Accounts receivable/Group companies	-	-	6 398	15 562
Accounts receivable/Associated companies	54	8 250	54	3 019
Loan receivable/Group companies	-	-	-	51 562
Loan receivable/Associated companies	-	44 997	-	44 997
Total	54	53 247	6 452	115 140
14. Loans to the Members of the Board of Directors, Managing Director and Shareholders				
Loans have not been given to members of the Board of Directors, Managing Director or shareholders.				
15. Restricted Equity				
Share capital 3.1.1997	28 036	28 036	28 036	28 036
Share capital 2.1.1998	28 036	28 036	28 036	28 036
Restricted reserves 3.1.1997	1 529	1 529	1 529	1 529
Restricted reserves 2.1.1998	1 529	1 529	1 529	1 529
Total restricted equity 2.1.1998	29 565	29 565	29 565	29 565
In the Group's possession there are 50,733 own A-shares to a nominal value of FIM 1,269,325 and to a book value of FIM 18,119,500.				
16. Unrestricted Equity				
Group's other unrestricted equity 3.1.1997	190 892	222 584	-	-
Parent company contingency fund 3.1.1997			1 135	1 135
Parent company contingency fund 2.1.1998			1 135	1 135
Parent company's other unrestricted equity 3.1.1997			202 012	206 093
Dividend payment	-10 630	-10 070	-10 654	-10 093
Annulled dividends	23	131	-	131
Conversion difference and other changes	32 839	-28 583	-	-
Other unrestricted equity 2.1.1998	213 125	184 062	191 359	196 131
Net profit for the year	87 819	6 830	83 759	5 881
Total unrestricted equity 2.1.1998	300 944	190 892	276 252	203 147
Distributable unrestricted equity 2.1.1998	300 944	190 892		
The other unrestricted equity has changed by FIM 33,415 thousand because of changes in the Group structure.				
17. Voluntary Reserves				
Other reserves				
Balance sheet value 3.1.1997	-	-	-	-
Increase	789	-	-	-
Balance sheet value 2.1.1998	789	-	-	-
18. Liabilities Maturing within Five Years or Later				
Loans from financial institutions	16 667	25 590	16 667	12 500
Pension loans	665	5 832	-	5 121
Total	17 331	31 422	16 667	17 621

	Group		Ingman Foods Oy Ab	
	3.1.1997- 2.1.1998	3.1.1996- 2.1.1997	3.1.1997- 2.1.1998	3.1.1996- 2.1.1997
19. Liabilities to Group and Associated Companies				
Accounts payable/Group companies	-	-	2 866	934
Accounts payable/Associated companies	314	2 282	-	2 146
Deferred expenses/Group companies	-	-	-	2 021
Other current liabilities/Group companies	-	-	527	30
Other current liabilities/Associated companies	-	480	-	480
Total	314	2 763	3 393	5 610
20. Contingent Liabilities				
Mortgages and pledges for own liabilities				
Real estate mortgages	57 745	129 190	43 800	43 800
Company mortgages	7 500	-	-	-
Pledges	46 417	86 056	5 861	26 024
Total	111 662	215 246	49 661	69 824
Contingent liabilities				
Guarantees for Group companies	-	-	23 648	54 776
Guarantees for others	49	23 810	-	23 765
Pension liability	85	105	85	105
Leasing liability	21 880	1 807	21 880	1 807
Total	22 014	25 722	45 613	80 453
Contingent liabilities for associated companies	-	-	-	-
21. Other Inventories and Derivative Contracts				
Securities in inventory				
Market value	182 932	-	-	-
Book value	147 310	-	-	-
Exchange derivatives, future contracts				
Market value	79 153	-	79 153	-
Nominal value	78 196	-	78 196	-
22. Personnel				
In average				
Refrigerated products	76	89	76	89
Ice-cream products	127	140	127	140
Other units	33	32	33	32
Marketing and distribution	176	178	176	178
Administration and service	29	29	29	29
Subsidiaries	142	78	-	-
Total	583	546	441	468
2.1.1998				
Refrigerated products	69	83	69	83
Ice-cream products	114	131	114	131
Other units	33	31	33	31
Marketing and distribution	163	165	163	165
Administration and service	31	28	31	28
Subsidiaries	149	62	-	-
Total	559	500	410	438
Personnel by country 2.1.1998				
Finland	522	473	410	438
Latvia	9	6	-	-
Russia	28	21	-	-
Total	559	500	410	438
23. Milk Procurement, litres '000				
Kotisaari-Ingman	21 870	21 339	21 870	21 339
Halkivahan Meijeri Oy	1 764	1 985	-	-
Kiteen Meijeri Oy	12 928	13 133	-	-
Ranuan Meijeri Oy	22 858	23 160	-	-
Total	59 420	59 617	21 870	21 339
24. Milk Suppliers				
Number of suppliers	647	698	218	240

(FIM thousand)	Group			Holding in Group company %	Face Value Total '000	Total Book Value		Date of Acc. Closing / Length of Period
	Share Holding %	Voting Share %	Number of shares			Ingman Foods Oy Ab	Other Group comp.	
25. Group Companies 2.1.1998								
Kiteen Meijeri Oy	98.5	98.5	9 850	98.5	FIM	985	1 092	
Halkivahan Meijeri Oy	97.0	97.0	7 761	97.0	FIM	388	0	
Ranuan Meijeri Oy	98.9	98.9	434 979	98.6	FIM	4 341	5 458	
Jk Juusto Kaira Oy	49.6	49.6	7 500	50.0	FIM	7 500	9 581	6 430
Oy Leimark Invest Ab	100.0	100.0	5 000	100.0	FIM	5 000	4 990	
Oy Ing-Stock Ltd	100.0	100.0	4	100.0	FIM	4	4	11
Oy Ing-Finance Ltd	100.0	100.0	4	100.0	FIM	4	4	11
Oy Ingman Invest Ab	100.0	100.0	4	100.0	FIM	4	4	11
Fastighets Ab Sibbo Solbacka	100.0	100.0		100.0	FIM			100
Kiint. Oy Juvanmalmin Länt. Teollisuusk. 18	100.0	100.0		100.0	FIM			100
Kiint. Oy Vaaralan Kuussillantie 16	100.0	100.0		100.0	FIM			100
Mamela Oy	100.0	100.0		100.0	FIM			829
Hemholmen Ab	100.0	100.0		100.0	FIM	15	15	
Ingman Mejeri Ab	100.0	100.0		100.0	FIM	15	15	
Glassförsäljarna i Södertälje AB	100.0	100.0	9 000	100.0	SEK	900	7 109	
Ingman Foods Sverige AB	100.0	100.0	500	100.0	SEK	100	65	
ZAO Ingman	100.0	100.0		100.0	MRUR	1 220	1 493	
Ingman Transport	100.0	100.0		100.0	MRUR	63	1 819	
SIA Ingman	54.0	54.0	34	54.0	LVL	34	281	
							31 931	7 593

26. Associated Companies 2.1.1998

Ingman Vega UAB	45.1	45.1	120	45.1	LTL	1 500	8 148		31.12.97/12
							8 148	0	

27. Shares and Holdings 2.1.1998

Chymos Juomat			275 000	11.0	FIM	2 750	6 050		
Merita B			532 640		FIM	5 326	5 706	330	
Shares in housing corporations					FIM		7 989	105	
Other					FIM		387	101	
							20 132	536	

GROUP KEY RATIOS AND FIGURES

Financial Development

		1993	1994	1995	1996	1997
Net Sales	FIM million	896.0	1 133.2	995.6	1 031.0	1 085.4
Change	%	15.0	26.5	-12.1	3.6	5.3
Offshore Sales	FIM million	129.0	281.8	146.1	129.2	131.6
Share of Net Sales	%	14.4	24.9	14.7	12.5	12.1
Operating Profit before Depreciation	FIM million	106.8	137.2	42.7	79.9	107.4
Share of Net Sales	%	11.9	12.1	4.3	7.7	9.9
Depreciation according to Plan	FIM million	33.7	35.0	34.5	39.4	44.8
Operating Profit	FIM million	73.1	102.1	8.2	40.4	62.6
Share of Net Sales	%	8.2	9.0	0.8	3.9	5.8
Net Financial Costs	FIM million	-79.0	-22.4	-7.6	-15.4	-8.6
Share of Net Sales	%	-8.8	-2.0	-0.8	-1.5	-0.8
Profit after Financial Items	FIM million	-5.9	79.7	0.7	25.1	54.0
Share of Net Sales	%	-0.7	7.0	0.1	2.4	5.0
Profit before Appropriations and Taxes	FIM million	43.3	67.6	32.7	22.9	130.8
Share of Net Sales	%	4.8	6.0	3.3	2.2	12.1
Fixed and Other Long-Lived Assets	FIM million	700.7	739.9	731.2	710.9	642.6
Inventories	FIM million	158.9	194.4	145.6	130.0	247.6
Accounts Receivable	FIM million	115.5	86.8	78.8	84.5	79.4
Other Receivables	FIM million	183.9	192.9	111.4	127.5	37.0
Cash & Bank Deposits	FIM million	19.0	54.5	232.7	112.1	182.8
Shareholders' Equity	FIM million	225.8	255.8	252.1	220.5	330.6
Minority Interest	FIM million	0.2	0.1	0.3	1.6	12.4
Reserves	FIM million	297.4	324.7	341.5	343.1	358.1
Long-Term Interest-Bearing Liabilities	FIM million	499.6	271.9	395.4	356.8	246.5
Short-Term Interest-Bearing Liabilities	FIM million	77.3	255.5	189.7	100.2	93.4
Accounts Payable	FIM million	64.8	90.6	64.1	60.0	69.0
Other Liabilities Free of Interest	FIM million	41.1	58.8	56.5	82.8	79.6
Balance Sheet Total	FIM million	1 206.1	1 268.4	1 299.7	1 164.9	1 189.4
Return on Investment (ROI)	%	10.2	11.3	5.7	6.0	7.1
Return on Equity (ROE)	%	-2.0	13.0	-0.1	4.0	2.7
Equity Ratio	%	43.4	45.8	45.7	48.5	58.9
Quick Ratio		1.7	0.8	1.4	1.3	1.2
Current Ratio		2.6	1.3	1.8	1.9	2.3
Working Capital	FIM million	209.6	190.6	160.3	154.4	258.0
Share of Net Sales	%	23.4	16.8	16.1	15.0	23.8
Gross Investments	FIM million	70.8	74.2	65.8	97.6	78.7
Share of Net Sales	%	7.9	6.5	6.6	9.5	7.2
Average Number of Personnel		652	684	615	546	583
Personnel at the end of Period		618	625	574	500	559

Equity-Related Key Ratios

Earnings/Share	FIM	-17.74	63.96	-0.58	20.90	13.40
Equity/Share	FIM	367.18	446.41	444.10	416.85	524.69
Dividend/Share ¹⁾	FIM	10.00	10.00	9.00	9.50	11.00
Dividend/Earnings	%	-56.4	15.6	-1559.3	45.4	82.1
Effective Dividend Yield	%	3.6	2.6	5.0	3.3	2.9
Price/Earnings Ratio (P/E)		neg.	5.9	neg.	13.7	28.4

¹⁾ Proposal of the Board for 1997

CALCULATION OF KEY RATIOS

Return on Investment (ROI)	=	$\frac{\text{Profit before extraordinary items, appropriations and taxes + interest and other financial expenses} * 100}{\text{Average (balance sheet total - non-interest-bearing liabilities)}}$
Return on Equity (ROE)	=	$\frac{\text{Profit before extraordinary items, appropriations and taxes - taxes} * 100}{\text{Average (shareholders' equity + minority interest + reserves)}}$
Equity Ratio	=	$\frac{\text{Shareholders' equity + minority interest + reserves} * 100}{\text{Balance sheet total}}$
Quick Ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Current Ratio	=	$\frac{\text{Current assets + inventories}}{\text{Current liabilities}}$
Working Capital	=	Accounts receivable + inventories - accounts payable
Earnings per share	=	$\frac{\text{Profit before extraordinary items - taxes - minority}}{\text{Average number of shares}}$
Shareholders' Equity per Share	=	$\frac{\text{Shareholders' equity}}{\text{Number of shares at year end}}$
Dividend / Share	=	$\frac{\text{Dividend}}{\text{Number of shares at year end}}$
Dividend as Percentage of Earnings	=	$\frac{\text{Dividend / share} * 100}{\text{Earnings per share}}$
Effective Dividend Yield	=	$\frac{\text{Dividend / share} * 100}{\text{Year end share price}}$
Price Earnings Ratio (P/E)	=	$\frac{\text{Year end share price}}{\text{Earnings per share}}$

PROPOSAL OF THE BOARD OF DIRECTORS

According to the Group balance sheet the unrestricted equity as of January 2, 1998 amounted to FIM of which the profit of the year amounted to FIM 87,819,483.40.	300 944 489.38
The unrestricted equity of the Parent Company amounted to FIM of which the profit of the year amounted to FIM 83,758,581.80.	276 252 349.03
The Board of Directors proposes that a dividend of FIM 11.00 per share be distributed totalling FIM	-12 335 829.00
and the remaining sum be held in the unrestricted equity FIM	<hr/> 263 916 520.03

Sipoo, March 19, 1998

C-G Ingman

Hans Ingman

Lars Ingman

Robert Ingman
Managing Director

Cecilia Rydbeck

Teppo Taberman

Magnus Westerholm

AUDITORS' REPORT

To the shareholders of Ingman Foods Oy Ab

We have audited the accounting records, and the financial statements as well as the administration of Ingman Foods Oy Ab for the accounting period ended January 2, 1998. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company profit and loss accounts, balance sheets, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements and the parent company's administration.

We conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The purpose of our audit of the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies' Act.

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

We have acquainted ourselves with the interim reports published by the company during the year. In our opinion they have been prepared in accordance with the rules and regulations governing the preparation of such reports in Finland.

Sipoo, March 19, 1998

Jukka Reimi
Authorised Public Accountant

Olli Wesamaa
Approved Public Accountant

SHARE CAPITAL, SHARES AND SHAREHOLDERS

Share Capital

According to the articles of association, the minimum share capital of Ingman Foods Oy Ab is FIM 12.000.000 and maximum share capital FIM 48.000.000. The share capital may be raised or lowered within these limits without amendments to the articles. On January 2, 1998 FIM 28,035,975 has been paid up and entered in the Trade Register.

Share Capital and Shares

	Shares	%	Votes	%
A shares	990 439	88.3	19 808 780	99.3
B shares	131 000	11.7	131 000	0.7
Total	1 121 439	100.0	19 939 780	100.0

Shares and Voting Rights

The nominal value of the shares of Ingman Foods Oy Ab is FIM 25. The share capital is divided into A and B shares. The A shares carry twenty voting rights and the B shares one voting right. Both shares carry equal rights to dividends.

Share Listing and Ownership Restrictions

The A shares of Ingman Foods Oy Ab are quoted on the brokers' list, whereas the B shares are not. According to section 18 of the company's articles, anyone not previously in possession of shares in the company shall ask the Board of Directors in writing for permission to obtain shares. The Board of Directors may consider the request before handover.

Prices and Turnover of the A share

	1993	1994	1995	1996	1997	
Face Value	FIM	25.00	25.00	25.00	25.00	25.00
A share price						
Average	FIM	260.74	464.57	313.42	263.04	330.03
Average, share-issue adjusted	FIM	154.93	464.57	313.42	263.04	330.03
High	FIM	400.00	580.00	400.00	350.00	385.00
Low	FIM	130.00	345.00	165.00	165.00	276.00
At the end of period	FIM	280.00	380.00	180.00	286.00	380.00
Year end market value (B shares included at A share price)	FIM million	314.0	426.1	201.9	320.7	426.1
Turnover	shares	6 296	40 114	18 395	15 690	35 353
Share of number of A shares	%	1.03	4.05	1.86	1.58	3.57
Average number of shares		569 187	1 121 439	1 121 439	1 121 439	1 121 439
Number of shares at year end		1 121 439	1 121 439	1 121 439	1 121 439	1 121 439

According to the Book Entry Register, Ingman Foods Oy Ab had 845 shareholders on January 2, 1998. The members of the Board of Directors of Ingman Foods Oy Ab and the Managing Director hold 631,066 A shares and 131,000 B shares. This represents 68.0% of the total share holding and 64.0% of the company's voting rights.

Largest Shareholders	No. of	No. of	Total	%	Voting rights	%
According to the Book Entry Register, January 2, 1998	A shares	B shares				
C-G Ingman	227 956	43 666	271 622	24.2	4 602 786	23.1
Hans Ingman	179 982	43 668	223 650	19.9	3 643 308	18.3
Robert Ingman	118 462	24 016	142 478	12.7	2 393 256	12.0
Lars Ingman	92 518	19 650	112 168	10.0	1 870 010	9.4
Oy Ing-Stock Ltd.	43 036		43 036	3.8	860 720	4.3
Oy Karl Fazer Ab	37 566		37 566	3.3	751 320	3.8
Oy Holding Company Ab	12 604		12 604	1.1	252 080	1.3
Cecilia Rydbeck	11 632		11 632	1.0	232 640	1.2
AB Svenska Småbruk och Egnahem	9 720		9 720	0.9	194 400	1.0
Tapiola Mutual Insurance Company	9 280		9 280	0.8	185 600	0.9
Total, 10 largest shareholders	742 756	131 000	873 756	77.9	14 986 120	75.2

Distribution of Shares	Shareholders		Shares		Votes	
According to the Book Entry Register, January 2, 1998	number	%	number	%	number	%
1-100	490	58.0	19 895	1.8	397 900	2.0
101-500	244	28.9	56 759	5.1	1 135 180	5.7
501-1000	50	5.9	35 122	3.2	702 440	3.6
1001-	61	7.2	1 000 453	90.0	17 520 060	88.7
Total	845	100.0	1 112 229	100.0	19 755 580	100.0

There are also 7,015 shares which have not been transferred to book entries and 2,195 unregistered book entries on the waiting list.

Ownership Breakdown by Type	Shareholders		Shares		Votes	
According to the Book Entry Register, January 2, 1998	number	%	number	%	number	%
Private individuals	788	93.3	938 437	83.7	16 279 740	81.6
Firms	33	3.9	136 478	12.2	2 729 560	13.7
Non-profit institutions	10	1.2	9 520	0.8	190 400	1.0
Financial institutions	6	0.7	17 228	1.5	344 560	1.7
Non-profit organizations	4	0.5	7 636	0.7	152 720	0.8
Non-Finns and nominee registered	4	0.5	2 930	0.3	58 600	0.3
Shares on the waiting list		0.0	2 195	0.2	43 900	0.2
Shares not transferred to book entries		0.0	7 015	0.6	140 300	0.7
Total	845	100.0	1 121 439	100.0	19 939 780	100.0

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

Board of Directors

C-G Ingman, chairman
Hans Ingman
Lars Ingman
Robert Ingman
Cecilia Rydbeck
Teppo Taberman
Magnus Westerholm



Board of Directors (left to right) Magnus Westerholm, C-G Ingman, Teppo Taberman, Robert Ingman, Lars Ingman, Cecilia Rydbeck and Hans Ingman.

Management



Robert Ingman
Managing Director



Leif Hellman
Sales Director



Hans Ingman
Production Director



Marika Ingman
Marketing Director



Eino Lindfors
Export Director

Auditors

Jukka Reimi,
Authorized Public Accountant
Olli Wesamaa,
Approved Public Accountant

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