ANNUAL REPORT
1999

HUURRE

Annual Report 1999

HUURRE GROUP

COOL KNOW-HOW

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KEY FINANCIAL INDICATORS

1997 and 1998 figures do not include the Prepan group.
As a pro forma has been presented accounting periods which ended 31.8.1998 and 2.1.1999

CONSOLIDATED INCOME STATEMENTS (pro forma) (FIM 1000)	1997	1998	1999
Turnover	386 237	453 167	602 895
Profit from operations before depreciation	36 961	44 827	56 466
% of turnover	9,6	9,9	9,4
Operating profit	23 713	30 534	40 638
% of turnover	6,1	6,7	6,7
Profit before extraordinary items, reserves and taxes	18 365	17 617	31 230
% of turnover	4,8	3,9	5,2
Profit before reserves and taxes	21 358	15 376	34 014
% of turnover	5,5	3,4	5,6

CONSOLIDATED BALANCE SHEETS (FIM 1000)	1997	1998	1999
Assets			
Fixed assets	101 402	106 105	122 136
Stocks	47 907	49 597	48 492
Other current assets	71 772	102 951	171 359
Liabilities			
Share capital	10 150	10 000	12 195
Other capital and reserves	32 253	12 895	41 735
Minority interest	2 102	4 444	5 826
Provisions	4 836	3 608	6 324
Non-current creditors	83 721	129 540	148 568
Current creditors	88 019	98 166	127 339
Balance sheet total	221 081	258 653	341 987

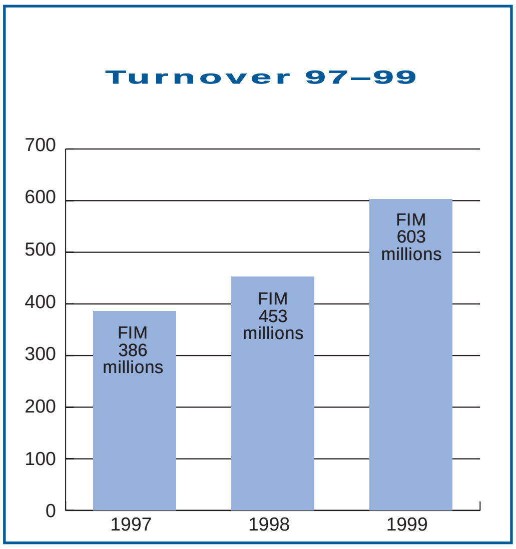
FINANCIAL RATIOS	1997	1998	1999
Return on equity (ROE) %	46,8	41,0	58,5
Return on investment (ROI) %	17,6	19,6	22,3
Equity ratio %	22,7	11,5	17,8
Gearing %	184	361	166
Capital expenditure (without acquisitions) FIM 1000	26 896	12 793	11 735
% of turnover	7,0	2,8	1,9
Orderstock, FIM 1000	44 000	75 600	102 500
Average number of employees	450	535	655

Calculation of financial ratios

Return on equity (ROE) %	$\frac{\text{Profit before extraordinary items, reserves and taxes ./. Income taxes}}{\text{Capital and reserves + Minority interest (average)}}$
Return on investment (ROI) %	$\frac{\text{Profit before extraordinary items, reserves and taxes + Financial expenses}}{\text{Balance sheet total ./. Non-interest bearing current liabilities (average)}}$
Equity ratio %	$\frac{\text{Capital and reserves + Minority interest}}{\text{Balance sheet total ./. Advanced received}}$
Gearing %	$\frac{\text{Net debt}}{\text{Capital and reserves + Minority interest + Voluntary provisions}}$

Development of operations in 1999

We succeeded in our objective to develop the Group's operations. Our turnover increased both organically and as a result of acquisitions, and profitability improved toward the turn of the millennium. The good operational year increased the value of the company considerably.

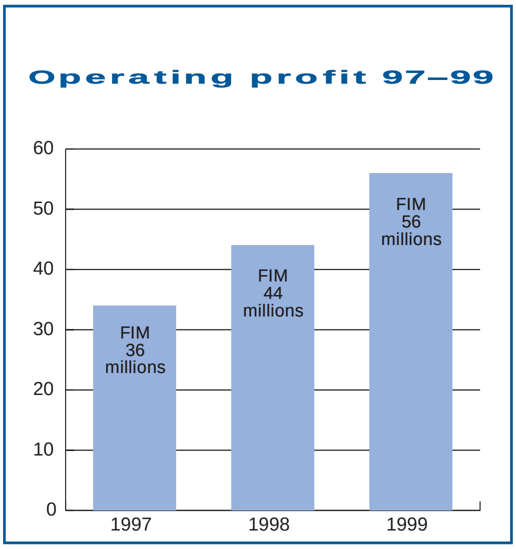


Turnover

The consolidated turnover of the Group increased by 33 percent in 1999, and amounted to FIM 602.9 million (turnover in 1998 was FIM 453.1 million). This increase is partly due to two acquisitions. The purchase of Prepan AS, a well-known Norwegian group, in May increased the group's cold store capacity and the acquisition of the Oulu-based Enerkyl Oy in June expanded domestic installation and maintenance operations in commercial refrigeration.

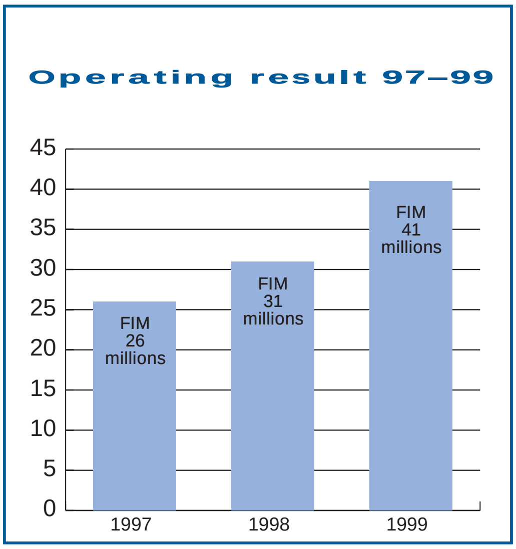
The Group's organic growth is most clearly indicated by the increased sale of custom-made cold rooms for retail outlets in both Finland and other Scandinavian countries.

Significant investments were made within the food processing industry in the Scandinavian countries.



Result

In 1999 the consolidated operating profit before depreciation increased by 26 percent, totalling FIM 56.5 million (FIM 44.8 million in 1998) and the operating result increased by 33 percent to FIM 40.6 million (FIM 30.5 million in 1998). The recent acquisitions are not yet really shown in the group's result; synergies are only becoming visible during this year.



Ownership structure

In connection with the acquisition of Prepan AS, the ownership structure of the group's parent company, T.M. Fridge Oy, changed in spring 1999. After the changes, 64% of the group was owned by NatWest Equity Partners Ltd (through Rainford Ltd), 8% by Tapiola Group, 15.2% by Foinco Invest AS and 12.8% by the operational management.

CHALLENGES IN THE NEAR FUTURE

Integration of Svensk Butiks-service AB begins

In accordance with the group's strategy, we have strengthened the nation-wide maintenance network of our subsidiary, Suomen Kylmätekniikka Oy. With the acquisition of Enerkyl Oy, our Finnish maintenance network is now complete.

The latest step toward new challenges was taken in February 2000, when Huurre Group acquired Svensk Butiksservice AB from the Swedish wholesale company ICA Handlarnas AB. The newly purchased company operates the only nation-wide maintenance and installation network in Sweden specialised in commercial refrigeration.

The acquisition is both a challenge and a matter of honour to us, and this we take very seriously. We aim at providing the best possible services to ICA's extensive retail network. We also aim to extend our operations to other retail markets in the future.

Integration of Prepan AS nearly complete

We have paid much attention to the integration of Prepan that was purchased in spring 1999, and our work has proceeded according to expectations. We have focused the distribution of work between different plants and co-ordinated our purchasing activities.

We have virtually eliminated all overlapping areas in sales and marketing. However, synergies will become visible gradually as improved profitability within the Group.

The combination of two corporate cultures is never easy, but we are confident with our work. The future of projects in the Scandinavian countries looks promising.

Outlook for the future

The economic outlook is favourable. Both companies and consumers are optimistic about the future, and the prevalent economic atmosphere in Europe promotes growth. For example, the Turkish economy is expected to recover, and we hope to resume our deliveries there soon. The outlook in exports is perhaps more promising than a year ago. Retail sales are expected to continue their rapid growth. As the wheels of industry turn faster, the demand for refrigeration also increases.

We do not expect the Russian market to increase this year. However, some changes can already be expected: inflation should increase slightly in the future and there are signs that the price of steel will increase, which has great significance to us.

Growing demand for refrigeration

At the time this review is written, we share an atmosphere of curiosity and anticipation. There is now more interest in cold chain management than ever before. For example, more is invested today in the correct preservation of foodstuffs than earlier, and in addition to questions related to temperature the importance of hygienic issues is emphasised to a greater extent.

Today's prevailing trends support business activities directly in all our product areas. The impact is felt all the way from the smallest medical refrigerators to the largest food processing and storage facilities. The retail industry is investing heavily in new stores - often simultaneously in chains of smaller stores and in large supermarkets.

The retail sector in the Scandinavian countries is expected to increase its investments from the previous year. Finnish processing industry is increasing its investments and the development in the other Scandinavian countries has already been quite rapid.

Continued development work

The group's turnover has increased rapidly over the past few years. This year's turnover is expected to reach FIM 0.8 billion. At the turn of the year the consolidated order book was FIM 30 million higher than a year before.

MANAGING DIRECTOR'S REVIEW

We have developed our after-sales services in Finland significantly and now the aim is to utilise this know-how also in Sweden. We obtained market leadership in Sweden in maintenance operations of commercial refrigeration through the acquisition of Svensk Butiksservice AB. Our objective is to maintain this position.

As a result of continuous efforts, our market position has improved considerably over the past few years. The group has every opportunity to further expand its operations and improve its profitability. We are proud of our professional skills and the results of our work.

Our current position enables us to further improve our results. I have strong faith in our success in the year 2000.

Lars Lindell
Managing Director
Ylöjärvi, February 2000

The consolidated turnover and result

The accounting period ended 31 December may commercially be described as favourable, especially as far as the main products of the Group (T.M. Fridge consolidated), cold stores and walk-in cold rooms, in our main market area in the Nordic countries are concerned. In Finland, the retail market continued to invest. The investment level of the food industry was, however, still low, inter alia due to the economic situation in Russia. Meanwhile, the level of investment of the food industry in other Nordic countries remained good.

The goals set on International projects were not fully realised. One of the reasons for this was the poor economic situation in our neighbouring areas. This was also the case in respect of the demand for cold stores. In Turkey, the natural disasters postponed investments. On the other hand, the improved economic situation in Asia increased demand, for example in China.

The business unit of Standard products advanced positively towards the end of year 1999, especially in the Nordic countries and in Great Britain. The beginning of the year was, on the other hand, exceptionally quiet, both in the order volume and consequently in production. Thus, Standard products failed to meet the goals set.

The consolidated turnover of the Group in year 1999 was FIM 602.9 million (FIM 190.0 million on the previous 4 month period) and the results of the business activities FIM 40.6 (16.5) million. As the length of the previous accounting period (1 September 1998 - 2 January 1999) was only four months, the figures are not comparable. The difference in the length of the accounting periods was due to changes in the ownership structure of the Group in the spring of 1998.

During the last accounting period, the Group expanded in accordance with its international strategy. In the spring of 1999, a Norwegian group specialized in the refrigeration business, Prepan AS, was bought. The Prepan group is a cold store and cold room supplier with production both in Norway and in Denmark. As a result of the acquisition, the Group became the biggest Nordic commercial and industrial cold store constructor. In Finland, the Group's maintenance and installation operations were strengthened by acquiring Enerkyl Oy from Oulu. Enerkyl Oy engages in the maintenance of refrigeration and air conditioning equipment and the construction of cold rooms in retail shops. The acquisitions increased the consolidated turnover of the year 1999 with FIM 127.0 million and the consolidated result with FIM 3.8 million.

The consolidated turnover of the accounting period consisted mainly of the production, sales and maintenance of the temperature controlled facilities and equipment for food industry, retail and wholesale and professional kitchens. The turnover was divided between the different business areas as follows: step-in modular cold rooms 7.5%, reach-in commercial cabinets 7.4%, drive-in cold stores 35.7%, walk-in cold rooms 44.8 % and retail products 4.6%. The main markets were still in the Nordic countries and in Central Europe.

Financing

The financial position of the Group was good. The cash flow of the business was FIM 40.6 million and the cash flow before the financing activities FIM 6.1 million. The liabilities with interest were FIM 159 million at the end of the accounting period while the cash and bank assets were FIM 57.9 million.

Group structure

T.M. Fridge Oy is the ultimate holding company of Huurre and Prepan. The management of the Group, administration, financial and IT-operations serving all companies in the Group, public relations, the development of environmental and quality systems as well as the coordination of product development are the responsibility of the parent company T.M. Fridge Oy.

THE BOARD OF DIRECTORS' REPORT

The following companies have during the accounting period been Group companies: T.M. Fridge Oy (ultimate holding company), Huurre Group Oy, Suomen Kylmätekniikka Oy, Uudenmaan Kylmähuone Oy, Huurre Cold Stores Oy, T.M. Funding Oy, HFC-Kylmä Oy, Sabroe Finland Oy, Julkujärven Kiinteistöt Oy, Pentti Porkka Oy, Huurre Svenska AB, Ki-Panel AB, Ki-Panel Produktion AB, Ki-Panel Container AB, Porkka Scandinavia AB, Porkka Norge AS, Porkka (U.K.) Limited, Porkka (Deutschland) GmbH, Huurre Frigo Kft and PT Porkka Cold Stores.

Companies that have joined the Group during the accounting period are Prepan AS and its subsidiaries Prepan Norge AS, Prepan Danmark AS and Prepan Sverige AB since 11 May 1999 and Enerkyl Oy since 1 June 1999.

PT Porkka Indonesia is included in the consolidated financial statements as an associated company.

In connection with the acquisition of the Prepan group, the share capital of T.M. Fridge Oy was increased with a targeted issue of shares totalling to FIM 2,195,120 directed to the vendors. The ownership structure of T.M. Fridge Oy was changed accordingly.

At the end of the accounting period the ownership of T.M. Fridge Oy was divided between Rainford Ltd (64%), as nominee for the funds managed by NatWest Equity Partners Ltd, an English company, the Tapiola Group (8%), Foinco Invest AS (15.2%) and the operative management (12.8%).

Capital expenditures

The net capital expenditure (capex) of the Group was FIM 34.5 million during the accounting period. As regards production, the most significant capex objects were the extension of the commercial cabinet factory, the modernising of the laboratory facilities and the new cutting saw for the continuous panel line. In addition, the Group invested in a new design system. The Prepan group invested in the cutting, bending and profiling equipment of metal sheets.

R & D, quality and environment systems

Research and development expenditure of the Group was FIM 3.8 million. The principal developments were a new line of commercial cabinets for professional kitchens and supermarkets, marine cold room fire doors, clean room doors and the type approval of the cold store panels. The development of the 3D design system was also continued.

In order to ensure the quality of the products and the competitiveness of the Group in the market, the ISO 9001 quality system as well as the ISO 14001 environment system have been the focus of continual efforts.

Personnel

The total number of employees in the Group was 665 (535) on the average during the last accounting period. Special emphasis was put on personnel development both through vocational training in different fields of business and in leadership training. Also the traditional possibility to participate in language training was continued. Answers to the growing challenges of the future were explored e.g. from activities maintaining the ability to work.

Management and auditors

The following persons have acted as members of the Board of Directors of T.M. Fridge Oy: Kari Heiskanen (chairman), Ulf Bergenudd, Andrew Fullerton, Lars Lindell, Christopher McCann and Arnstein Endresen, who has been a member of the Board since 11 May 1999. Lars Lindell has acted as the company's Managing Director.

The company's auditoring firm is Arthur Andersen Oy, a firm of authorized auditors, with Hannu Vänskä, APA, as the auditor with principal responsibility.

The outlook for the financial year 2000

The Group will continue its strong internationalisation strategy during the year. In February

2000, the Group acquired Svensk Butiksservice AB from the Swedish wholesale company ICA Handlarnas AB. Svensk Butiksservice AB is the biggest and only country-wide installation and maintenance company in the field of refrigeration business providing services for the wholesale and retail sector in Sweden. The acquisition strengthens the position of the Group in the field of commercial refrigeration.

With this acquisition, the turnover of the Group is estimated to reach FIM 0.8 billion in the year 2000.

The volume of orders-in-hand was FIM 105.2 million at the end of the accounting period, when the corresponding figure of last year was FIM 75.6 million. The development of the orders-in-hand has been favourable also after the turn of the year and the economic prospects of growth in our main market areas predict a continued positive development.

Distribution of profit

The Board of Directors proposes that T.M. Fridge Oy's profit FIM 4,280,495.35 for the accounting period 3 January 1999 - 31 December 1999, be transferred to the company's profit and loss account and that no dividend be distributed.

The Group Management Team, sitting from left: Raimo Makkonen, Veli-Pekka Väisänen, Lars Lindell, Kari Kiiveri, Markku Lehti; standing from left: Altti Seinelä, Hannu Hertti, Matti Jokela, Lasse Korpela.

QUALITY AND ENVIRONMENT

Huurre Group acknowledges the importance of quality and environmental management systems. They have been found to improve the development of the company's operations. Our experiences with these systems have been purely positive.

Huurre Group Oy employs an ISO 9001 certified quality system and an ISO 14001 certified environmental management system. The subsidiaries Ki-Panel AB and Suomen Kylmätekniikka Oy are developing their activities using similar quality systems. Quality system work is being initiated also at Huurre Cold Stores Oy and at both Prepan companies in Norway and Denmark. This means that all the Group's companies involved in industrial and project operations will soon be within the scope of the quality certificate. Environmental management systems will also be implemented accordingly.

Service with foresight

The quality systems are used efficiently to develop all activities. Every employee at Huurre Group Oy can participate in the development work. The hundreds of initiatives made each year display the active participation of the employees.

Our aim is to surprise the customer positively by all our activities. For example, customers are guaranteed professional services in compliance with the quality system at the numerous locations of Suomen Kylmätekniikka Oy. The company's key concept is to build functional refrigeration systems that are economical in the long run as a result of low operating costs.

We also learn from our mistakes. Projects and detected deviations in them are analysed using the quality system.

Daily work for the environment

We are genuinely concerned for the state of the environment and this can also be seen in our day-to-day activities. We have been able to reduce the environmental impacts of our operations by replacing harmful refrigerants and insulation aerosols with ones that are more environmentally friendly years before they are going to be prohibited.

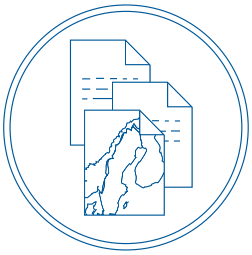
In 1998 following its pioneering work for the environment Huurre Group Oy was the first refrigeration company in the world to be granted an environmental certificate.

The environmental system has enabled Huurre Group Oy for example to reduce the waste of steel and the portion of waste taken to landfills plus a paint workshop will be given up in order to eliminate solvent emissions.

Several development projects are being implemented in accordance with current environmental perspectives. The amount of waste will be further reduced and different ways to utilise products removed from use will be investigated. In addition, we are preparing for various problems already beforehand plus reducing energy consumption in our plants. The proper management of environmental issues is of great importance to us.

NORDIC PROJECTS

As a whole, year 1999 was positive for the division. Profitability was increased, especially at Suomen Kylmätekniikka Oy. The turnover of Ki-Panel AB and the Finnish projects of the parent company also increased.



Nordic projects cover the deliveries of custom-made cold rooms and refrigeration plants for customers in the Scandinavian countries. In addition, the division also delivers marine cold rooms and handles the clean room operations of the parent company.

The most significant customer groups are the food and retail industries, construction and refrigeration subcontractors and shipyards. Most of the deliveries are made to the Scandinavian countries, but especially marine cold rooms and clean rooms are also delivered elsewhere.

From designing to maintenance

The tailor-made cold rooms, cold stores and clean rooms are designed according to the needs of the customer. The delivery includes designing, the required structural elements and most often on-site installation.

Refrigeration plant deliveries vary according to the delivery country and individual conditions. In Finland they are included in the comprehensive delivery thanks to the group's subsidiaries in the country. The service also includes the remote monitoring of refrigeration plants and a comprehensive spare part and maintenance service.

A good year

The parent company's domestic projects and the operations of Suomen Kylmätekniikka Oy were advanced by a quick construction and renovation pace in the retail sector.

In Sweden, 1999 was a better year for Huurre Svenska AB than the one before, both in terms of turnover and profitability. Demand remained in balance, as the reduced number of cold store orders by the retail sector was compensated for by an increase in the food processing industry.

There was steady demand also in Norway. Prepan Norge AS achieved its objective despite the fact that some of the scheduled projects were delayed.

The full order portfolios of shipyards enabled the parent company to increase its marine cold room deliveries from the previous year. New, tighter fire safety requirements forced us to develop new panel and door structures. We met this challenge successfully, our customers remained confident about our products, and we received orders steadily throughout the year.

Importance of the Internet

The Web site of Huurre Group was renewed during 1999. Information was restructured, the graphical outlook was clarified and interactivity was increased. The Web site of the subsidiary Prepan Danmark AS was renewed at the same time and the new Web site of Prepan Norge AS will be finished during spring 2000. The Web sites of the parent company and its subsidiaries are linked to one another, which enables our customers to locate information more easily from the Group's Web sites.

Outlook of demand in 2000

The demand for refrigeration at the beginning of the new millennium looks promising in the Scandinavian countries.

The retail industry is improving its competitiveness by investing actively also in the future. This positive development is further advanced by new ownership arrangements, which cross national boundaries. The outlook of investments in the industry is the most promising in Finland and Sweden.

The flourishing Norwegian fishing industry is investing continuously. Some important projects were postponed from the previous year and we expect them to actualise in 2000.

There are several positive factors in sight for the refrigeration industry in Denmark. The bridge over Öresund will restructure the logistic network of the country, which we hope will produce new investments in the transportation and storage sector. In addition, the massive Danish pork industry is improving its profitability after three bad years and the cumulative investment pressures are now being realised.

The development work continues

The determined work that was started in 1999 to streamline operations and create synergies is still under way.

The similarity of business activities in different companies and countries enables the development of common operating models and careful planning of work distribution in product development, production and purchasing activities.

Development projects have been launched in all of these areas. They will have a positive effect on the competitiveness and result of our project operations in the Scandinavian countries. We have already received concrete results and will obtain more in the year 2000.

The objective in gross sales of Standard products was not quite met in 1999, although the end of the year showed positive development in sales. This development will clearly continue in the year 2000, for which we have considerably higher expectations.

In 1999 we adopted new forms of marketing. Huurre Group and its subsidiaries in the United Kingdom and Germany published their Web sites. Also, last year we participated in the international retail industry's exhibition Euroshop. We improved the outlook and content of our brochures, so that they would best serve the needs of each market area.

The Standard products group contains mainly refrigeration equipment with a wall plug, such as step-in modular cold rooms, commercial cabinets for institutional kitchens, medical refrigerators, freezers and laboratory refrigerators, and display cabinets. In addition, the product family is complemented by various resale products, such as ice cube machines, service line displays, cold drawers and ice cream chests.

Standard products, like all other products of the company, are designed and manufactured with respect for ecological values. The insulation and refrigerants used in the refrigeration machinery contain no CFC or HCFC. The primary goal in development and manufacturing has been to produce durable and easily maintained equipment.

Exports dominate sales

Exports and sales abroad cover 80% of the gross sales of Standard products, whereas the remaining 20% are sold in Finland. The main market area includes the United Kingdom, Sweden, Norway, Germany and the rest of Central Europe. The Baltic countries and Japan are other important market areas.

We have a broad clientele, which includes suppliers of equipment for institutional kitchens, hospital and laboratory equipment suppliers, retail chains and various large customers, such as food manufacturers and petrol companies. Our regular customers abroad also include companies servicing refrigeration equipment and suppliers of equipment for retail outlets. Outside of Finland, business is handled almost independently by our local subsidiaries and selected importers.

Step-in rooms a leading product

The main product of the division is without doubt the step-in modular cold room, and its variations Combi and Maxi. The standard range for these products now contains over 600 different options, which are all easy to transport and install.

The panels and refrigeration machinery are designed so that they can be installed without any special skills or tools.

Another important product group are the chiller and freezer cabinets and their more powerful versions, blast chillers and freezers. Both versions are designed for institutional kitchens. This cabinet series has been in production since 1992 and it has received praise for its reliability and high quality.

Product of a millennium

The demands of the market are increasing continuously. This is why we are also continuously developing new products. In 1998 we began to develop a new, improved series of chiller and freezer cabinets.

Hard requirements were set for this new product: it should fulfil the increased hygiene requirements, save energy and have lasting durability. Manufacturing should be rational and testing should be both easy and quick to conduct.

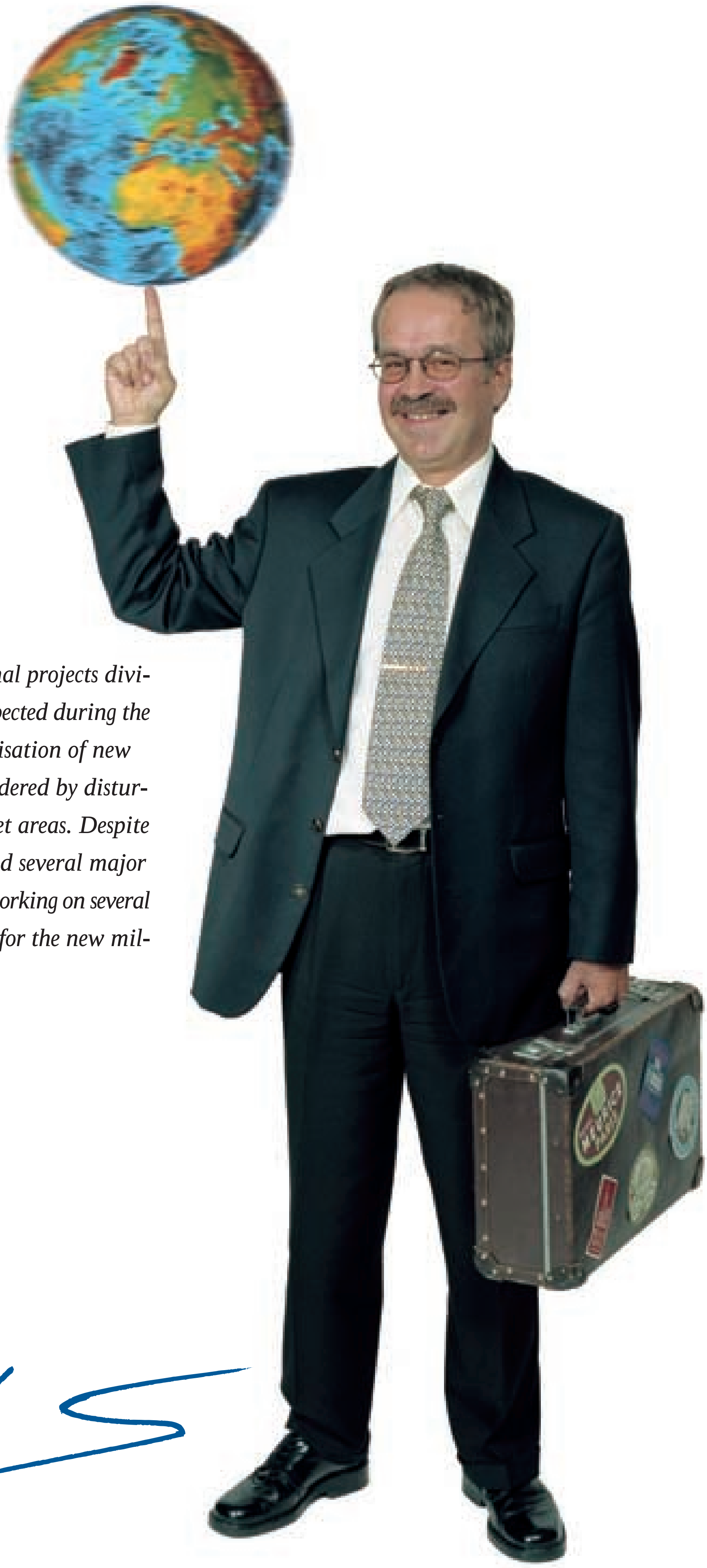
After two years of product development, we can now at the beginning of this new millennium introduce a cabinet series which uses the most recent cold technology, and, in addition to the already mentioned items, features exquisitely implemented temperature control and related temperature alarms.

Product development with the customers

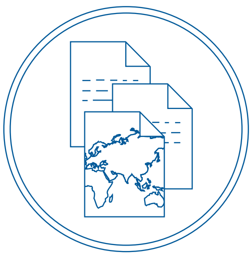
Display cabinets have become a new standard product group during the past few years. Manufacturing began after we noticed a growing demand of display cabinets in small or mid-sized retail outlets, kiosks and petrol stations. Many of the products were designed directly for a sales concept and for specific customers, which provides the customer with a considerable role already in product development.

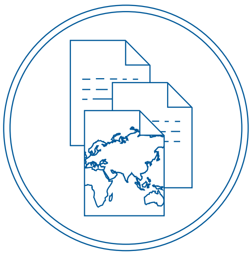
Besides the customer-specific special products, part of the display cabinet range has been standardised after positive feedback from customer groups. In addition to caring for the specific needs of individual customers, we have also paid attention to the variation in temperature requirements between different market areas. The development of products has also demanded the development of new testing methods. We continue our determined work and now have the best possibilities for growth in the future.

INTERNATIONAL PROJECTS



Sales in the International projects division did not increase as expected during the financial period. The realisation of new sales was significantly hindered by disturbances in our main market areas. Despite the problems, we concluded several major projects and are currently working on several new projects. The outlook for the new millennium is promising.





The political and economic turmoil that began in Russia in August 1998 and the problems related to the elections and natural catastrophes in Turkey significantly hindered the realisation of new sales in the financial period. However, only few projects had to be cancelled altogether, and even these have been quickly replaced with new ones. Conditions have now stabilised. Projects have been reinitiated and investments are slowly increasing after the quiet period. Huurre is also going to participate in the reconstruction of the areas destroyed by the war in the Balkans. In addition, the economy in Southeast Asia is picking up, which has also increased investment potential in the food processing industry. The most significant recent projects include the refrigeration plant of a chewing gum factory completed in Russia at the end of 1999, a cold store to be completed in Slovakia in spring 2000, a seafood processing plant to be completed in China in March 2000, and a potato and lettuce processing plant to be completed in Turkey in May 2000. These projects will be followed by others of similar size in the same countries and in our other market areas.

Over 1 000 projects in 50 years

The fifty years of operation at Huurre contain a great number of international projects: altogether more than one thousand projects in a hundred different countries. International projects outside the Scandinavian countries are handled by Huurre Cold Stores Oy, a subsidiary founded in spring 1997. It also handles the company's agencies in Moscow and St. Petersburg as well as two subsidiaries, Huurre Frigo Kft located in Hungary and PT Porkka Cold Stores in Indonesia.

Huurre Cold Stores is specialised in the design and manufacture of blast chilling facilities required in food logistics.

Careful planning: successful project

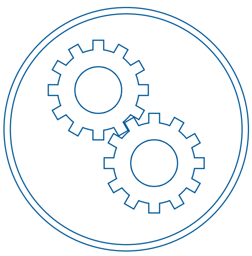
We work in close co-operation with the customer already during the preliminary design phases of the project. It is important for us to become familiar with our customer's production process and any special requirements it might present. In order to achieve this, we work continuously with the food, wholesale and retail and logistics industries.

In addition, in our design work we always take into consideration the applicable international regulations, compatibility of components and environmental aspects. Most projects are comprehensive deliveries, which include structural work, refrigeration facility and electrical design work, erection of structures, installation of the refrigeration facility, initial refrigeration of the facility, user training and delivery.

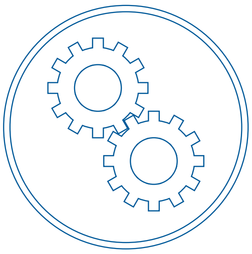
Targeting to growing markets

In accordance with the group's strategy, Huurre Cold Stores is aiming at rapidly growing market areas, where it is possible to gain a significant market share and to successfully compete for comprehensive deliveries. At present, our main target areas include the European parts of Russia, the Baltic countries, eastern Central Europe, Turkey and its neighbours and Southeast Asia. How we distinguish ourselves from the competition depends on the local market situation. We aim to continuously increase our knowledge of the operating areas and production processes of our customers and to develop our project management and services.
Operations in the selected areas are carried out in close co-operation with our local and international partners whom we can now serve even better with our new interactive Web pages. Our new online service indicates how versatile and international Huurre is as a supplier of refrigerated facilities. We are at home both near and far, since profitable partnership is always built on trust and loyalty, something that we provide everywhere in the world.

Our production plants manufacture annually over 700,000 m² of cold facility panels, about 8,000 cold facility doors and about 9,000 refrigerated units. A significant portion of the products manufactured in Finland is exported. The production plants in Sweden, Norway and Denmark manufacture panels and doors mainly for their own markets.



PRODUCTION



The group has five production plants of which two are located in Finland. The Ylöjärvi plant manufactures standard and special panels for cold rooms, cold stores, marine cold rooms, clean rooms and post mortem equipment. The plant also manufactures a wide range of hinged and sliding doors and air curtains. The plant in Hollola is specialised in manufacturing refrigerated cabinets and equipment.

Our panel plants in Upsala, Sweden; Namsos, Norway and Vejle, Denmark concentrate on manufacturing panels and doors for cold rooms and cold stores.

Active development work

The greatest asset of Huurre are its products of high technical, operational and visual quality. Operational quality is managed with the ISO 9001 and ISO 14001 systems.

Active product development is part of our everyday operation. Recently we have created a new series of cabinets for institutional kitchens and the retail markets. We have also developed and categorised a series of fire-proof doors for ships, obtained type approval for our storage panels, renewed our range of clean room doors, improved the frame structures of our ship doors and developed our 3D design system.

We participate actively in standardization work at both national and European levels. Standards are currently being developed for doors, insulation, sandwich panels and fire classification.

We also have product development in cooperation with national industrial unions in Finland, Sweden and Norway and we are investigating for example the environmental impacts of our products.

In addition, we are carrying out several advanced development projects with our raw material suppliers.

Investment in expansion and equipment

The most significant investments in production plants in 1999 include the expansion of the Hollola plant and its new laboratory facilities and equipment, automatic crosscut saw for the panel casting line at the Ylöjärvi plant, a 3D design system, and sheet shearing, bending and profiling machines for the Namsos plant.

Reliable quality: now and in the future

Huurre has the experience from decades of manufacturing steel lined polyurethane panels. Our know-how is visible particularly in the utilisation of various qualities of polyurethane in the structures of cold and freezer facilities. The same reliable know-how is applied in all facilities we deliver to the food and retail industries and institutional kitchens. The insulating qualities of polyurethane have remained unsurpassed for decades, especially with the increasing price of energy and environmental impacts of energy production. Refrigerated facilities built by Huurre today will remain competitive into the distant future.

Ylöjärvi production plant

Hollola production plant

FINANCE ADMINISTRATION

The strong internationalisation trend was clearly reflected on all activities of the Group. The main impact on finance administration was the increasing demand to integrate and further develop accounting principles, monitoring and reporting.

In view of future challenges the Group began to prepare interim accounts quarterly. At the same time reporting intervals were also shortened. The budgeting system was renewed and its information content was further defined during autumn 1999. The development of the system continues in 2000 with the integration of consolidated reporting. Financial administration in different business areas will be strengthened with a controller function, which will be placed under line management. The controller's task is to assist line management and the group's financial administration in decision-making and the development of consolidated accounting.

Information Technology

IT concentrated a significant amount of resources to minimise the problems related to the turn of the millennium. The work was completed successfully, as no problems were detected. In other areas, IT invested in improving technical operating conditions and international communication links, as well as the development of the design system supporting sales and production.

A major portion of our activities is based on projects, which aim to find solutions to the cold facility demands of our customers. Therefore our data system has to support and provide even better tools for managing these types of activities internationally. Our objective is to carry out the required pre-assessment of systems that could be used to support our activities, and which could also be integrated more extensively in different companies within the Group. The decisions on possible software purchases and the method of implementation will be made at the latest at the beginning of 2001.

In Standard products, the emphasis in system development is on the rationalisation of order chains. The aim is to re-utilise processed data as widely as possible within the group's value chains. Today's advanced data transmission systems provide useful tools for this work.

Financing and currency management

The group's financing agreements were renewed to better meet the requirements of the expanded group. The new solutions follow the earlier principle: only the parent company T.M. Fridge Oy and Huurre Group Oy have long-term liabilities.

The Group's cash management will be improved during 2000 by adopting country-specific consolidated account structures. The liquid reserve is also used to minimise net interest expenses for example through deposits. No investments are made in listed or other shares not directly related to the Group's operation.

Euro

Following the expansion of the Group, the share of companies operating within the single currency area was reduced to about 40 percent of the Group's turnover. However, there is growing pressure, especially in the Scandinavian EU-countries, for adopting the single currency.

A decision has been made to conduct detailed investigations and make the required decisions during 2000 on the adoption of the euro within the Group. This will enable the Group to adopt the euro as its home currency at the beginning of 2001, after which for example reporting and consolidated invoicing will be executed using the single currency. The transition is facilitated by the fact that the Group's system solutions have been designed to allow most handling of items in euros already now.

Personnel and organization

The Group organization was renewed in spring 1999. Operations were divided into Nordic projects, International projects, Standard products and Production. One of the most important tasks of Group management in 1999 was indeed to design a functional organization structure and create a working atmosphere that supports results.

At the end of the financial year the Group employed 712 people, of whom 174 worked in Nordic projects, 32 in International projects, 55 in Standard products and 432 in Production. The group administration at T.M. Fridge Oy employed 19 people.

Occupational health care, occupational safety and activities that support working capacity are all developed as one unit in the Finnish companies of Huurre Group. This activity began in autumn 1999 and its aim is to improve the physical and mental well-being of the entire staff. Special attention is paid to physical exercises and work ergonomics. The third important area is supervisory work, which is developed with for example regular work atmosphere surveys. These activities are co-ordinated by a development and co-operation team, which includes representatives from various employee and business groups.

Employee training continued actively in the group in 1999. In addition to core professional skills, other important areas of training included quality, service and co-operation capabilities, and IT and language skills. One of the greatest future challenges will be strengthening professional training for the refrigeration industry, so that there will be enough skilled employees to guarantee the quality of Huurre and Porkka also in the future.

ACCOUNTING PRINCIPLES

Scope of the Consolidated Financial Statements
In addition to the parent company, T.M. Fridge Oy, the consolidated accounts include the domestic and foreign subsidiaries in which more than half of the shares or votes are governed, either directly or indirectly, by the Group. Sabroe Finland Oy, in which 50% of the shares and votes are governed by the Group companies, has been included in the consolidated accounts as a subsidiary based on the shareholders' agreement. Sabroe Oü was not consolidated due to the small volume of business activities involved.

Principles of Consolidation
The consolidated accounts have been drawn up by using the acquisition cost method. The price paid for the subsidiary companies' shares and exceeding the equity, has been presented as consolidated goodwill with the exception of Pentti Porkka Oy the consolidated goodwill of which has been allocated in fixed assets. The items allocated in fixed assets will be written off in accordance with the depreciation plan of the fixed assets item. The consolidated goodwill presented as a separate item on the balance sheet, will be written off as straight-line depreciation within five or ten years. Goodwill arising from acquisition of Enerkyl Oy will be amortized in ten years. Goodwill arising from acquisition of Prepan-group will be amortized in ten years.

Group Goodwill in the Consolidated Balance Sheet
There is a consolidated goodwill of FIM 88.4 million from the acquisition of Huurre Group Oy in 1998.

In the balance sheet of T.M. Funding Oy, which is a subsidiary of T.M. Fridge Oy, is included a capital loan FIM 80.0 million. The capital loan is subjected to the provisions of the Finnish Companies Act concerning capital loans. According to capital loan conditions capital loan will in certain circumstances be converted into restricted capital of T.M. Funding Oy. In the consolidated balance sheet of T.M. Fridge Oy the capital loan has been included in the equity of T.M. Funding Oy, which creates a consolidated badwill of FIM 80.0 million from the acquisition of T.M. Funding Oy.

In the consolidated balance sheet the consolidated goodwill from the acquisition of Huurre Group Oy is allocated to the consolidated badwill from the acquisition of the T.M. Funding Oy. The rest of the netted consolidated goodwill FIM 8.4 million will be written off in ten years.

Associated Companies
The financial statements of the associated companies have been included in the consolidated accounts by using the equity method. The consolidated share of the result of the financial year, deducted by depreciation of consolidated goodwill, has been presented as a separate item in the income statement.

Minority Interest
Minority interest has been separated from the subsidiary's equity and result, and presented as a separate item in the income statement and balance sheet.

Intercompany Transactions
Business transactions within the Group, such as internal receivables and debts, internal margins of current assets and fixed assets, as well as distribution of profit within the Group, have been eliminated.

Foreign Subsidiaries and Conversion Differences
The financial accounts of the foreign subsidiaries have been converted and grouped in accordance with the Finnish Accounting Act. The financial accounts of foreign subsidiaries have been consolidated in accordance with the official, average rate of the Bank of Finland on the date of the financial statement or in accordance with the fixed conversion rate. The conversion differences resulting from the elimination of equities of the foreign subsidiaries have been presented under unrestricted equity. Differences arising from the conversion of retained earnings of subsidiaries is presented in income statement in financial income and expenses.

Voluntary Provisions
In the consolidated financial statement, the voluntary reserves included in the balance sheet of the Group companies and the depreciation difference have been divided into unrestricted equity and deferred income tax liability included in long-term liabilities. Similarly, changes in the voluntary provisions of Group companies have been eliminated from the consolidated income statement, taking the effect of deferred taxes into account.

Obligatory Provisions
The obligatory provisions include guarantee provisions that are allocated under deliveries carried out during the financial year or during previous financial periods. The amount of the corresponding loss has been calculated in accordance with the outlooks at the time of calculating the financial accounts. In obligatory provisions are included reservations for future pension expenses, which mainly arise in balance sheet due to the acquisitions. Changes in the obligatory provisions affecting the result are included in that item of the accounts where they naturally belong.

Foreign Currency Items
The receivables and debts in foreign currency have been converted into Finnish markka in accordance with the official rates quoted by the Bank of Finland on the day of the financial statement.

Pension Commitments
In Finland, both the statutory and any additional pension covers are taken care of by pension insurance companies. As far as foreign subsidiaries are concerned, the pension security of the personnel has been organised in accordance with the local legislation and practice.

Research and Development Expenses
The research and development expenses have been entered as expenses of the financial period of their inducement.

Valuation of Stocks
Stocks are presented, in accordance with the FIFO principle, in the amount of the direct acquisition cost or the lower repurchase price or the probable sales price.
During the accounting period percentage of completion method has been used in revenuing projects of Walk-in cold rooms and Drive-in cold rooms business areas. Projects in other business areas are revenued when the contract is completed. In Walk-in and Drive-in business areas percentage of completion method is used in revenuing projects with total contract amount over FIM 500.000 and requiring planning. The degree of completion is calculated on the basis of the applied expenses and overall cost estimate. The effect of implementing percentage of completion method in operating profit is included in extraordinary income.

Fixed Assets
In the fixed assets are included the direct acquisition costs. Planned depreciation has been calculated as straight-line depreciation on the basis of the economic lifetime of a fixed assets item.

The write-off periods are as follows:

Intangible assets	5 - 10	years
Goodwill	5 - 20	years
Consolidated goodwill	5 - 10	years
Other long-term expenses	3 - 5	years
Buildings	10 - 25	years
Machinery and equipment	5 - 15	years

Cash and Bank Deposits
The companies whose cheque accounts are included in the so called cash pool structure present the overdraft facility in use on the day of the financial statement as loans from credit institutions under the long-term debts. As far as the consolidated balance sheet is concerned, the overdraft facility in use of domestic subsidiaries belonging to the cash pool structure has been given as a deduction of the item cash and bank balances.

Extraordinary Items
Exceptional, essentially significant items that are not included in the actual business of the Group, are included in extraordinary profits and costs as well as deferred taxes from previous accounting periods. The effect of implementing percentage of completion method in operating profit is included in extraordinary income. As far as the parent company and subsidiary are concerned, Group contributions are entered as extraordinary income and expenses.

Income Taxes
The income taxes of the Group companies in the consolidated financial statement have been calculated in accordance with the local practice of each subsidiary. The taxes include performance-based taxes as well as outstanding or returned taxes from previous financial periods. Change in deferred taxes from the accounting period is included. Deferred taxes from previous accounting periods are in consolidated income statement included in extraordinary items.

A deferred tax liability or asset has been determined for all temporary differences between tax bases of assets and liabilities and their amounts in financial reporting. A deferred tax liability or asset has not been recognized in the balance sheet if there is uncertainty in realization of the tax liability or asset. In consolidated balance sheet deferred tax asset is allocated to deferred tax liability.

Corrections of the Data from the Previous Financial Year
Certain prior years balances have been reclassified to conform with the current year presentation.

Comparability of the Data from the Previous Financial Year
The figures of the current profit and loss report are not comparable with the previous year which showed 4 months' figures.

During the accounting period percentage of completion method has been used in revenuing projects of Walk-in cold rooms and Drive-in cold rooms business areas. The effect of implementing percentage of completion method in operating profit is included in extraordinary income.

Differences arising from the translation of retained earnings of subsidiaries is presented in income statement in financial items. In previous year they were included in equity.

CONSOLIDATED INCOME STATEMENT (FIM 1000)	3.1.1999 –31.12.1999	1.9.1998 –2.1.1999	Notes
Turnover	602 895	190 360	1
Variation in stocks of finished goods	-10 107	-8 217	
Share of associated companies' income	120	-60	
Other operating income	2 100	777	2
Expenses			
Materials, supplies and products			
Purchases during the financial period	270 998	88 948	
Variation in stocks	186	-318	
External services	48 124	9 606	
Personnel expenses			
Wages and salaries	119 621	31 912	3
Pension expenses	15 600	5 918	
Other social security expenses	12 696	4 667	
Depreciation			
Depreciation according to plan	13 383	4 458	4
Depreciation on consolidated goodwill	2 445	399	4
Other expenses	71 317	20 698	
	554 370	166 288	
Operating profit	40 638	16 572	
Financial income and expenses			
Other interest and financial income	2 932	293	
Interest and other financial expenses	12 340	4 318	
	-9 408	-4 025	5,6
Profit before extraordinary items, appropriations, and taxes	31 230	12 547	
Extraordinary items			
Extraordinary income	5 344		
Extraordinary expenses	2 560	917	
	2 784	-917	7
Profit before appropriations and taxes	34 014	11 630	
Income taxes	5 745	923	8
Minority interest	1 652	922	
Profit for the period	26 616	9 785	

CONSOLIDATED CASH FLOW STATEMENT (FIM 1000)	3.1.1999 –31.12.1999	1.9.1998 –2.1.1999
Cash flow from operations		
Operating profit	40 638	16 572
Adjustments to operating profit	15 041	4 109
Change in working capital	-499	-2 830
Interest expenses	-12 340	-4 317
Interest income	1 754	293
Income taxes	-3 922	-924
Cash flow from operations	40 672	12 903
Cash flow from capital expenditure		
Impact of acquisitions	-25 023	
Capital expenditures on other non-current assets	-12	
Capital expenditures on tangible and intangible assets	-11 723	-2 014
Income from sales of other non-current assets	218	
Income from sales of tangible and intangible assets	2 019	
Cash flow from capital expenditure	-34 521	-2 014
Cash flow before financing activities	6 151	10 889
Cash flow from financing activities		
Withdrawals of long-term loans	40 298	38
Repayments of long-term loans	-25 380	-2 500
Dividends paid	-857	
Issue of shares	2 195	
Cash flow from financing activities	16 256	-2 462
Changes in liquid assets	22 407	8 427
Liquid assets in opening balance	35 524	27 097
Liquid assets in closing balance	57 931	35 524

Adjustments to operating profit		
Extraordinary items	2 179	-177
Profit from associated companies	-120	
Change in provisions	-815	22
Depreciation	15 828	4 857
Other adjustments	-2 031	-593
	15 041	4 109

CONSOLIDATED BALANCE SHEET (FIM 1000)	31.12.1999	2.1.1999	Notes
ASSETS			
FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS			
Intangible assets			
Intangible rights	1 057	732	
Goodwill	3 170	3 540	
Consolidated goodwill	21 312	8 414	
Other capitalized expenditure	1 574	795	
	27 114	13 481	24
Tangible assets			
Land areas	3 020	2 927	9
Buildings	39 701	42 017	9
Machinery and equipment	46 458	45 493	
Other tangible assets	888	315	
Construction in progress	4 196	1 152	
	94 263	91 904	24
Financial assets			
Shares in associated companies	120	300	
Shares and holdings	639	419	
	759	719	23,24
CURRENT ASSETS			
Stocks			
Raw materials and consumables	26 701	16 899	
Work in progress	4 912	5 548	
Finished products	9 590	8 528	
Unfinished projects	7 289	18 623	
	48 492	49 598	
Debtors			
Trade debtors	87 615	60 697	
Loan debtors	244		
Other debtors	1 440	1 579	
Prepayments and accrued income	24 130	5 151	11
	113 429	67 427	
Cash in hand and at banks	57 931	35 524	
	341 987	258 653	

CONSOLIDATED BALANCE SHEET (FIM 1000)	31.12.1999	2.1.1999	Notes
LIABILITIES			
CAPITAL AND RESERVES			
Restricted capital			
Share capital	12 195	10 000	
Revaluation reserve	191		
Reserve fund	46	44	
	12 432	10 044	
Unrestricted capital			
Retained earnings	14 882	3 066	
Profit for the period	26 616	9 785	
	41 498	12 851	
CAPITAL AND RESERVES TOTAL	53 931	22 895	12
MINORITY INTEREST	5 826	4 444	
PROVISIONS			
Provisions for pensions	1 367		
Obligatory provisions	4 957	3 608	
	6 324	3 608	13
CREDITORS			
Non-current			
Loans from credit institutions	124 536	108 293	14,19
Pension loans		271	
Other non-current liabilities	22 155	20 045	
Deferred income tax liability	1 877	932	15
	148 568	129 541	
Current			
Loans from credit institutions	10 425	5 496	
Advances received	5 616	19 960	16
Trade payables	40 366	27 167	
Other current liabilities	19 742	8 881	
Accrued liabilities and deferred income	51 190	36 661	17
	127 339	98 165	
	341 987	258 653	

INCOME STATEMENT	3.1.1999 –31.12.1999	1.9.1998 –2.1.1999	Notes
Turnover	10 531 004.02	3 505 502.78	1
Other operating income	43 820.34	5 000.00	2
Personnel expenses			
Wages and salaries	4 674 432.30	1 779 142.36	3
Special security expenses			
Pension expenses	1 035 022.02	313 800.00	
Other social security expenses	267 250.27	172 570.18	
Depreciation			
Depreciation according to plan	537 400.15	135 088.43	4
Other expenses	4 148 744.54	1 268 732.32	
Operating profit	-88 024.92	-158 830.51	
Financial income and expenses			
Other interest and financial income			5,6
Intergroup	35 947.27	12 070.32	
Other	178.17	16 318.82	
Interest and other financial expenses			5,6
Intergroup	4 180 831.23	1 564 956.90	
Other	2 961 774.94	840 901.93	
	-7 106 480.73	-2 377 469.69	
Profit before extraordinary items. reserves and taxes	-7 194 505.65	-2 536 300.20	
Extraordinary items			
Extraordinary income	11 475 000.00	1 500 000.00	7
Profit before taxes	4 280 494.35	-1 036 300.20	
Profit for the period	4 280 494.35	-1 036 300.20	

CASH FLOW STATEMENT (FIM 1000)	3.1.1999 –31.12.1999	1.9.1998 –2.1.1999
Cash flow from operations		
Operating profit	-88	-159
Adjustments to operating profit	537	135
Change in working capital	-1 517	-6 307
Interest expenses	-7 143	-2 405
Interest income	36	28
Cash flow from operations	-8 175	-8 708
Cash flow from capital expenditure		
Capital expenditures on other non-current assets	-25 895	
Capital expenditures on tangible and intangible assets	-1 110	-169
Income from sales of tangible and intangible assets	96	
Cash flow from capital expenditure	-26 909	-169
Cash flow before financing activities	-35 084	-8 877
Cash flow from financing activities		
Withdrawals of long-term loans	30 163	
Repayments of long-term loans	-10 000	-2 414
Group contribution paid	11 475	1 500
Issue of shares	2 195	
Cash flow from financing activities	33 833	-914
Changes in liquid assets	-1 251	-9 791
Liquid assets in opening balance	6 130	15 921
Liquid assets in closing balance	4 879	6 130
Adjustments to operating profit		
Depreciation	537	135

BALANCE SHEET	31.12.1999	2.1.1999	Notes
ASSETS			
FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS			
Intangible assets			
Intangible rights	602 709.59	150 291.20	
Other capitalized expenditure	17 010.06	51 089.14	
	619 719.65	201 380.34	24
Tangible assets			
Machinery and equipment	1 106 197.10	1 027 087.72	
Other tangible assets	7 500.00	7 500.00	
Construction in progress	423 166.80	444 014.01	
	1 536 863.90	1 478 601.73	24
Financial assets			
Shares in subsidiaries	154 919 752.52	129 024 499.68	
	154 919 752.52	129 024 499.68	24,25
CURRENT ASSETS			
Debtors			
Current			
Intergroup receivables	13 685 389.05	3 063 240.70	10
Other debtors	49 114.09	333 819.64	
Prepayments and accrued income	134 959.31	241 482.10	11
	13 869 462.45	3 638 542.44	
Cash in hand and at banks	4 879 472.42	6 130 568.71	
	175 825 270.94	140 473 592.90	

BALANCE SHEET	31.12.1999	2.1.1999	Notes
LIABILITIES			
CAPITAL AND RESERVES			
Restricted capital			
Share capital	12 195 120.00	10 000 000.00	
Unrestricted capital			
Retained earnings	-4 370 854.41	-3 334 554.21	
Profit for the period	4 280 494.35	-1 036 300.20	
	-90 360.06	-4 370 854.41	
CAPITAL AND RESERVES	12 104 759.94	5 629 145.59	12
CREDITORS			
Non-current			
Loans from credit institutions	42 500 000.00	32 586 519.40	14,19
Intergroup creditors	80 000 000.00	80 000 000.00	10
Other non-current liabilities	20 250 000.00	10 000 000.00	
	142 750 000.00	122 586 519.40	
Current			
Loans from credit institutions	10 000 000.00	5 000 000.00	
Trade payables	187 482.12	299 292.92	
Intergroup creditors	8 233 344.76	4 812 408.48	10
Other current liabilities	248 968.80	121 184.90	
Accrued liabilities and deferred income	2 300 715.32	2 025 041.61	17
	20 970 511.00	12 257 927.91	
	175 825 270.94	140 473 592.90	

1. Turnover by business areas and by market areas

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
Turnover by business areas				
Reach-in commercial cabinets	44 577	17 302		
Step-in modular cold rooms	45 100	16 712		
Walk-in cold rooms	270 323	81 800		
Drive-in cold stores	215 492	65 671		
Intermediate products	27 403	8 874		
	602 895	190 359		
Turnover by market areas				
Finland	231 674	75 716	10 531	3 506
Scandinavia	249 044	50 110		
Central Europe	65 501	26 262		
Russia	5 926	6 417		
Others	50 750	31 854		
	602 895	190 359	10 531	3 506

The amount of turnover entered as revenues by the precentage of completion method.

Group 31.12.1999	Group 2.1.1999
61 414	21 900

The amount of the total income of projects in question not revenued in turnover FIM 46.2 millions.

2. Other operating income

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
Rental revenue	1 694			
Other income	406	774	44	5
	2 100	774	44	5

3. Average number of personnel

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
Workers	406	212		
Salaried staff	249	323	18	14
	655	535	18	14
Salaries and fees paid to the Managing Director of Parent company and to the Managing Directors of group companies and Board of Directors.	FIM mio 7,0	FIM mio 1,0	FIM mio 1,4	FIM mio 0,3

The retirement age of Managing Director of the parent company is 60.

4. Depreciation according to plan

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
Intangible assets	307	79	117	17
Goodwill	370	295		
Consolidated goodwill	2 445	543		
Other long-term expenditure	266	186	34	13
Buildings	2 088	705		
Machinery and equipment	10 164	3 038	386	105
Other tangible assets	188	10		
	15 828	4 857	537	135

5. Intergroup financial income and expenses

	Parent 31.12.1999	Parent 2.1.1999
Financial income from Group companies		
Other interest income	36	12
Financial expenses paid to Group companies		
Interest expenses	4 181	1 565

6. Interest income and interest expenses

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
Interest income	1 754	293	36	28
In Group accounts financial income includes exchange rate gains of FIM 1 178 thousand.				
Interest expenses	12 340	4 318	7 143	2 406

7. Extraordinary items

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
Extraordinary income				
Deferred tax assets from previous periods	2 595			
Gross margin from percentage of completion method	2 749			
Group contribution			11 475	1 500
	5 344		11 475	1 500
Extraordinary expences				
Deferred taxes from previous years	1 990			
Other incidental expenses	570			
Expenses related to Indonesian companies		917		
	2 560	917		
Extraordinary income and expenses	2 784	-917	11 475	1 500

8. Income taxes

	Group 31.12.1999	Group 2.1.1999
Current taxes	3 922	420
Deferred taxes	1 823	503
	5 745	923

9. Revaluation items

	Group 31.12.1999	Group 2.1.1999
Land areas	130	130
Buildings		
Revaluation in opening balance	8 836	8 836
Increase	191	
Decrease	400	
Revaluation in closing balance	8 627	8 836

10. Intergroup debtors and loans

	Parent 31.12.1999	Parent 2.1.1999
Trade debtors	2 010	1 563
Prepayments and accrued income	11 475	1 500
Other non-current liabilities	80 000	80 000
Trade payables	489	1 240
Accruals and deferred income	7 744	3 572

11. Prepayments and accured income

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
Turnover revenued according to percentage of completion method	17 390			
Other items	6 740	5 151	135	241
	24 130	5 151	135	241

12. Shareholders equity

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
Share capital				
Opening balance	10 000	10 000	10 000	10 000
Share issue	2 195		2 195	
Closing balance	12 195	10 000	12 195	10 000
Revaluation fund				
Increase	191			
Closing balance	191			
Reserve fund				
Opening balance	44			
Conversion adjustment	2			
Increase		44		
Closing balance	46	44		
Restricted capital total	12 432	10 044	12 195	10 000
Unrestricted capital				
Opening balance	10 658	3 283	-4 371	-3 335
Untaxed reserves	2 193	593		
Transferred to the reserve fund		-44		
Conversion adjustment, changes in Group structure	2 031	-767		
Unrestricted capital, closing balance	14 882	3 066	-4 371	-3 335
Profit for the period	25 945	8 601	4 280	-1 036
Chance in untaxed reserves and deferred income tax liability	671	1 185		
Profit for the period in consolidated income statement	26 616	9 785	4 280	-1 036
Unrestricted capital total	41 498	12 851	-91	-4 371
Distributable unrestricted capital	-	-	-	-

13. Obligatory provisions

	Group 31.12.1999	Group 2.1.1999
Guarantee provisions		
Opening balance	3 608	3 161
Increase	552	447
Decrease	1 353	
From acquisitions	2 150	
Closing balance	4 957	3 608
Provision for pensions		
Opening balance		
Increase	64	
Decrease	78	
From acquisitions	1 381	
Closing balance	1 367	

14. Liabilities falling due after five years or longer

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999
Loans from credit institutions	25 341	52 844	2 000
Loans from pension funds		198	
	25 341	53 042	2 000

15. Deferred tax assets and liabilities

	Group 31.12.1999	Group 2.1.1999
Deferred tax liabilities		
Accelerated depreciation and reserves	1 339	932
Differences between book and tax bases	1 608	
Differences between consolidation and tax bases	1 990	
	4 937	932
Deferred tax assets		
Differences between book and tax bases	2 470	
Differences between consolidation and tax bases	590	
	3 060	
Deferred tax liability in balance sheet	1 877	932

No deferred tax liability FIM 2 398 thousand for revaluation items has been recognized because of the uncertainty in realization of the tax liability.
No deferred tax asset FIM 1 073 thousand for tax losses has been recognized because of the uncertainty in realization of the tax asset.

16. Off-balance receivables and liabilities

	Group 31.12.1999	Group 2.1.1999
Invoiced advance payments outstanding	2 522	4 388

17. Accrued liabilities and deferred income

	Group 31.12.1999	Parent 31.12.1999	Parent 2.1.1999
Accrued payroll	14 153	1 054	971
Accrued social security expenses	4 821	516	270
Accrued interest expenses	8 353	631	632
Accrued costs of percentage of completion method	15 216		
Others	8 647	100	152
	51 190	2 301	2 025

18. Off-balance sheet financial instruments

	Group 31.12.1999	Group 2.1.1999
Currency forward contracts	813	8 258
Currency forward contracts according to the average rate at the closing of the books	829	8 235

All currency forward contracts will mature during the year 2000.
Currency forward contracts are meant for hedging the future cash flow.

19. Contingent liabilities

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
On own and Group companies' behalf				
Share pledges			154 869	128 975
Real estate mortgages	98 993	100 493		
Floating charges	141 399	94 000		

20. Other liabilities

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
Pledged deposits				
On own behalf				11
Guarantees				
On own behalf	18 523			
On Group companies' behalf		10 104		
On others behalf	1 639	849		

21. Bank guarantees

	Group 31.12.1999	Group 2.1.1999	Parent 31.12.1999	Parent 2.1.1999
Total amount of guarantees of Group companies	26 904	9 708	26 904	9 708

22. Leasing liabilities

	Group 31.12.1999	Group 2.1.1999
Annual rent 2000	3 982	
2001 and thereafter	4 626	
	8 608	4 045

23. Companies owned by the Group and the Parent company

	Registered office	Group Share of holding and votes	Parent company's holdings and votes	Profit or loss for fiscal year FIM 1000	Equity FIM 1000
Subsidiaries					
Huurre Group Oy	Helsinki, Finland	100%	100%	18 408	74 439
T.M. Funding Oy*	Helsinki, Finland	100%	100%		80 500
Huurre Cold Stores Oy	Helsinki, Finland	100%		-162	4 158
Sabroe Finland Oy	Helsinki, Finland	50%		598	4 728
Sabroe OÜ	Rakvere, Estonia	100%		120	-105
Suomen Kylmätekniikka Oy	Helsinki, Finland	100%		980	4 930
Enerkyl Oy	Oulu, Finland	100%		1 850	3 507
HFC-Kylmä Oy	Kaarina, Finland	100%		-47	369
Uudenmaan Kylmähuone Oy	Vihti, Finland	100%		48	129
Julkujärven Kiinteistöt	Ylöjärvi, Finland	100%		10	1 683
Pentti Porkka Oy	Hollola, Finland	100%		1 474	3 125
Huurre Svenska AB	Helsingborg, Sweden	100%		-222	1 734
Ki-Panel AB	Upsala, Sweden	100%		2 870	3 627
Ki-Panel Production AB	Upsala, Sweden	100%		-110	946
Ki-Panel Container AB	Upsala, Sweden	100%		235	2 332
Prepan Sverige AB	Helsingborg, Sweden	100%		659	2 073
Porkka Scandinavia AB	Trosa, Sweden	70%		1 215	2 337
Porkka (U.K.) Ltd	Watford, Great Britain	80%		2 740	6 667
Porkka Norge AS	Asker, Norway	100%		706	2 288
Porkka GmbH	Stockelsdorf, Germany	100%		-761	579
Huurre Frigo Kft	Budapest, Hungary	70%		818	1 858
PT Porkka Cold Stores	Semarang, Indonesia	55%		94	-192
Prepan AS	Asker, Norway	100%	100%	-5 326	13 290
Prepan Norge AS	Asker, Norway	100%		4 400	26 974
Prepan Danmark AS	Vejle, Denmark	100%		-3 898	351

* Shareholders' equity of T.M. Funding Oy includes a capital loan of FIM 80.0 million.

Associated companies					
Pt. Porkka Indonesia	Semarang, Indonesia	49%		330	
Sp Interholod	Moscow, Russia	25%			

24. Fixed assets

	Total acquisition cost 3.1. 1999	Conversion difference	Business acquisitions	Increases 3.1.–31.12.	Decreases	Transfers between asset items	Total acquisitions cost 31.12. 1999	Accumulated depreciations	Accumulated depreciations of sold assets	Accumulated depreciations acquisitions	Depreciation during the year	Book value as of 31.12. 1999
Consolidated												
Intangible rights	1 307	16		690	60		1 953	589			307	1 057
Goodwill	16 945						16 945	13 405			370	3 170
Group goodwill	13 011		2 775	12 135			27 921	4 597			2 012	21 312
Other capitalized expenditure	2 254	14	406	593			3 267	1 427			266	1 574
Land areas	2 927	129			36		3 020					3 020
Buildings	50 996	101	515	406	493		51 525	9 495			2 520	39 510
Revaluation of buildings	400			191	400		191					191
Machinery and equipment	68 519	1 089	12 485	6 320	1 180		87 233	27 789	150	2 672	10 164	46 458
Other tangible assets	418		828	359			1 606	103		453	162	888
Constructions in progress	1 152			5 007	1 963		4 196					4 196
Shares and holdings	414	16	55	12	218	360	639					639
Shares in associates	4 767			120		-360	4 527	4 407				120
Total	163 110	1 365	17 065	25 833	4 350	0	203 023	61 812	150	3 125	15 828	122 135
Parent company												
Intangible rights	171			570			741	21			117	603
Other capitalized expenditure	82						82	31			34	17
Machinery and equipment	1 154			561	124		1 591	113	14		386	1 106
Other tangible assets	8						8					8
Constructions in progress	444			440	461		423					423
Shares and holdings	129 025			25 895			154 920					154 920
Total	130 884			27 466	585		157 765	165	14		537	157 077

Decreases in constructions in progress are included in increases of acquisition cost.

SIGNATURE OF THE BOARD OF DIRECTORS AND MANAGING DIRECTOR

Ylöjärvi, 2 March 2000

Kari Heiskanen
Kari Heiskanen
Chairman

Ulf Bergenudd
Ulf Bergenudd

Arnstein Endresen
Arnstein Endresen

Andrew Fullerton
Andrew Fullerton

Christopher McCann
Christopher McCann

Lars Lindell
Lars Lindell
Managing Director

AUDITOR'S REPORT

to the Shareholders of T.M. Fridge Oy

We have audited the accounting, the financial statements and the corporate governance of T.M. Fridge Oy for the period 3.1. - 31.12.1999. The financial statements, which include the report of the Board of Directors consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about wether the financial statements are free of material misstatement. The purpose of our audit of corporate governance is to examine that 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 with the consolidated financial statements 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 by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Ylöjärvi, 8 March 2000

ARTHUR ANDERSEN OY
authorised public accountants

Hannu Vänskä
Hannu Vänskä
APA

Organization from 10.2.2000

Group Management
Lars Lindell, Managing Director

- **Quality, environment and purchase systems**
  Matti Jokela
- **Project development**
  Hans Bjerknes
- **Finance administration**
  Veli-Pekka Väisänen
- **Nordic projects**
  Raimo Makkonen
  - Huurre Group Oy
    Projects, Finland
    Mauri Ruhanen
    Door- and panel export
    Hans-Erik Nyström
  - Ki-Panel AB
    Christine Winberg
  - Prepan Norge AS
    Gunnar Holland
  - Prepan Danmark AS
    Erling Kornkveen
  - Sabroe Finland Oy
    Olli Aho
  - Suomen Kylmätekniikka Oy
    Altti Seinelä
  - Enerkyl Oy
    Heino Haverinen
  - Svensk Butiksservice AB
    Sivert Lindborg
- **Standard products**
  Hannu Hertti
  - Huurre Group Oy
    Standard products,
    Finland, Baltic countries
    Jarmo Paasio
    Key accounts
    Markku Forsström
  - Porkka Scandinavia AB
    Rolf Hansson
  - Porkka Norge AS
    Stig Pettersen
  - Porkka (U.K.) Ltd
    Gordon MacBride
  - Porkka Deutschland GmbH
    Jens Fischer
- **Production**
  Markku Lehti
  - Finland, panels
    Markku Lehti
  - Finland, cabinets
    Lasse Korpela
  - Sweden
    Torsten Ålsjö
  - Norway
    Rune-Petter Stene
  - Denmark
    Sonny Bødker Jensen
- **International projects**
  Kari Kiiveri
  - Huurre Cold Stores Oy
    Sales & Marketing
    Andrzej Kral-Leszczynski
  - Huurre Frigo Kft
    József Mezösi
  - PT Porkka Cold Stores
    Tendy Susanto

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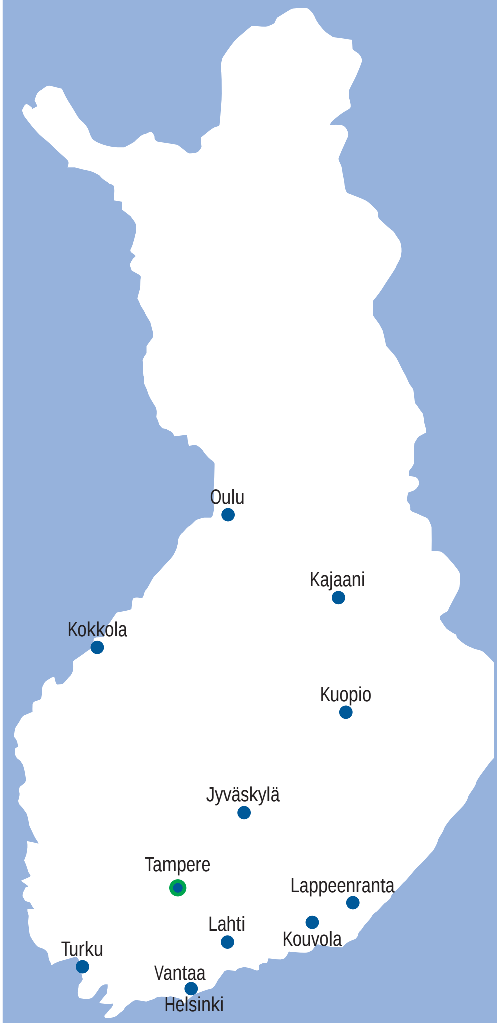

parent company
associated companies/subsidiaries

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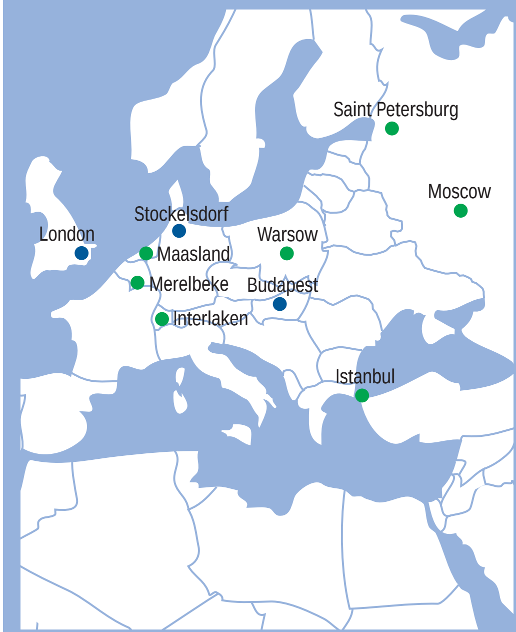

agencies
associated companies/subsidiaries

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