



Annual report 1999



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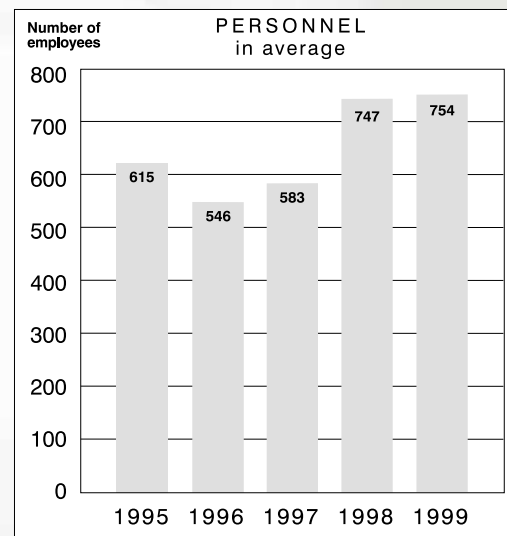
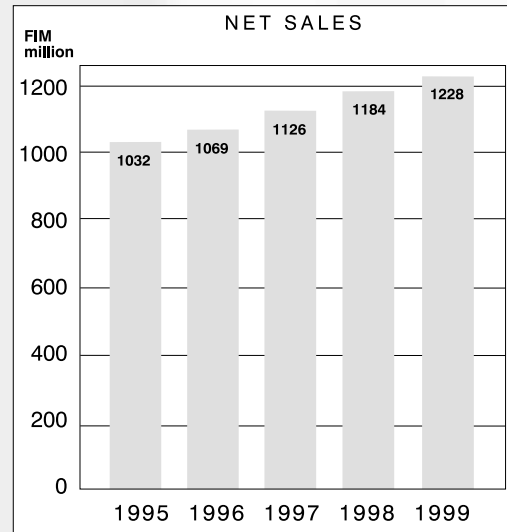
1999 in Brief

Sales in the domestic market developed favourably, above all in the cheese, butter and powder product group. The warm summer had a positive impact on ice-cream sales.

Exports decreased considerably in all product groups.

Profitability decreased as competition in the domestic market became sharper in the chilled dairy products group and exports were cut down.

In the autumn, additional 5.64% of the shares of UAB Ingman Vega were acquired.



		FIM				Euro			
		1999	1998	Change	%	1999	1998	Change	
Net sales	million	1 227.6	1 183.6	43.9	3.7	206.5	199.1	7.4	
Operating profit before depreciation	million	89.6	82.7	6.9	8.3	15.1	13.9	1.2	
% of net sales		7.3	7.0	0.3		7.0	0.3		
Operating profit	million	42.8	33.1	9.7	29.3	7.2	5.6	1.6	
% of net sales		3.5	2.8	0.7		2.8	0.7		
Profit before extraordinary items	million	34.0	26.3	7.7	29.3	5.7	4.4	1.3	
% of net sales		2.8	2.2	0.5		2.2	0.5		
Earnings per share		23.36	15.58	7.78	49.9	3.93	2.62	1.31	
Gross investments	million	56.4	68.4	-12.0	-17.5	9.5	11.5	-2.0	
Balance Sheet total	million	1 140.0	1 116.4	23.6	2.1	191.7	187.8	4.0	
Equity ratio	%	51.4	51.1	0.3	0.6	51.4	51.1	0.3	
Personnel in average		754	747	7	0.9	754	747	7	

Managing Director's Report

The situation in the Finnish dairy sector continued to be difficult. Competition became ever sharper and there was no improvement in the exports to the East, which had started to fall in the autumn of 1998. This also led to the first bankruptcy in the sector since the middle of 1980's.

As a result of the difficult situation in the sector, our major competitors decided to carry out structural rationalisation measures, which will become effective if the competition authorities approve them, which is expected to take place later this spring. Further restructuring of the sector is expected during the year, after which the situation in the sector is likely to calm down and profitability may start to improve gradually.

Despite all this, Ingman Foods can in many respects regard the year as a good one, even though the profitability of the dairy operations was very weak. We were able to reach our targets regarding the growth of sales in the domestic market, as our sales increased by altogether 7.6%. The Group also reached its targets for the different product groups, regarding both sales increase and market shares.

Export figures continued to fall during the year. This led to a decision to decrease the fixed costs of exports by cutting down the investments in the product groups and markets in which the exports have fallen the most. The impact of these measures on profitability will be felt already during the year 2000.

The securities trading operations continued to be profitable during the year. The targets set for the operations were reached, above all thanks to the very favourable share price development in the IT sector.

Despite the fact that the financial result of the dairy operations will continue to be weak in 2000, there is now reason for prudent optimism. The restructuring measures that have been made, the present investments in the sector and the



improving market situation indicate a turn for the better.

I would like to thank the employees for work well done in a demanding competition situation. I would also like to extend my thanks to all our customers, co-operation dairies, milk suppliers and other interest groups for good co-operation.

Robert Ingman

Ingman Foods Group

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

The strategy of the Group is to concentrate on milk-based products and complementary products that apply the same production technology. The Group's most important raw material is fresh Finnish milk.

Ingman Foods' product groups are:

- chilled dairy products
- liquid milk products
- cheese, butter and powder
- ice-cream products

The chilled dairy products include yogurt, curdled milk, puddings, unripened cheese, cottage cheese, food creams (smetana sour cream, Crème Fraîche, Chef Gourmet), curd, dessert sauces, and juice. The liquid milk products comprise milk, sour milk, and cream. The cheese, butter and powder product group includes cheese in different forms (aged, processed, and grated cheese), butter, milk powder, lactose, and milk protein.

The Ingman Foods Group has production units in Sipoo, Lapinjärvi, Kuusamo, Ranua, Ylivieska, Kitee, and Urjala. The



parent company Ingman Foods Oy Ab's production units are situated in Sipoo and Lapinjärvi. Chilled dairy and ice-cream products are produced in Sipoo and processed cheese in Lapinjärvi, where the cheese produced in Kuusamo is also 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.

Pohjanmaan Juusto Oy manufactures cheese in Ylivieska.

Kiteen Meijeri Oy produces butter and milk powder in Kitee.

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

The subsidiary UAB Ingman Vega manufactures ice-cream in Mazeikiai, Lithuania.

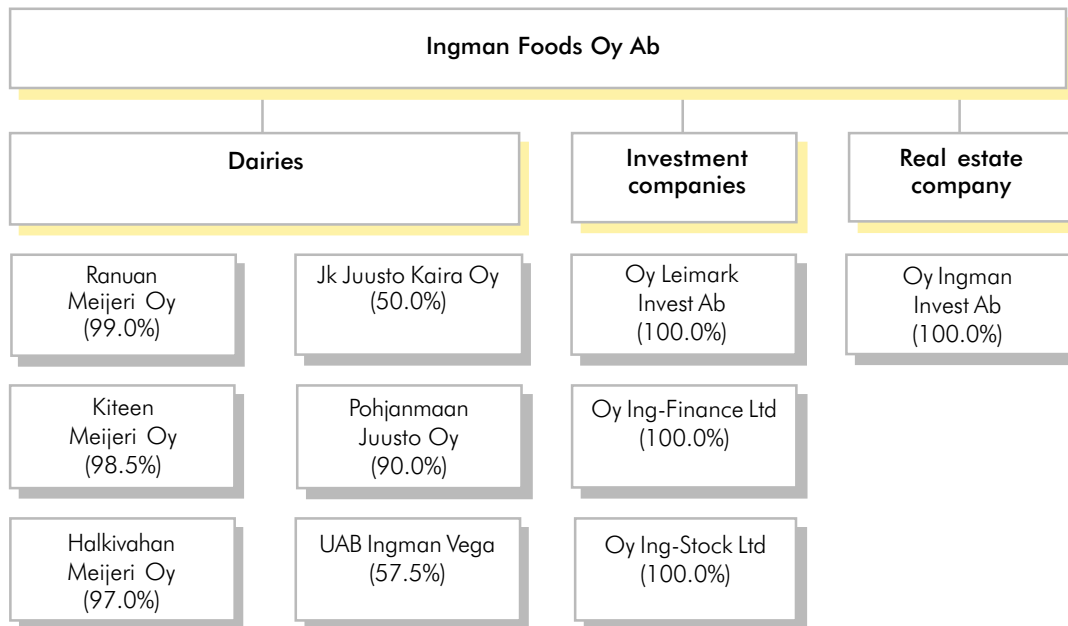
Ingman Foods has a comprehensive sales and distribution network in Finland. The head office and main production units are situated in Sipoo, near Helsinki. In addition to this, there are sales offices in Tampere and Oulu and delivery terminals in various parts of Finland.

Ingman Foods' key to success

During its more than 90 years of operation, the company has grown and adapted itself to the constantly changing needs of the market. 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, e.g. curdled milk, natural unflavoured yogurt and yogurt with fruit, layered yogurt, traditional and flavoured cottage cheese, Crème Fraîche, smetana sour cream, curd, juice, packaged and giant ice-cream cones, premium ice-cream, functional 100% unsweetened juice, functional cottage cheese, and functional ice-cream. Ingman Foods is also the first Finnish manufacturer of soya-based ice-cream and yogurt.

Ingman Foods' prime-quality products are based on first-class ingredients and advanced quality control systems. Milk is the company's main ingredient and the core of production. The company has an organisation of its own for the collection of milk, as have its dairy subsidiaries and co-operation dairies in other parts of Finland. The European ISO 9001 quality standard and ISO 14001 environmental standard are applied at the Sipoo plant.

Present Group structure



Sales offices, delivery terminals and production plants

Sales office and delivery terminal

- 1) Sipoo
- 2) Tampere
- 3) Oulu

Delivery terminals

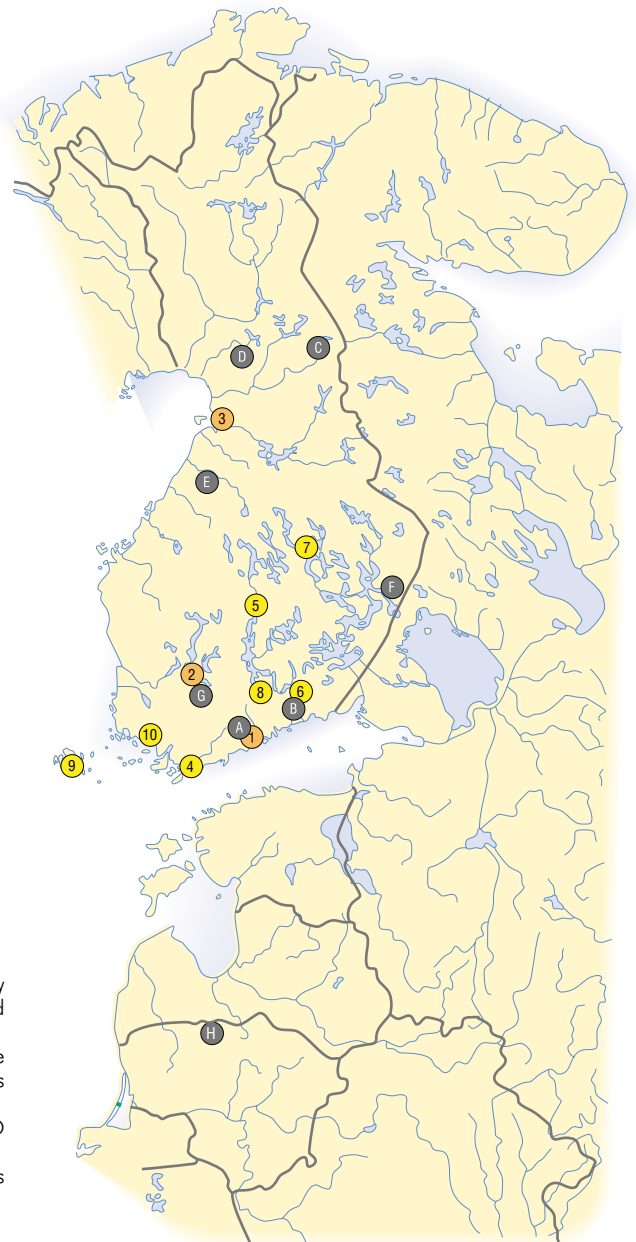
- 4) Tammisaari
- 5) Jyväskylä
- 6) Kouvola
- 7) Kuopio
- 8) Lahti
- 9) Maarianhamina, Åland Islands
- 10) Turku

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. Ylivieska, Pohjanmaan Juusto Oy
- F. Kitee, Kiteen Meijeri Oy
- G. Urjala, Halkivahan Meijeri Oy
- H. Mazeikiai, Lithuania, UAB Ingman Vega

Ingman Foods Oy Ab's history

- 1907** Kotisaari Oy was established under the name Maanviljelijäin Maitokeskus.
- 1929** Oy Hj. Ingman Ab was established in Sipoo by Hjalmar Ingman.
- 1987** Maitotuote Oy and Oy Iglu Ab were merged with Oy Hj. Ingman Ab.
- 1988** Oy Hj. Ingman Ab and Kotisaari Oy were merged into Kotisaari-Ingman Oy.
- 1990** Kotisaaren Leipomo Oy was sold.
- 1991** Apetit Pakaste Oy was merged with Kotisaari-Ingman Oy. The company name was changed to Ingman Foods Oy Ab. The new plant and head office in Sipoo were completed.
- 1995** Ingman Foods Oy Ab concentrated on milk processing and gave up the marketing of frozen food and vegetables as well as juices and beverages with the exception of juices and beverages for refrigerated delivery.
- 1996** The quality system of Ingman Foods was certified according to the ISO 9001 standard.
- 1998** The listing of the company's Series A shares on the Helsinki Exchanges ended.
- 1999** Ingman Foods was granted the ISO 14001 environmental certificate.



Ingman Foods' Values



Ingman Foods' values are a natural part of the company's operations. When every employee is familiar with the common values and remembers them in his or her own work, the company as a whole can act according to its values. In the value process of Ingman Foods, the owners and management group of the company as well as personnel representatives defined five important entities as the company values.

Result-yielding operations

Result-yielding operations mean that Ingman Foods sets short-term goals and wishes to reach them so that the company operations can on a longer term be meaningful and yield results. In this connection we have chosen to talk about result instead of profit, as there are other factors than mere profit that are important with regard to the future like growth and profitability. Operations that yield results on a longer term must also take into consideration other factors than purely financial, e.g. matters related to the staff like training and motivation.

Customer satisfaction

It is important for Ingman Foods that all the customers are satisfied. If the customer is not satisfied, the company cannot be successful. A consumer is satisfied with the quality of the product or the price/quality relation. The properties and availability of the product must also correspond to the expectations of the consumer. For a retailer it is important that ser-

vice and distribution function properly. Ingman Foods must be a competitive supplier with regard to its entire operations and their quality so that retail trade can sell Ingman products to consumers.

Tradition and renewal

Ingman Foods wishes to constantly renew its operations. This means that it must be in the vanguard of innovations and product development and introduce new, attractive products to the market. Renewal is, however, a much wider concept than just product development. It means the renewal of the entire operations covering the existing products as well. On the other hand, Ingman Foods has a long tradition, and when it wishes to renew its operations, it can take advantage of the experience that tradition brings.

Good business practice

Ingman Foods wishes to operate in all situations on an honest and open basis, following not only laws but good custom and common morals in its relations with consumers, other companies and all interest groups. The company believes that operations that are consistent with good business practice and follow strict morals will be profitable on a longer term both in Finland and internationally.

Environmental considerations

Preserving the environment is a common value in the entire Finnish society. For Finnish food industry, it is of vital importance. Pure products are a unique advantage, and the situation can remain like this only if the state of Finnish nature remains good. Therefore it is the duty of Finnish food industry to show an example. Companies must make sure that their own operations are in such a state that the development can be managed and steered to the desired direction. The environmental system of Ingman Foods was certified according to the ISO 14001 standard in the spring of 1999, and the company wishes for its part to take environmental matters into consideration in all its operations.



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



Behind from the left Lars Ingman, Hans Ingman and Magnus Westerholm.
In front from the left Robert Ingman, Teppo Taberman, Cecilia Rydbeck and C-G Ingman.



From the left Robert Ingman, Leif Hellman, Marika Ingman, Hans Ingman and Eino Lindfors.

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

Products and Brands



Sales and product selection

In 1999, domestic sales amounted to FIM 986.1 million, and the sales increase was 7.6%. Sales increased the most in the cheese, butter and powder product group, i.e. by 15.9%, and in the ice-cream product group. Exports continued, however, to develop negatively in all product groups, and they mainly consisted of butter, cheese and powder.

The warm summer had a positive impact on ice-cream sales, due to which the domestic ice-cream sales of Ingman Foods increased by 6.3% on the previous year. The product selection of Ingman Foods was more versatile than before offering several value-added products. Some of the most successful new products introduced by Ingman Foods were the ice-cream novelties in the Kingis and Lipsi series. The new products in the Golden, Tofu Ice, and the two-litre Trio series were also very well received.

Despite the tough competition within chilled dairy products, Ingman Foods was able to increase its sales by 1%. The sales increase was especially good during the autumn. Sales developed particularly well in the puddings and juice product groups.

Among the new products launched by Ingman Foods during the year can above all be mentioned the Nikke pudding and the soya yogurt Tofu Jog. Both of the products brought additional sales to their product categories. Among the Relä novelties, Relä Cottage Cheese was a major success.

The competition in the liquid milk product group was extremely sharp, which was also reflected on its profitability. As a result of the increase in the number of milk customers Ingman Foods was able to achieve a sales increase of 3%. Of the product novelties that Ingman Foods launched during the year can be mentioned ecologically produced milk.

The largest sales increase in 1999 took place in the cheese, butter and powder

product group. Ingman Foods' domestic cheese sales increased by 16%. The sales of both aged and processed cheese grew. The success was mainly due to the systematic investments in quality and the further expansion of the product selection. It has also become evident that consumers prefer domestic cheese products.

Ingman Foods' major new cheese products were the low-fat products in the Emmentaler and cream cheese segments. The new cheese spreads, above all the low-fat ones, were also a success, as was the launching of sliced cheese in packages of 750 grams.

Market outlook and trends

Considered as a whole, Ingman Foods operates in a mature market. Total consumption does not increase, and the manufactures must therefore arouse the interest of consumers in refined value-added products and thereby increase their profitability on a longer term.

Chilled dairy products

The Finnish yogurt market increased a little. The total market was 95 million kilograms, which constitutes an increase by 3%. This means that the consumption per capita is about 18 kilograms annually. Among the yogurt products, the share of yogurt sold in cups increased at the same time as the sales of premium products as well as soya and oat-based products increased. The share of yogurt with fruit also increased at the expense of natural unflavoured yogurt.

The total market for curdled milk increased for the first time in many years by a little over 1%. The reason for this was above all the success of flavoured curdled milk. The overall market for curdled milk products is 26 million kilograms, which means about 5 litres per person annually.

The consumption of different milk-based desserts and snacks increased considerably. One of the reasons for the increase



was the clearly more extensive supply of above all puddings and flavoured curd products. Despite the increase, the volume of this segment is still only about 10% of the yogurt segment.

Products used in cooking also strengthened their position in the chilled dairy product selection. Low-fat cream products were especially successful. To this category also belongs cottage cheese, which is a segment that is growing very rapidly.

The trends for chilled dairy products indicate the increasing interest in so-called healthier products. These include among others functional products but also different low-fat products. Alongside with these, the modern consumer wishes to get products that taste extra good, which means that the share of premium products in the chilled dairy product selection will continue to grow.

Liquid milk products

Milk consumption continued to fall by about 1% from the previous year. The fall in the consumption of sour milk was approximately 3%. Among the separate products, the consumption of fat-free milk increased while that of milk with a higher fat content decreased. The consumption of UHT milk also increased, as did the interest in special products like milk with extra calcium and ecological milk.

Cheese, butter and powder

The consumption of cheese was 89 million kilograms in 1999, which means an increase of a little over 1%. Finns eat almost

17 kilograms of cheese per person annually. The consumption of low-fat cheese and cheese spreads increased the most. One of the major reasons for the increased consumption was the clearly more extensive supply of above all these product types. The consumption of traditional aged cheese decreased.

The consumption of butter fell, on the other hand, by almost 6% from the previous year. The consumption is partly being transferred to products with a lower fat content and partly to cheese spreads. The total consumption of butter amounted to 21 million kilograms.

The major products in the powder group are fat-free milk powder and whey powder. Their production increased during the year.

Ice-cream products

The domestic ice-cream market increased by 5.7% from 68 million litres in 1998 to 72 million litres in 1999. This means that we have now approximately reached the same level of consumption as during the top year 1995, i.e. an annual consumption of more than 14 litres per capita. The main reason for the increase was the warm and beautiful summer.

The growth in the ice-cream market mainly took place in the cone, soft ice and ice-cream loose by weight segments. The reason for this was naturally the warm summer, as products like this are more tempting than for example chocolate covered sticks. The sales in the ice-cream stick segment fell clearly.

Ice-cream manufacturers continue to introduce more and more so-called snack products to the market at the same time as the markets for premium and soya ice-cream are growing. The strong soft ice trend also seems to hold. Novelties that are introduced under already well-known and strong brands have a clear advantage over products with an unknown name. This difference will continue to grow in the future, as the total supply and number of products increase.





Imports and exports

Imports have remained rather stable in all of Ingman Foods' product groups. The share of imports varies between the different product groups. In chilled dairy products the share of imports is less than 10%, in ice-cream products 15% and in the cheese product group about 20%.

Exports have been cut down in all groups as a result of the fall in exports to Russia. The fall was the strongest in the ice-cream product group, where the share of exports only amounted to about 4% of the production.

Manufacturers will, however, also have to increase their investments in marketing so that their brands get the media attention that is needed for them to become a natural part of a consumer's day-to-day life and, if possible, the first choice in their categories for the consumer. Product development and brands will continue to occupy an important position in Ingman Foods' operations in the future as well.

Outlook

Among the strongest competition factors of Finnish food industry is and will be product development and quality. The ma-

Ingman Foods and the Environment

The environmental management system of Ingman Foods was certified according to the ISO 14001 standard in the spring of 1999.

Ingman Foods' environmental policy

Ingman Foods' production unit in Sipoo mainly concentrates on the production of milk-based products. The product selection covers chilled dairy products, liquid milk products and ice-creams. Our environmental system comprises the operations at Ingman Foods' production unit in Sipoo.

In our operations, we take into account environmental impacts by decreasing the loads on the environment and by constantly improving the management of environmental matters. The constant improvement and consideration of environmental matters is achieved by following the international ISO 14001 environ-

mental management system. Environmental management is applied extensively in our company, and it has been integrated with quality management into one unified management policy.

The central objectives of the environmental system are to:

- cut down the amount of waste water and improve its quality
- save energy
- minimise packing and raw material wastage
- cut down the amount of waste
- find environmentally friendly packaging solutions
- reduce atmospheric emissions
- develop and increase recycling
- cut down the environmental load due to transports

The entire staff should be familiar with the company's environmental policy. The staff

is trained to understand the impacts that its operations have on the environment and advised and encouraged to take the responsibility for its work.

We follow the principles of the international Chamber of Commerce on sustainable development and the obligations and regulations defined by legislation. All our interest groups are aware of our environmental policy, and we distribute information about it actively.

Environmental organisation and responsibilities

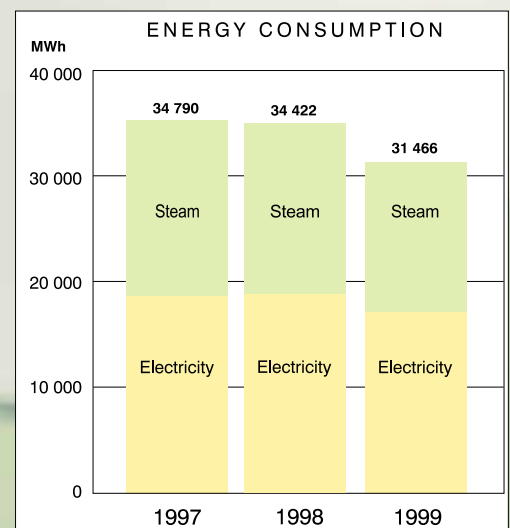
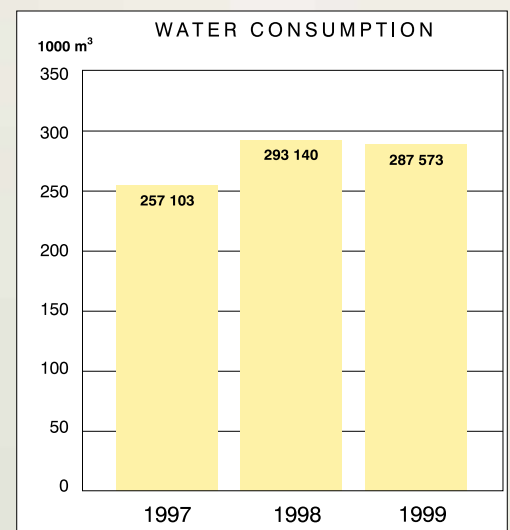
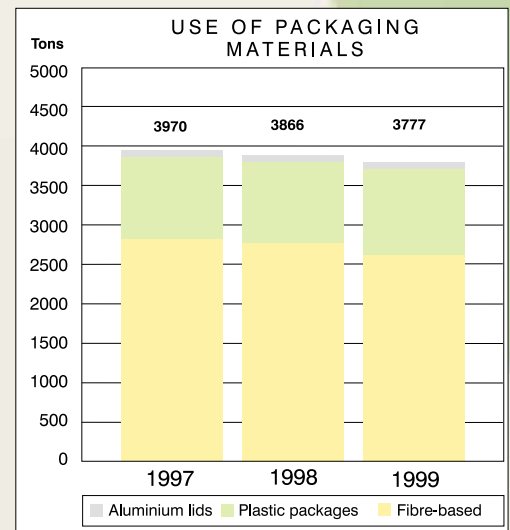
The management of the environmental system is represented by the Development Manager. He is responsible for the implementation and development of the system as well as for the training of the staff in environmental matters.

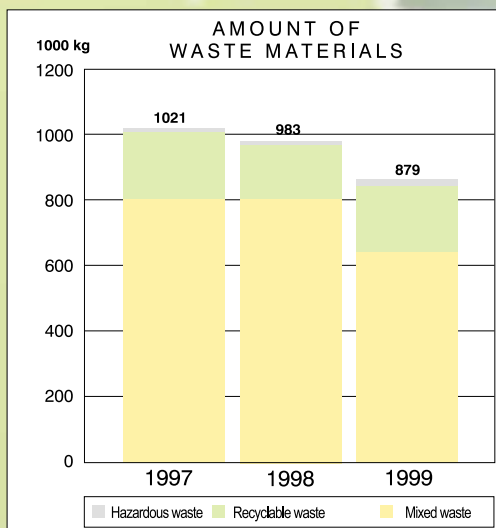
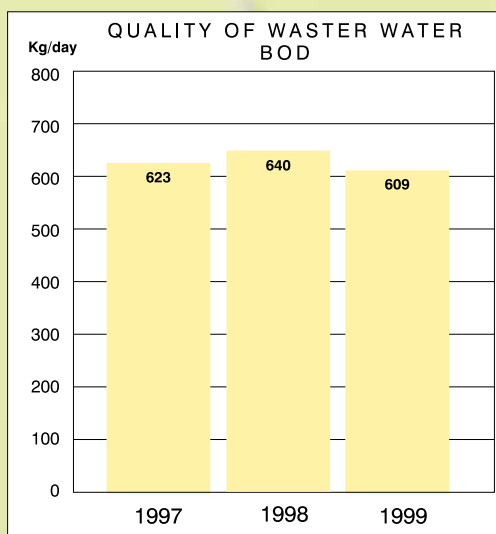
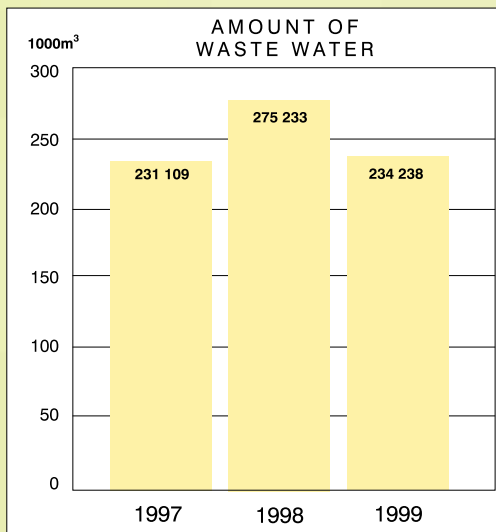
The Environmental Management Team plans new challenges related to the system, assesses the development needs of new functions, and follows the realisation of the environmental goals. The Team consists of the persons responsible for the different departments of the factory, who take the decisions of the Management Team further to the departments.

The Environmental Team supports the Development Manager in the maintenance and continuous improvement of the system. The Team makes internal audits and brings out development needs of the system. Every employee is for his or her part responsible for operations in accordance with the environmental system and for its development.

Environmental Management Team:

- Factory Director
- Production managers
- Development manager
- Automation manager
- Research manager
- Chief buyer
- Maintenance manager
- Head of ice-cream production
- Materials manager





Environmental Team:

Development manager
Environmental planner
Environmental auditors

Measures taken

In 1991 a protection plan which analysed the major environmental risks and examined the things that had to be taken into account in the protection of air and water and noise abatement was completed.

In 1996 an assessment of the hazards connected with different functions was added to the protection plan, an information bulletin on the state of the management of environmental matters was published for our interest groups, and an energy audit on energy savings objects was made. In 1997 Ingman Foods published its first environmental report, which accounted for the environmental impacts of the company operations.

In 1998 the company published its second environmental report containing the major environmental aspects and impacts as well as proposals for the development of environmental management.

In 1999 the functions of the unit in Sipoo were granted the ISO 14001 environmental certificate by DNV Certification Oy Ab. The Naturewatch environmental education programme of the World Wide Fund for Nature (WWF), which is supported by Ingman Foods, was launched in Finland. Naturewatch is an environmental education programme for schools, in which pupils get to know nature in order to become more interested in environmental matters.

Ingman Foods participated in a brochure published by Finpro called "Pure Pleasure throughout the Finnish Food Chain from the field to the table". The brochure tells foreign consumers about the ecological actions and quality thinking of the Finnish food chain.

Air and water

The heating station uses industrial fuel oil with low sulphur content, due to which

the sulphur emissions into the air are 60% smaller than if the company used ordinary fuel oil. Particulate emissions are 10 to 20 times smaller than the standards defined by the Finnish Council of State. Freon-free, environmentally friendly refrigerants according to the latest technology, which do not destroy the ozone layer of the atmosphere, have been installed to the refrigeration and transport equipment. In February 1999, the last halon fire extinguishing systems were replaced by a less harmful agent.

The condensing and cooling water of the production is reused in the process, which means savings of 20 to 30% in the total consumption of water. Ingman Foods has managed to reduce the amount of organic substances in the waste water by 50% during the period 1994 to 1999 through systematic follow-up and the development of the production process.

Packages

Milk cartons and large (1 kg) yogurt cartons are mostly made of material that can be recycled. The company has partly started to use paper covers instead of aluminium covers in the curdled milk cups and the aluminium layer has been removed from the 1 kg liquid cartons. The packing machines in the factory have been adjusted so that it is possible to use thinner plastic.

Many of the products are packed in roll containers, which the shops return to the factory once empty. Excessive packing has also been cut down in transports by packing the sales lot cases directly on platforms.

As for the raw material, milk is received directly to silos from tank cars. The jams and chocolate come in steel containers, which are returned to the manufacturers. Sugar is also moved directly to silos, which reduces the need for unnecessary packing. The raw material warehouse reuses cartons, plastic cans, tin and plastic containers, and aluminium covers.

Energy

The total consumption of energy has been

cut down by 10% from 1998 to 1999 as result of a project for the recycling of heat and a programme for saving lighting energy, even though the share of UHT production, which requires a lot of energy, has increased during the same period.

Waste

The incinerable waste from production is sorted and delivered to the energy industry, which uses it as support fuel. The corrugated board that comes to the factory is recycled to almost 100%. The corrugated board packages used in Ingman Foods' products are also reused thanks to the active recycling operations of grocers. The plastic packages that come to the factory are gathered and used as raw material for, e.g. refuse sacks. All metal waste is also gathered and sent to a scrap yard. The wooden platforms and cases that are broken during transports are chipped. A register is kept of all hazardous waste, which is sent to a company specialising in its treatment. The paper used in the office is sorted to white office paper and other collected paper. Waste accounting was introduced in 1998. The total amount of waste has been cut down during the years 1997 to 1999. This has been achieved through more efficient sorting of waste and improved environmental awareness. The introduction of incinerable waste sorting in 1999 has increased the recyclability of waste by 60%.



Report of the Board of Directors

3.1.1999-2.1.2000

Domestic sales have developed favourably in all product groups of the core operations. The sales development was the most positive in the cheese, butter and powder product group, which showed an increase of 15.9%. Exports are, however, at a considerably lower level than during the previous year, due to which the overall sales increase remains modest.

The profitability of the core operations was, however, unsatisfactory, which is mainly due to the low price level in the domestic market, where competition is extremely sharp. This is above all the case for packaged milk in the chilled dairy products group. The decrease of exports also contributes to the unsatisfactory profitability. Securities trading showed, however, a positive result.

Net sales

Group net sales increased by 3.7% to FIM 1 227.6 million (1998: FIM 1 183.6 million). Exports and foreign operations accounted for FIM 83.7 million (FIM 121.5 million). The share of exports and foreign operations of Group net sales was 6.8% (10.3%).

Net sales in the chilled dairy products group increased by 2.0% to FIM 456.9 million (FIM 448.0 million) as a result of the growth in packaged milk and cream sales. Chilled dairy products accounted for 37.2% of the Group's net sales (37.9%). The exports of chilled dairy products decreased.

Net sales in the ice-cream products group fell by 4.6% as a result of the fall in exports. The net sales of ice-cream products totalled FIM 253.3 million (FIM 265.6 million) and accounted for 20.6% (22.4%) of Group net sales. The net sales of ice-cream products increased in the domestic market as a result of the warm summer. The exports of ice-cream were, on the other hand, cut down by half from the previous year.

Net sales in the cheese, butter and pow-

der product group grew by 10.8% to FIM 359.2 million (FIM 324.1 million) thanks to the sales upswing in the domestic market. The cheese, butter and powder product group accounted for 29.3% (27.4%) of the Group's net sales. Exports were cut down.

The provision of milk by the Group to external units fell by 9.9% and was FIM 53.5 million (FIM 59.3 million). Most of the milk was delivered to the co-operation dairy Hämeenlinnan Osuusmeijeri, which packages the majority of the Group's liquid milk products. The share of the milk raw material of Group net sales was 4.4% (5.0%).

Financial result

Group operating profit before depreciation increased by FIM 6.9 million to FIM 89.6 million (FIM 82.7 million). The result is unsatisfactory due to the ever sharper domestic competition in the chilled dairy products group and the poor exports. The fine summer weather, which had a positive impact on ice-cream sales, could not compensate for the decreasing result of chilled dairy products and exports. The result of the investment companies was, however, good. The share of operating profit before depreciation of net sales was 7.3% (7.0%).

Depreciation according to plan decreased by FIM 1.8 million to FIM 46.8 million (FIM 49.6 million).

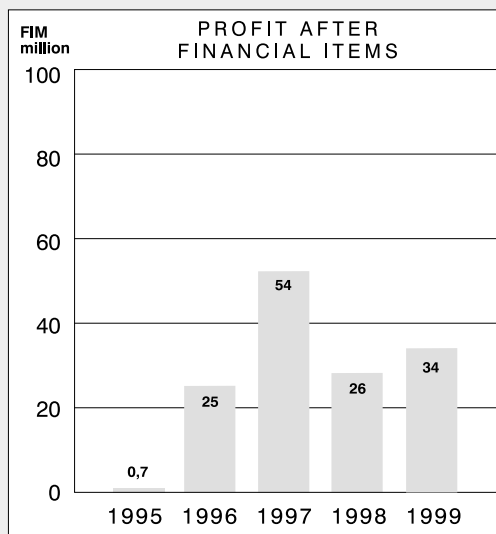
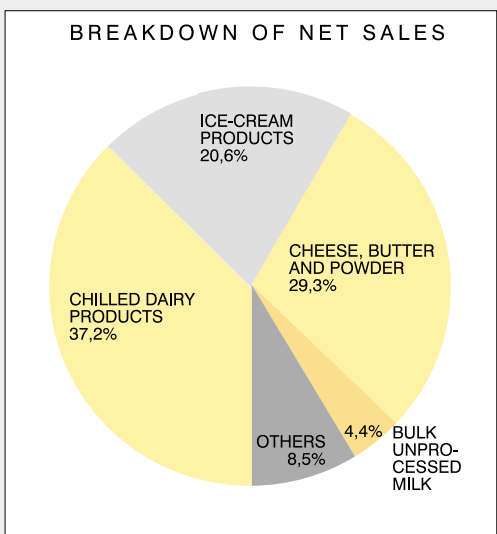
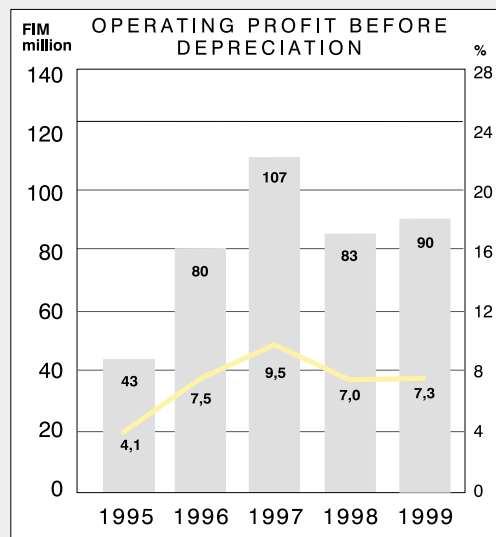
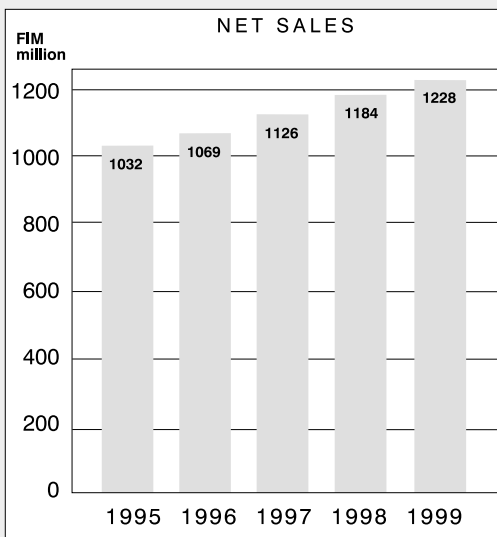
Operating profit increased by FIM 9.7 million to FIM 42.8 million (FIM 33.1 million), and its share of net sales was 3.5% (2.8%).

Financial net costs increased by FIM 2.0 million from FIM 6.8 million to FIM 8.8 million due to the lower interest income than the year before.

Profit after financial items amounted to FIM 34.0 million (FIM 26.3 million), which corresponds to 2.7% (2.2%) of net sales.

Extraordinary items totalled FIM –0.9 million (FIM 1.8 million). Profit before appropriations and taxes was FIM 33.0 million (FIM 28.0 million). Direct taxes amounted to FIM 10.0 million (FIM 8.8 million).

The Group's total financial result after minority interests was FIM 23.0 million (FIM 17.6 million).



Investments and financing

The investments during the period were mainly compensating investments. Only minor new investments were made during the year. The Group's gross investments totalled FIM 56.4 million (FIM 68.4 million).

The Group's working capital increased by FIM 8.0 million to FIM 287.3 million (FIM 279.3 million). Liquidity was good throughout the financial year.

The equity ratio increased by 0.3 percentage points to 51.4% (51.1%). Interest-bearing liabilities fell by FIM 12.9 million to FIM 301.7 million (FIM 314.6 million).

Personnel

The average number of personnel in the Group was 754 (747), and the number of employees at the end of the period was 679 (697). The average number of personnel increased by 7 persons, whereas the number of personnel at the end of the period decreased by 18.

Milk procurement

The procurement of milk within the Group remained at the same level as during previous years. The restructuring of the sector with several suppliers giving up milk production continued. The total number of milk suppliers decreased by 50 during the year. The Group's procurement of milk was, however, at the same level as during the previous year and totalled 59.2 million litres (59.4 million litres). The Group also bought milk for processing in the production plants and for sales to the co-operation dairies. This milk amount was 169.3 million litres (120.4 million litres).

Subsidiaries

Total net sales of the dairy subsidiaries increased as a result of the growing cheese

and butter sales. The overall result of the dairy subsidiaries fell and is negative.

The net sales of the foreign subsidiaries fell as a result of the sale of the Russian subsidiaries. The financial result also decreased.

The investment companies achieved a good result, which exceeded the result of the previous year and the objective for the year.

Own shares and share capital

During the financial period, the remaining 15 989 own Series A shares, which were acquired on the basis of a decision by the Annual General Meeting 1998, were invalidated. The nominal value of the shares was FIM 399 725, which corresponds to 1.6% of the company's total share capital. Their share of the total voting rights was 1.6%.

The share capital was converted to euros during the financial period. In connection with this, the share capital was increased by EUR 767 222.12 in order to achieve a nominal value of EUR 5 per share, to EUR 4 823 465, which corresponds to FIM 28 679 020.55.

Changes in Group structure

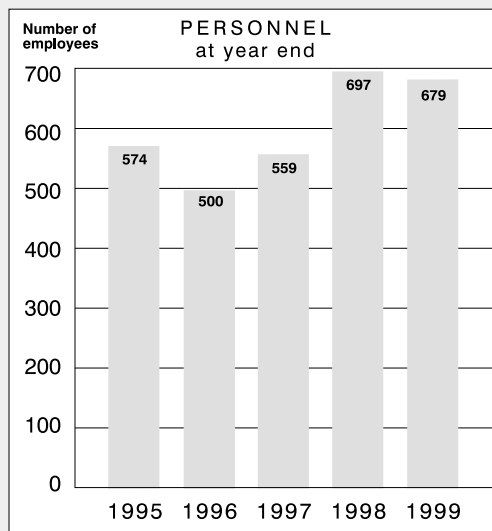
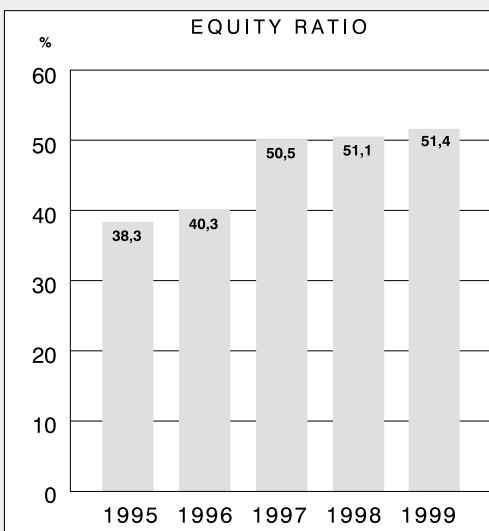
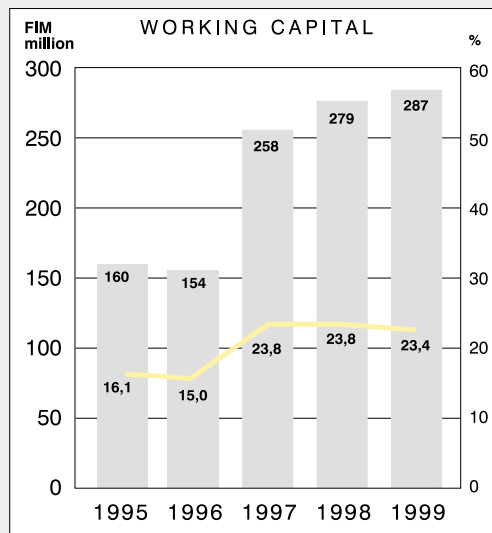
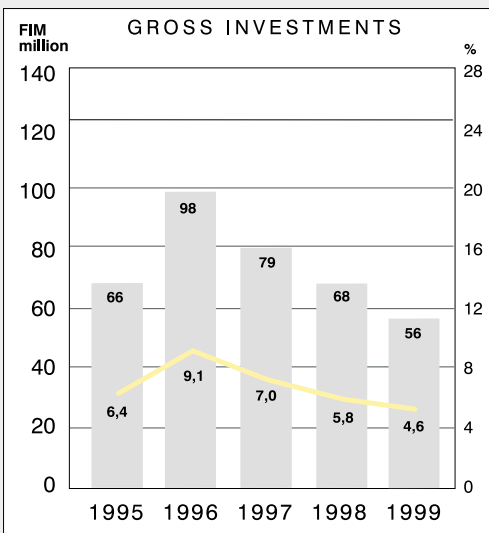
The Board of Directors proposes to the Annual General Meeting that the Group structure be changed. According to the proposal, the dairy operations will be turned into a separate company. The new company will take over the name of the present parent company Ingman Foods Oy Ab and the ownership of all the dairy subsidiaries. After this arrangement, the parent company of the Group will own the parent company of the dairy operations Ingman Foods Oy Ab as well as the investment companies and real estate company.



outlook

The outlook for dairy operations in 2000 is only a little better than during the previous year. As a result of changes in the competition situation, the outlook for the

following year looks better. Exports are expected to remain at a lower level than the year before. The year has started favourably for the securities trading operations. The financial result of the Group is expected to remain at the same level as the year before.



Income Statements

FIM thousand	Group				Ingman Foods Oy Ab			
	3.1.1999- 2.1.2000	%	3.1.1998- 2.1.1999	%	3.1.1999- 2.1.2000	%	3.1.1998- 2.1.1999	%
Net sales (1)	1 227 578	100.0	1 183 629	100.0	1 094 306	100.0	1 048 862	100.0
Increase+ or decrease- in product inventories	-10 641		9 467		-11 375		6 649	
Other operating income (2)	9 541		9 439		6 017		6 752	
Raw material and services (3)	-814 860		-808 612		-807 986		-768 821	
Personnel expenses (4)	-113 610		-109 603		-82 910		-81 058	
Depreciation and reduction (5)	-46 824		-49 617		-35 097		-33 107	
Other operating expenses	-208 434		-201 631		-170 131		-166 637	
	-1 183 728		-1 169 462		-1 096 124		-1 049 622	
Operating profit	42 750	3.5	33 073	2.8	-7 176	-0.7	12 641	1.2
Financial income and expenses (6)	-8 773	-0.7	-6 802	-0.6	15 524	1.4	2 324	0.2
Profit before extraordinary items	33 977	2.8	26 271	2.2	8 348	0.8	14 965	1.4
Extraordinary items (7)	-932		1 756		-11 940		-3 196	
Profit before appropriations and taxes	33 046	2.7	28 027	2.4	-3 592	-0.3	11 769	1.1
Change in appropriations (8)					20 554		1 075	
Direct taxes (9)	-9 984		-8 763		-4 462		-3 006	
Profit for the period	23 062	1.9	19 263	1.6	12 499	1.1	9 839	0.9
Minority interest	-29		-1 628					
Group profit for the period	23 033	1.9	17 635	1.5				

Cash Flow Statements

FIM thousand	Group		Ingman Foods Oy Ab	
	3.1.1999- 2.1.2000	3.1.1998- 2.1.1999	3.1.1999- 2.1.2000	3.1.1998- 2.1.1999
Operations				
Operating profit	42 750	33 073	-7 176	12 641
Corrections to the operating profit	46 824	50 908	35 097	33 748
Change in net working capital	-20 719	-36 527	2 891	-3 597
Interests and other financial items	-9 564	-8 565	-2 150	-1 288
Received dividends	900	1 763	17 674	3 612
Taxes	-15 981	-8 763	-4 462	-3 006
Net cash flow from operations	44 210	31 889	41 874	42 110
Investments				
Acquired shares	-11 336	-5 028	-1 978	-14 818
Sold shares	11 517	198	11 345	479
Purchase of other fixed assets	-45 037	-63 374	-32 737	-43 269
Sales of other fixed assets	12 734	4 336	5 945	2 102
Non-current receivables (increase/decrease)	-3 921	1 004	-4 820	19 806
Total cash flow from investments	-36 043	-62 864	-22 245	-35 700
Cash flow before financing	8 167	-30 975	19 629	6 410
Financing				
Increase in long term liabilities	118 915	67 037	118 915	60 800
Decrease in long term liabilities	-130 051	-94 052	-118 470	-84 461
Dividends	-11 271	-14 103	-10 324	-11 805
Purchase of own shares	-	-43 784	-	-62 665
Annulled dividends	49	74	49	74
Received and paid Group contributions	-	-	-10 888	-4 300
Other	2 647	1 868	-	-
Financing, total	-19 711	-82 960	-20 718	-102 357
Increase/decrease in liquid assets	-11 544	-113 935	-1 089	-95 947
Liquid assets on 3 January	68 092	182 027	54 620	150 567
Liquid assets on 2 January	56 548	68 092	53 531	54 620

Balance Sheets

FIM thousand	Group		Ingman Foods Oy Ab	
	2.1.2000	2.1.1999	2.1.2000	2.1.1999
ASSETS				
Non-current assets				
Intangible assets				
Other long-term expenditure (10)	11 028	11 722	6 435	6 597
Tangible assets				
Land and water areas (11)	10 512	11 649	8 421	9 577
Buildings (12)	303 502	317 392	262 693	272 419
Machinery and equipment (13)	268 679	279 889	227 596	236 074
Advance payments and construction in progress (14)	9 439	1 516	8 022	778
	592 131	610 447	506 731	518 849
Investments				
Shares in Group companies (15, 33)			46 995	49 659
Receivables from Group companies (18)			126 358	125 353
Other shares (17)	33 050	25 498	21 110	24 891
Loans receivables (19, 22)	18 330	14 409	18 223	14 409
	51 379	39 907	212 687	214 311
Non-currents assets	654 539	662 075	725 852	739 757
Current assets				
Inventories				
Raw materials and supplies	27 069	25 392	19 864	17 503
Finished Products/Goods	84 846	95 740	45 959	57 335
Other inventories (20)	199 726	166 286	-	-
	311 641	287 418	65 823	74 837
Receivables				
Trade receivables	82 341	74 168	76 457	66 543
Receivables from Group companies (21)	-	-	3 555	2 985
Loans receivables (22)	1 561	1 662	357	417
Other receivables	4 634	3 314	19 673	3 235
Prepaid expenses and accrued income	28 731	19 669	4 633	9 528
	117 266	98 814	104 676	82 708
Cash in hand and at bank	56 548	68 092	53 531	54 621
Current assets	485 456	454 324	224 030	212 166
	1 139 995	1 116 399	949 882	951 922

Balance Sheets

FIM thousand	Group		Ingman Foods Oy Ab	
	2.1.2000	2.1.1999	2.1.2000	2.1.1999
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity (23)				
Share capital	28 679	24 517	28 679	24 517
Share premium fund	886	3 519	886	3 519
Other reserves				
Legal reserve	-	1 529	-	1 529
Contingency fund	1 135	1 135	1 135	1 135
Retained earnings	508 732	499 107	200 285	200 721
Profit for the period	23 033	17 635	12 499	9 839
Shareholders' equity	562 465	547 441	243 483	241 260
Minority interests	23 464	23 249		
Appropriations				
Accumulated depreciation difference			325 562	346 116
Liabilities				
Deferred tax liability (25)	96 971	99 435		
Non-current liabilities (26)				
Loans from financial institutions	219 676	183 353	204 315	157 117
Pension loans	-	285	-	-
	219 676	183 638	204 315	157 117
Current Liabilities				
Loans from financial institutions	81 990	129 143	71 747	118 500
Pension loans	-	21	-	-
Trade payables	106 648	82 287	65 650	56 752
Debt owed to Group companies (27)	-	-	17 578	3 901
Accruals and deferred expenses	7 405	11 736	2 445	4 865
Other current liabilities	41 376	39 449	19 102	23 412
	237 419	262 636	176 522	207 429
Liabilities	554 066	545 709	380 837	364 546
	1 139 995	1 116 399	949 882	951 922

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.

The companies are consolidated by the acquisition cost method. Accordingly, the shares of 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 Income Statements of the foreign companies are converted into Finnish marks using the average exchange rate of the period and the Balance Sheets 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.

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.

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 reduced with the depreciation according to plan. The 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

Inventory Valuation

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

Appropriations

The appropriations have been divided into equity (not distributable) and deferred tax liability.

Net sales

The gross sales have been reduced with the indirect taxes based on sales and cash-discounts.

Notes to the Financial Statements

Income Statement, FIM thousand	Group		Ingman Foods Oy Ab	
	3.1.1999- 2.1.2000	3.1.1998- 2.1.1999	3.1.1999- 2.1.2000	3.1.1998- 2.1.1999
1. Net sales				
Net sales by product group				
Chilled dairy products	456 896	448 012	457 113	448 359
Ice-cream products	253 321	265 558	225 129	223 849
Cheese, butter and powders	359 191	324 082	334 125	295 934
Bulk unprocessed milk	53 474	59 323	77 940	80 720
Others	104 696	86 654	-	-
Total	1 227 578	1 183 629	1 094 306	1 048 862
	3.1.1999- 2.1.2000	%	3.1.1998- 2.1.1999	%
Geographic distribution of net sales				
Finland	1 143 583	93.2	1 062 095	89.7
Lithuania	28 640	2.3	32 383	0.0
Russia	20 399	1.7	52 954	4.5
Other	34 957	2.8	36 197	3.1
Total	1 227 578	100.0	1 183 629	97.3
	3.1.1999- 2.1.2000	%	3.1.1998- 2.1.1999	%
2. Other operating income				
Rental income	7 975	8 145	6 017	6 290
Profit on sales of fixed assets	-	463	-	463
Other	1 566	831	-	-
Total	9 541	9 439	6 017	6 752
3. Raw material and services				
Raw materials and supplies				
Purchases during the period	848 614	826 971	810 347	770 175
Change in inventories	-33 754	-18 359	-2 361	-1 354
Total	814 860	808 612	807 986	768 821
4. Personnel costs				
Wages, salaries and remunerations	89 600	86 495	65 171	63 887
Pension costs	14 522	13 747	10 877	10 424
Other personnel costs	9 489	9 362	6 862	6 747
Total	113 610	109 603	82 910	81 058
Salaries, benefits and remunerations to members of the Board of Directors and the Managing Directors	2 489	2 338	1 062	1 062
5. Depreciation and reduction				
Depreciation on intangible and tangible assets	47 139	43 728	35 097	33 107
Depreciation on goodwill	-315	5 889	-	-
Total	46 824	49 617	35 097	33 107
6. Financial income and expenses				
Dividend income				
From Group companies	-	-	16 911	1 891
From others	901	1 763	763	1 722
Total	901	1 763	17 674	3 613
Interest and other financial income				
From Group companies	-	-	6 262	6 416
From others	4 278	5 855	3 406	4 467
Total	4 278	5 855	9 668	10 883
Interest and other financial expenses				
To Group companies	-	-	39	46
To others	13 952	14 420	11 780	12 125
Total	13 952	14 420	11 819	12 171
Total	-8 773	-6 802	15 524	2 324
The items interest and other financial income/expenses includes exchange differentials (net)	1 053	409	1 053	-271

Notes to the Financial Statements

	3.1.1999- 2.1.2000	Group 3.1.1998- 2.1.1999	3.1.1999 2.1.2000	Ingman Foods Oy Ab 3.1.1998- 2.1.1999
7. Extraordinary income and expenses				
Extraordinary income				
Profit on sales of fixed assets	7 739	2 155	7 568	1 783
Received Group contribution	-	-	0	850
Total	7 739	2 155	7 568	2 633
Extraordinary expenses				
Loss on sales of fixed assets	5 648	385	8 620	385
Reduction	3 022	14	-	295
Given Group contribution	-	-	11 188	5 150
Total	8 671	399	19 808	5 830
Extraordinary income and expenses	-932	1 756	-12 240	-3 196
8. Appropriations				
Change in depreciation difference	-	-	20 554	1 075
9. Direct taxes				
Taxes from extraordinary items	-272	388	-3 463	-895
Taxes from operations	16 253	9 187	7 925	3 901
Change in deferred tax liability	-5 997	-812	-	-
Total	9 984	8 763	4 462	3 006
Balance Sheet, FIM thousand	2.1.2000	Group 2.1.1999	2.1.2000	Ingman Foods Oy Ab 2.1.1999
10. Other long-term expenditures				
Acquisition value 3.1.1999	41 301	37 443	32 747	31 531
Increases	2 191	3 864	1 564	1 216
Decreases	-37	-6	-	-
Acquisition value 2.1.2000	43 455	41 301	34 310	32 747
Accumulated depreciation 3.1.1999	-29 580	-27 314	-26 149	-24 580
Accumulated depreciation on decreases	-2 737	-2 155	-1 726	-1 569
Depreciation for the period	-110	-110	-	-
Accumulated depreciation 2.1.2000	-32 427	-29 580	-27 876	-26 149
Book value 2.1.2000	11 028	11 722	6 435	6 597
11. Land and water areas				
Acquisition value 3.1.1999	11 649	11 459	9 577	9 467
Increases	23	195	4	110
Decreases	-1 161	-5	-1 161	-
Acquisition value 2.1.2000	10 512	11 649	8 421	9 577
12. Buildings				
Acquisition value 3.1.1999	402 895	368 539	333 690	307 719
Increases	3 693	34 861	793	26 476
Decreases	-6 498	-505	-2 042	-505
Acquisition value 2.1.2000	400 091	402 895	332 442	333 690
Accumulated depreciation 3.1.1999	-85 503	-74 892	-61 272	-53 458
Depreciation for the period	-11 086	-10 611	-8 478	-7 814
Accumulated depreciation 2.1.2000	-96 589	-85 503	-69 749	-61 272
Book value 2.1.2000	303 502	317 392	262 693	272 419
13. Machinery and equipment				
Acquisition value 3.1.1999	489 154	451 656	395 433	382 341
Increases	30 237	41 165	22 845	14 689
Decreases	-5 109	-3 667	-3 459	-1 597
Acquisition value 2.1.2000	514 282	489 154	414 819	395 433
Accumulated depreciation 3.1.1999	-209 265	-178 766	-159 359	-136 098
Accumulated depreciation on decreases	-3 022	463	-2 971	463
Depreciation for the period	-33 316	-30 962	-24 893	-23 724
Accumulated depreciation 2.1.2000	-245 604	-209 265	-187 223	-159 359
Book value 2.1.2000	268 679	279 889	227 596	236 074

	2.1.2000	Group 2.1.1999	2.1.2000	Ingman Foods Oy Ab 2.1.1999
14. Construction in progress				
Acquisition value 3.1.1999	1 516	153	778	-
Increases	8 893	1 516	7 532	778
Decreases	-970	-153	-288	-
Acquisition value 2.1.2000	9 439	1 516	8 022	778
15. Investments in Group companies				
Acquisition and book value 3.1.1999			49 659	31 93
Increases			1 973	9 861
Decreases			-4 637	-281
Transfers			-	8 148
Acquisition and book value 2.1.2000			46 995	49 659
16. Investments in associated companies				
Acquisition and book value 3.1.1999	-	13 611	-	8 148
Decreases	-	-13 611	-	-
Transfers	-	-	-	-8 148
Acquisition and book value 2.1.2000	0	0	0	0
17. Other investments				
Acquisition and book value 3.1.1999	25 498	20 668	24 891	20 132
Increases	11 337	5 028	5	4 957
Decreases	-3 785	-198	-3 785	-198
Acquisition and book value 2.1.2000	33 050	25 498	21 110	24 891
18. Receivables from Group companies				
Acquisition and book value 3.1.1999			125 353	144 028
Increases			1 005	-
Decreases			-	-18 675
Acquisition and book value 2.1.2000			126 358	125 353
19. Other receivables				
Acquisition and book value 3.1.1999	14 409	15 412	14 409	15 539
Increases	3 921	-	3 815	-
Decreases	-	-1 004	-	-1 130
Acquisition and book value 2.1.2000	18 330	14 409	18 223	14 409
20. Other inventories				
Securities in inventory				
Market value	426 406	221 260	-	-
Book value	196 912	163 980	-	-
21. Receivables				
From Group companies				
Trade receivables			3 555	2 985
Total			3 555	2 985
22. 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.				
23. Shareholders' equity				
Share capital 3.1.1999	24 517	28 036	24 517	28 036
Decreases	-400	-3 519	-400	-3 519
Increases	4 562	-	4 562	-
Share capital 2.1.2000	28 679	24 517	28 679	24 517
Share premium fund 3.1.1999	3 519	-	3 519	-
Increases	400	3 519	400	3 519
Decreases	-3 033	-	-3 033	-
Share premium fund 2.1.2000	886	3 519	886	3 519
Restricted reserves 3.1.1999	1 529	1 529	1 529	1 529
Decreases	-1 529	-	-1 529	-
Restricted reserves 2.1.2000	0	1 529	0	1 529
Contingency fund 3.1.1999 and 2.1.2000	1 135	1 135	1 135	1 135

Notes to the Financial Statements

	2.1.2000	Group 2.1.1999	Ingman Foods Oy Ab 2.1.2000	2.1.1999
Retained earnings 3.1.1999	516 742	557 654	275 117	275 117
Dividend payment	-11 271	-14 103	-11 805	-11 805
Annullerade dividender	49	74	74	74
Redemption and acquisition of own shares	-	-43 784	-62 665	-62 665
Conversion difference and other changes	3 213	-735	-	-
Retained earnings 2.1.2000	508 733	499 107	200 721	200 721
Profit for the period	23 033	17 635	9 839	9 839
Total shareholders' equity 2.1.2000	562 465	547 441	241 260	241 260
Distributable funds 2.1.2000	295 302	262 188		
24. Own shares	Number of shares	Nominal value	Share of share capital	Share of votes
A-shares in the Group's possession 3.1.1999	15 989	399 725	1,4	1,6
Invalidated during the year	15 989	399 725	1,4	1,6
A-shares in the Group's possession 2.1.2000	0	0	0,0	0,0
During the year the quotation of the companies A-shares on the Helsinki Stock Exchange was stopped. To improve the possibilities of disposing for shareholders not interested in being shareholders in a unquoted company, the company acquired own shares. The acquisition took place between May 27, and August 21, 1998. The price was 400 FIM / share.				
	2.1.2000	Group 2.1.1999	Ingman Foods Oy Ab 2.1.2000	2.1.1999
25. Deferred tax liability				
From appropriations	96 971	99 435		
Total	96 971	99 435		
Change in deferred tax liability because of changed tax FIM 3 533 thousands.				
26. Liabilities maturing within five years or later				
Loans from financial institutions	3 333	10 000	3 333	10 000
Pension loans	-	213	-	-
Total	3 333	10 213	3 333	10 000
27. Current liabilities				
To Group companies				
Trade payables			14 922	138
Other current liabilities			2 656	3 764
Total			17 578	3 901
28. Contingent liabilities				
Mortgages and pledges for own liabilities				
Real estate mortgages	47 355	57 745	33 800	43 800
Company mortgages	7 500	7 500	-	-
Pledges	46 000	43 857	1 997	5 773
Total	100 855	109 102	35 797	49 573
Contingent liabilities				
Guarantees for Group companies	-	-	16 781	19 848
Guarantees for others	30	114	-	-
Pension liability	75	73	75	73
Leasing liability due 3.1.2000-2.1.2001	4 759	3 905	1 617	1 335
Leasing liability due later	9 995	15 890	1 347	3 282
Total	14 859	19 982	19 820	24 538
29. Derivative contracts				
Exchange derivatives, future contracts				
Market value	-	18 491	-	18 491
Nominal value	-	18 361	-	18 361

	2.1.2000	Group 2.1.1999	2.1.2000	Ingman Foods Oy Ab 2.1.1999
30. Personnel				
In average				
Chilled dairy products	66	73	66	73
Ice-cream products	111	120	111	120
Other units	36	34	36	34
Marketing and distribution	181	181	181	181
Administration and service	28	30	28	30
Subsidiaries	332	309	-	-
Total	754	747	422	438
Personnel by country in average				
Finland	562	580	422	438
Latvia	11	9	-	-
Lithuania	151	129	-	-
Russia	27	29	-	-
Great Britain	3	-	-	-
Total	754	747	422	438
31. Milk procurement, litres '000				
Kotisaari-Ingman	22 194	21 360	22 194	21 360
Halkivahan Meijeri Oy	1 546	1 613	-	-
Kiteen Meijeri Oy	13 391	13 057	-	-
Ranuan Meijeri Oy	22 804	23 204	-	-
Total	59 935	59 233	22 194	21 360
32. Milk suppliers				
Number of suppliers	540	590	177	191
33. Group companies 2.1.2000				
	Group Share holding		Ingman Foods Oy Ab Share holding	
Kiteen Meijeri Oy, Kitee	98.5		98.5	
Halkivahan Meijeri Oy, Urjala	97.0		97.0	
Ranuan Meijeri Oy, Ranua	99.0		99.0	
Pohjanmaan Juusto Oy, Ylivieska	90.0		90.0	
Jk Juusto Kaira Oy, Kuusamo	50.0		17.4	
Oy Leimark Invest Ab, Sipoo	100.0		100.0	
Oy Ing-Stock Ltd, Sipoo	100.0		26.7	
Oy Ing-Finance Ltd, Sipoo	100.0		26.7	
Oy Ingman Invest Ab, Sipoo	100.0		26.7	
Fastighets Ab Sibbo Solbacka, Sipoo	100.0		-	
Kiint. Oy Juvanmalmin Länt. Teollisuus. 18, Espoo	100.0		-	
Spice Ice Oy, Tervakoski	100.0		100.0	
Mamela Oy, Sipoo	100.0		-	
Hemholmen Ab, Sipoo	100.0		100.0	
Ingman Mejeri Ab, Sipoo	100.0		100.0	
Ingman Foods Sverige AB, Sweden	100.0		100.0	
Källö-Knippla Glass AB, Sweden	100.0		100.0	
Ingman Vega UAB, Mazeikiai Lithuan	57.5		57.5	

Group Key Ratios and Figures

Financial development		1995	1996	1997	1998	1999
Net sales	FIM million	1 032.5	1 069.3	1 125.7	1 183.6	1 227.6
Change	%	-12.1	3.6	5.3	5.1	3.7
Offshore sales	FIM million	151.9	134.3	136.5	121.5	83.7
Share of net sales	%	14.7	12.6	12.1	10.3	6.8
Operating profit before depreciation	FIM million	42.7	79.9	107.4	82.7	89.6
Share of net sales	%	4.1	7.5	9.5	7.0	7.3
Depreciation according to plan	FIM million	34.5	39.4	44.8	49.6	46.8
Operating profit	FIM million	8.2	40.4	62.6	33.1	42.8
Share of net sales	%	0.8	3.8	5.6	2.8	3.5
Net financial costs	FIM million	-7.6	-15.4	-8.6	-6.8	-8.8
Share of net sales	%	-0.7	-1.4	-0.8	-0.6	-0.7
Profit after financial items	FIM million	0.7	25.1	54.0	26.3	34.0
Share of net sales	%	0.1	2.3	4.8	2.2	2.8
Profit before appropriations and taxes	FIM million	32.7	22.9	130.8	28.0	33.0
Share of net sales	%	3.2	2.1	11.6	2.4	2.7
Non-current assets	FIM million	731.2	710.9	642.6	662.0	654.5
Inventories	FIM million	145.6	130.0	247.6	287.4	311.6
Trade receivables	FIM million	78.8	84.5	79.4	74.2	82.3
Other receivables	FIM million	111.4	127.5	37.0	24.8	34.9
Cash & bank deposits	FIM million	232.7	112.1	182.8	68.1	56.5
Shareholders' equity	FIM million	498.0	467.5	588.4	547.5	562.5
Minority interest	FIM million	0.3	1.6	12.4	23.2	23.5
Appropriations 1)	FIM million	341.5	343.1	358.1	355.1	334.6
Deferred tax liability	FIM million	95.6	96.1	100.3	99.4	97.0
Long-term interest bearing liabilities	FIM million	395.4	356.8	246.5	183.6	219.7
Short-term interest bearing liabilities	FIM million	189.7	100.2	93.4	131.0	82.0
Trade payables	FIM million	64.1	60.0	69.0	82.3	106.6
Other liabilities free of interest	FIM million	56.5	82.8	79.6	49.4	48.8
Balance sheet total	FIM million	1 299.7	1 164.9	1 189.4	1 116.4	1 140.0
Return on investment (ROI)	%	5.7	6.0	7.1	4.5	4.9
Return on equity (ROE)	%	-0.1	2.8	1.9	1.9	2.6
Equity ratio	%	38.3	40.3	50.5	51.1	51.4
Quick ratio		1.4	1.3	1.2	0.6	0.7
Current ratio		1.8	1.9	2.3	1.7	2.0
Working capital	FIM million	160.3	154.4	258.0	279.3	287.3
Share of net sales	%	15.5	14.4	22.9	23.6	23.4
Gross investments	FIM million	65.8	97.6	78.7	68.4	56.4
Share of net sales	%	6.4	9.1	7.0	5.8	4.6
Average number of personnel		615	546	583	747	754
Personnel at the end of period		574	500	559	697	679

1) Appropriations have been divided into retained earnings and deferred tax liability.

Equity-related key ratios

Earnings/share	FIM	-0.58	20.90	13.40	15.58	23.36
Equity/share	FIM	444.10	416.85	524.69	558.28	573.54
Dividend/share 2)	FIM	9.00	9.50	11.00	10.70	11.30
Dividend/earnings	%	-1559.3	45.4	82.1	68.7	48.4

2) Proposal of the Board for 1999 1.90 euro = about FIM 11.30.

Calculation of key ratios

Return on investment (ROI)	$\frac{(\text{Profit before extraordinary items} + \text{interest and other financial expenses}) * 100}{\text{Average (balance sheet total - non-interest-bearing liabilities)}}$
Return on equity (ROE)	$\frac{(\text{Profit before extraordinary items} - \text{taxes}) * 100}{\text{Average (shareholders' equity} + \text{minority interest)}}$
Equity ratio	$\frac{(\text{Shareholders' equity} + \text{minority interest}) * 100}{\text{Balance sheet total}}$
Equity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Current ratio	$\frac{\text{Current assets} + \text{inventories}}{\text{Current liabilities}}$
Working capital	Trade receivables + inventories - trade payables
Earnings per share	$\frac{\text{Profit before extraordinary items} - \text{taxes} - \text{minority}}{\text{Average number of shares}}$
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	$\frac{\text{Dividend} / \text{share} * 100}{\text{Earnings per share}}$

Proposal of the Board of Directors

The Groups' distributable funds FIM	295 301 585,22
Distributable funds in the parent company FIM of which the profit of the year amounted to FIM 12 499 031,47	213 918 665,67
The Board of Directors proposes that a dividend of EUR 1.90 / about FIM 11.30 per share to be distributed totalling EUR 1 832 916,70 corresponding about FIM	-10 898 027,81
the remainder of the distributable funds in the parent company to be carried forward about FIM	203 020 637,86

Sipoo, March 16, 2000

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, 2000. 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 been 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 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 distributable funds is in compliance with the Companies' Act.

Sipoo, March 16, 2000

Jukka Reimi
Authorised Public Account

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 EUR 3,000,000 and maximum share capital EUR 12,000,000. The share capital may be raised or lowered within these limits without amendments to the articles. On January 2, 2000 FIM 4,823,465 has been paid up and entered in the Trade Register.

Share capital, shares and voting rights	Nominal value	Votes per share	Shares	%	Votes	%
A-shares	5	20	833 693	86.4	16 673 860	99.2
B-shares	5	1	131 000	13.6	131 000	0.8
Total			964 693	100.0	16 804 860	100.0

Both shares carry equal rights to dividends.

Ownership restrictions

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.

Shareholders and the managements shareholdings

According to the Book Entry Register, Ingman Foods Oy Ab had 556 shareholders on January 2, 2000. The members of the Board of Directors of Ingman Foods Oy Ab and the Managing Director hold 645 190 A shares and 131,000 B shares. This represents 80.5 % of the total share holding and 75.9 % of the company's voting rights.

Largest Shareholders

According to the Book Entry Register, January 2, 2000	No. of A shares	No. of B shares	Total	%	Voting rights	%
C-G Ingman	231 929	43 666	275 595	28.6	4 682 246	27.9
Hans Ingman	183 111	43 668	226 779	23.5	3 705 888	22.1
Robert Ingman	125 984	24 016	150 000	15.5	2 543 696	15.1
Lars Ingman	92 518	19 650	112 168	11.6	1 870 010	11.1
Oy Holding Company Ab	12 904		12 904	1.3	258 080	1.5
Cecilia Rydbeck	11 632		11 632	1.2	232 640	1.4
Tapiola Mutual Insurance Company	11 520		11 520	1.2	230 400	1.4
AB Svenska Småbruk och Egnahem	9 720		9 720	1.0	194 400	1.2
Hisinger-Jägerskiöld Erik Sterbhus	6 400		6 400	0.7	128 000	0.8
Timo Oesch	6 128		6 128	0.6	122 560	0.7
Total, 10 largest shareholders	691 846	131 000	822 846	85.3	13 967 920	83.1

Distribution of Shares

According to the Book Entry Register, January 2, 2000	Number of shareholders	%	Number of shares	%	Voting rights	%
1-100	339	61.0	12 305	1.3	246 100	1.5
101-500	156	28.1	35 685	3.7	713 700	4.3
501-1000	26	4.7	17 587	1.8	351 740	2.1
1001-	35	6.3	887 588	93.1	15 262 760	92.1
Total	556	100.0	953 165	100.0	16 574 300	100.0

There are also 6,251 shares which have not been transferred to book entries, 5,277 unregistered book entries on the waiting list.

**Sales offices and
Delivery terminals**
HELSINKI (Sipoo)
PO.Box 33
FIN-01151 SÖDERKULLA
Tel. +358 9 2720 0310
Fax +358 9 2720 0288

TAMPERE
Rasulankatu 3
FIN- 33730 TAMPERE
Tel. +358 3 358 4900
Fax +358 3 364 0020

OULU
Sumukellontie 3
FIN-90520 OULU
Tel. +358 8 556 4888
Fax +358 8 556 5898

Delivery terminals
JYVÄSKYLÄ
Miilukatu 8
FIN-40320 JYVÄSKYLÄ
Tel. +358 14 282 011
Fax +358 14 282 011

KOUVOLA
Alakyläntie 27
FIN-45100 KOUVOLA
Tel. +358 5 375 3824
Fax +358 5 375 1139

KUOPIO
Ajajantie 4
FIN-70780 KUOPIO
Tel. +358 17 361 3666
Fax +358 17 361 3695

LAHTI
Kukonkoskenkatu 8
FIN-15700 LAHTI
Tel. +358 3 787 5523
Fax +358 3 787 5522

TAMMISAARI
Trollbergintie 11
FIN-10600 TAMMISAARI
Tel. +358 400 303 941
Fax +358 19 241 2271

TURKU
Radiomiehenkatu 2
FIN-20320 TURKU
Tel. +358 2 239 2200
Fax +358 2 239 7955

AHVENANMAA,
MAARIANHAMINA
Transmar
FIN-22100 MAARIANHAMINA
Tel. +358 18 174 45
Fax +358 18 147 65

Production units
SIPOO
PO.Box 33
FIN-01151 SÖDERKULLA
Tel. + 358 9 272 001
Fax + 358 9 272 1967

LAPINJÄRVI
Käkikoskentie 7
FIN-07820 PORLAMMI
Tel. +358 19 612 202
Fax +358 19 612 285

**Production units of
subsidiaries**
Halkivahan Meijeri Oy
Vesilahdentie 1442
FIN-31830 HALKIVAHA
Tel. +358 3 546 4211
Fax +358 3 546 4211

Kiteen Meijeri Oy
Savikontie 35
FIN-82500 KITEE
Tel. +358 13 413 951
Fax +358 13 413 981

Ranuan Meijeri Oy
Pekkalantie 10
FIN-97700 RANUA
Tel. +358 16 355 1441
Fax +358 16 355 1442

Jk Juusto Kaira Oy
Kitkantie 110
FIN-93600 KUUSAMO
Tel. +358 8 562 1300
Fax +358 8 562 1351

Jk Juusto Kaira Oy
FIN-97700 RANUA
Tel. +358 16 355 1441
Fax +358 16 355 1442

Pohjanmaan Juusto Oy
PO.Box 64 (Savisiilta 4)
FIN-84101 YLVIESKA
Tel. +358 8 411 6150
Fax +358 8 411 6112

UAB Ingman Vega
Skuoda Gatve 28
5500 MAZEIKIAI
Lithuania
Tel. +370 9 378 601
Fax +370 9 379 603

Other Subsidiaries
Oy Leimark Invest Ab
PO.Box 33,
FIN-01151 SÖDERKULLA
Tel. +358 9 272 001
Fax +358 9 272 1630

Oy Ing-Finance Ltd
PO.Box 33
FIN-01151 SÖDERKULLA
Tel. +358 9 272 001
Fax +358 9 272 1630

Oy Ing-Stock Ltd
PO.Box 33
FIN-01151 SÖDERKULLA
Tel. +358 9 272 001
Fax +358 9 272 1630



Head Office
Ingman Foods Oy Ab
PO.Box 33
FIN-01151 SÖDERKULLA
Tel. +358 9 272 001
Fax +358 9 272 1630
Internet: www.ingmanfoods.fi
E-mail: first name.surname@ingmanfoods.fi