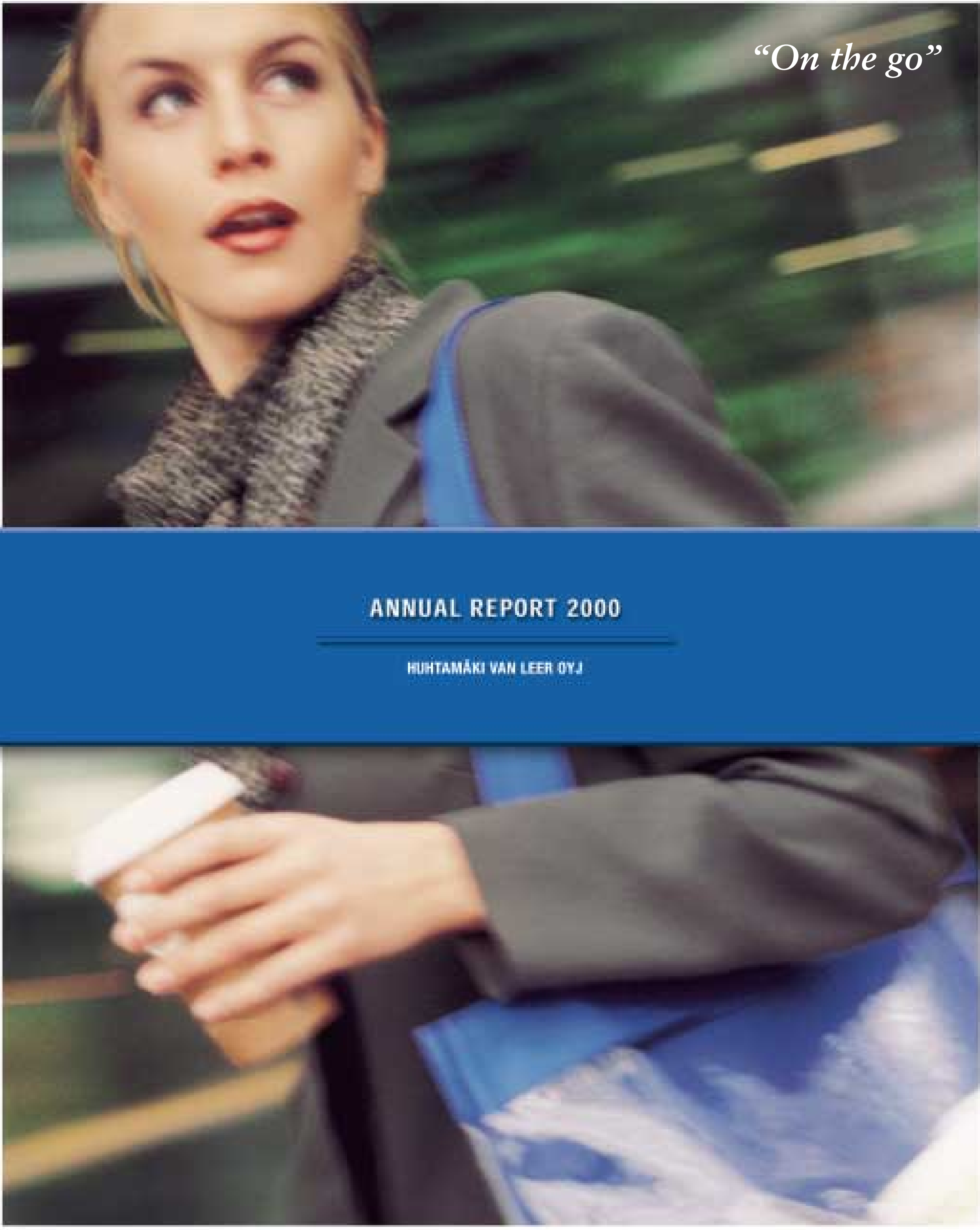

ANNUAL REPORT 2000

HUHTAMÄKI VAN LEER OYJ

HUHTAMAKI ANNUAL REPORT 2000

HUHTAMAKI

PACKAGING WORLDWIDE

Heikki Huhtamäki and his family: wife Signe (left) and daughters Maija (top) and Annaliisa

A CENTURY FROM THE BIRTH OF HEIKKI HUHTAMÄKI

November 19, 2000 marked the hundreth anniversary of the birth of Heikki Huhtamäki, the son of a village baker from Western Finland. He founded the company in 1920, at the age of 19. Although his early interests were in confectionery, other foods and pharmaceuticals, Mr. Huhtamäki, a born marketeer and brand-builder, propagated distinctive packaging early on, and lived to see the company's first specialised packaging ventures from the 1950s onwards. In 1943, the donation of the majority of the company to the Finnish Cultural Foundation and other non-profit institutions made Heikki Huhtamäki and his wife Signe Finland's perhaps most important and influential philanthropists of the 20th century.

Huhtamaki - a world leader in consumer packaging

Since 1920, **Huhtamaki** has stood out as a premier name in the Finnish corporate world. Two decades ago, the company began to build an international position in selected business areas, aiming at world leadership by 2000.

That goal was achieved, when the company joined forces with the Dutch packaging giant Van Leer, which it acquired in late 1999. After a busy year of integration and further structural work, including several acquisitions and the divestment of the Group's industrial packaging business, Huhtamaki has transformed into a global leader in consumer packaging. In 2001, the company will have operations in 34 countries, approx. 17,000 employees and annualised net sales approaching EUR 2.5 billion.

Today, we are world leaders in several categories and segments of packaging for food, other fast-moving consumer products and food service:

- Rigid, thin-walled plastic and paper containers
- Moulded fibre packaging
- High performance flexible packaging

These are the broad product and technology areas we intend to build further. They offer superior growth opportunities and healthy returns. With the industry's most extensive network, experienced personnel and a full spectrum of manufacturing technologies, we are ideally positioned to serve our customers, multinational as well as local, whichever their packaging needs and wherever they operate.

The parent company, Huhtamäki Van Leer Oyj, is publicly listed since 1960 and has its headquarters and legal seat in Espoo, Finland. Subject to shareholders' approval from the AGM on April 3, 2001, its name will change back to Huhtamäki Oyj.

Our financial targets by 2003:

- Annual organic growth at least 5%
- Operating margin at least 10%
- Return on net operating assets 15%
- Long term gearing ratio around 100%
- Average payout ratio 40%

Announcements

ANNUAL GENERAL MEETING

The Annual General Shareholders' Meeting (AGM) of Huhtamäki Van Leer Oyj will be held on Tuesday, April 3, 2001 at 3:00 PM in Finlandia Hall, Mannerheimintie 13 e, Helsinki. The proceedings will be conducted in Finnish. Simultaneous translation into English will be provided.

The main items on the AGM agenda are:

- Statutory business as expressed in Article 8 of Articles of Association
- Changing the parent company name back into Huhtamäki Oyj
- An authorisation to the Board of Directors to acquire a maximum of 5% of the company's own shares during one year following the AGM
- An authorisation to the Board of Directors to decide on the conveyance of the company's own shares during one year following the AGM
- An amendment in the pricing mechanism in the company's Option Rights 2000 programme for option rights to be allocated in the future.

Shareholders registered by the Finnish Central Securities Depository Ltd. as of March 23, 2001, may exercise their rights at the AGM. Beneficiary holders of nominee shares are welcome to attend and vote, provided they have obtained a temporary registration by March 23. In each case, participation should be notified to the company no later than March 30 by 4.00 pm Finnish time, either by telephone (+358-800-90026, "Huhtamaki Van Leer AGM Services"), in writing (Huhtamäki Van Leer Oyj, Länsituulentie 7, 02100 Espoo, Finland), or via e-mail (pirjo.tuuli@fi.huhtamaki.com). Under the Finnish Companies' Act, a shareholder may authorise another person to physically attend the meeting and vote by proxy.

All documents and proposals under review at the AGM are available for public viewing at Group Headquarters, Länsituulentie 7, 02100 Espoo, Finland. Copies of documents will be mailed to shareholders upon request. For further information contact Investor Relations, +358-9-6868 8361.

DIVIDEND

The Board of Directors proposes to the AGM a dividend of EUR 1.10 per share for 2000. Dividend will be paid on April 17 to shareholders as registered on April 6.

FINANCIAL CALENDAR

Huhtamaki Van Leer will release the following financial information for 2001 in Finnish and English:

2001:
May 11 – 1st Quarter Interim Report
August 7 – 2nd Quarter Interim Report
November 6 – 3rd Quarter Interim Report

2002:
February - Full-year Results
Week 11 - Annual Report

As a rule, results will be released at or about 14:00 Finnish time. All financial releases may be retrieved instantly from the company's Internet website, www.huhtamaki.com

Note: As on-line electronic services have become the main channel of financial information, the company will no longer automatically mail its Annual and Interim reports to registered shareholders. Interested parties wishing to receive mailed reports are kindly requested to contact Investor Relations, tel. +358-9- 6868 8363, or via e-mail: IR@fi.huhtamaki.com

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Financial highlights for 2000

Key figures

EUR million	Actual 2000	Actual 1999	Actual Change %	Pro forma 1999	Pro forma Change %
Net sales	**3,308**	1,412	+ 134	2,952	+ 12
EBITDA	**377**	202	+ 86	367	+ 3
EBIT	**182**	114	+ 60	191	- 4
Profit before exceptional items, minority interest and taxes	**121**	94	+ 28	129	- 6
Net income	**81**	102	- 20	80	+ 2
EPS	**2.58**	2.39	+ 8	2.54	+ 2
EPS before amortisation	**3.98**	3.15	+ 26	3.93	+ 1
Dividend	**1.10** *)	1.05	+ 5	...	...
Personnel at year-end	**23,098**	23,876	- 3	23,876	- 3

*) Board's proposal

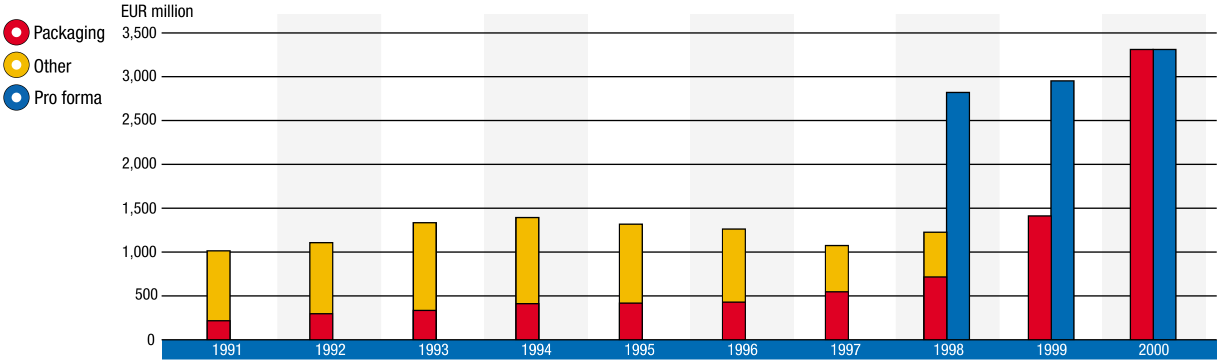
HIGHLIGHTS

+ Core business identified and corporate restructuring completed
+ U.S. positions strengthened in high growth segments and technologies
+ Integration of Huhtamaki and Van Leer consumer packaging units well in progress
+ Healthy development of consumer packaging business in final quarter

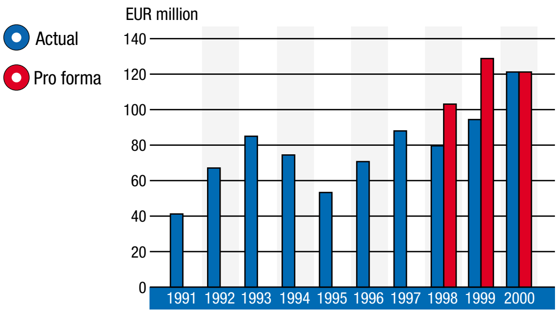
DISAPPOINTMENTS

- Industrial division's inability to recover margins and adjust to a declining market
- Extremely difficult raw materials climate in Consumer
- Corporate activity diverted focus from day-to-day business
- Depressed volume development in European rigid dairy containers

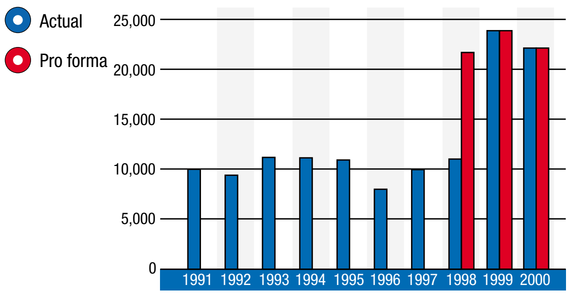
Net sales



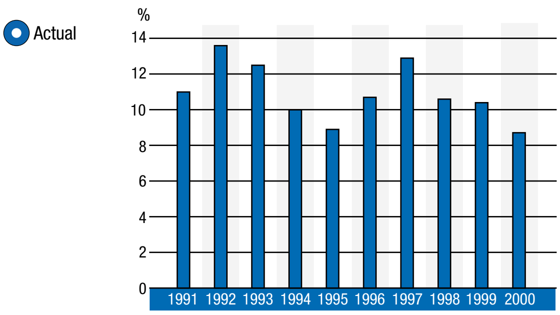
Profit before exceptional items



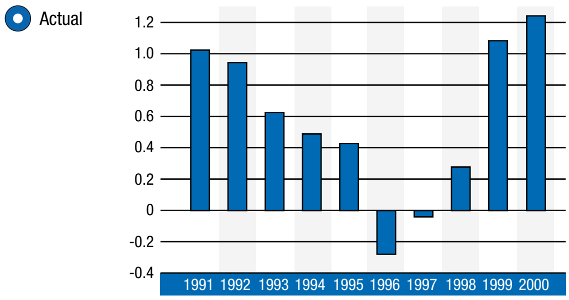
Personnel at year-end



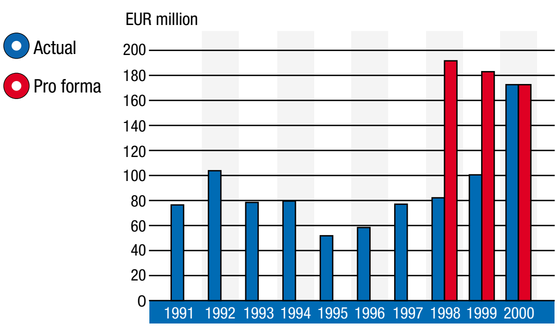
Return on investment (ROI)



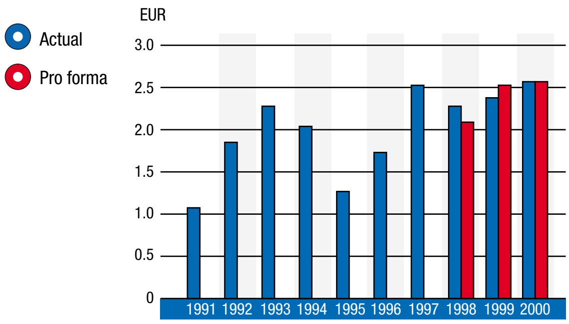
Net debt to equity



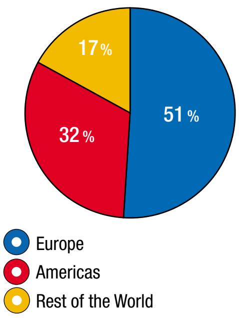
Capital expenditure



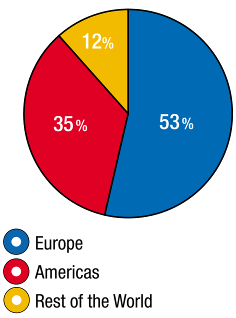
Earnings per share



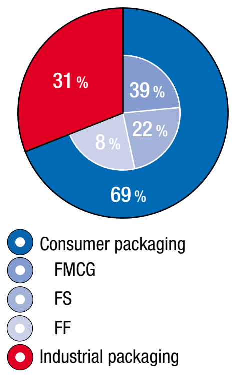
Net sales by region



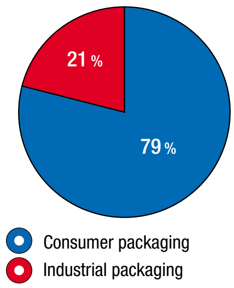
EBIT by region



Net sales by category



EBIT by category



A Message from the CEO

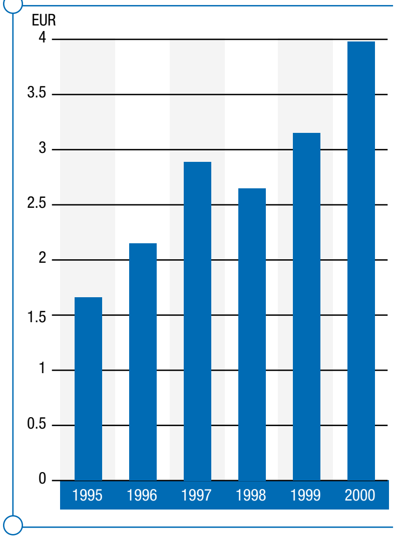
After Huhtamaki joined forces with the Dutch packaging company Van Leer in late 1999, we entered the new Millennium under positive expectations. The integration of the two companies' operations was in full swing, yielding both cost savings and incremental Consumer Packaging sales through our combined, truly worldwide network. The Industrial Packaging business looked solid.

The only shadow in an otherwise bright picture came from raw materials prices, which had started to rise in the second half of 1999 and continued their upward spiral.

Despite the raw materials situation, our first half of the year went fully according to plan. But, while the second half was expected to bring relief to margin pressures, this materialised painfully slowly for Consumer and not at all for Industrial. We simply could not adjust our prices quickly enough to match the monthly increases, which virtually doubled key raw materials prices in less than a year. Industrial's performance in the second half also suffered from the ongoing divestment of the entire division.

Given the circumstances, the Group's full-year results were satisfactory. Sales of the continuing Consumer business were up by 16%, and earnings per share pushed the company record mark a little further. Integration synergies and the robust health of the majority of our Consumer operations helped us to offset the margin erosion from raw materials prices.

EARNINGS PER SHARE BEFORE AMORTISATION



Early in the year, we had reason to review the strategy of the newly created Huhtamaki Van Leer in order to determine, whether the Group structure was still optimal in terms of future value generation for shareholders.

The review confirmed that Consumer Packaging offers higher growth and margins than Industrial Packaging. By keeping substantial resources tied in the latter area, we would run the risk of missing genuine growth and consolidation opportunities in Consumer. As a result, the whole Van Leer Industrial Packaging Division, a third of the newly formed company, was offered for sale.

The divestment process took longer than envisaged and certainly did not improve Van Leer's position in the marketplace. I can only commend the Division's management and employees for maintaining their professionalism and integrity during prolonged uncertainty. Greif Bros., a well-established U.S. manufacturing company fully dedicated to Industrial Packaging, is no doubt the ideal new parent for Van Leer.

During the year, we divested certain other, smaller units, and looked at several acquisition opportunities to reinforce Consumer operations. As a result, our footholds are now much stronger in the important North American markets, in both rigid and flexible packaging.

Having finally accomplished our structural objectives, we can look ahead with confidence. As a pure Consumer Packaging company, we now have the focus, the critical mass, the geographical presence, the technologies and the organisation in place to maintain and increase our lead.

The streamlining programme launched last year will address remaining problem areas and make our manufacturing operations more efficient overall. New Technology Centres and a Group-wide Technology and Development infrastructure will speed up innovation.

In sum, we will concentrate 100% on improving our present operations, product offerings and customer responsiveness. I believe that, after several years of constant change, this is welcome news to everybody.

With so much coming to fruition from inside the Group, an economic slowdown in North America and Western Europe is unlikely to materially affect our outlook. Consumer Packaging is, after all, relatively insensitive to business cycles, and the risk for another period of runaway raw materials prices appears remote.

Hence, we expect 2001 to be the first of many years of organic growth, higher value added and profit improvement. We will reinstate our original name, Huhtamaki, committed to build it into a symbol of quality, service and innovation in Consumer Packaging.

I sincerely thank our customers, suppliers, shareholders, lenders and faithful employees for our common journey so far. We are now on a straight course, our sails up and in good trim, making good progress.

Timo Peltola

Strategy and market positions

As a speciality Consumer Packaging group, Huhtamaki ranks among the largest in the world. It derives over 70% of its sales from product categories and technologies where it is the world leader. Hence, Huhtamaki does not directly compete with the even larger packaging companies present in the broad metal, glass and corrugated carton categories.

FAST MOVING CONSUMER GOODS

The FMCG category serves primarily the food industry but also, increasingly, other manufacturers of fast moving consumer goods. Huhtamaki is the world leader in rigid, thin-walled cups, tubs, containers and lids made from plastic and paper, and has strong positions in high-performance flexible packaging.

The overall market growth for rigid food packaging is moderate, while complex flexible packaging displays significantly higher rates. Huhtamaki is well positioned to exceed market growth, as its large customers are concentrating their packaging purchases to global or regional suppliers. New business development has found interesting opportunities outside the traditional customer base. Also, the company is ahead of competition in the emerging markets.

Manufacturing:

48 units on five continents

Main market segments:

Ice Cream, Edible Fats, Dairy, Personal Care & Detergents, Pet Food, Confectionery, Soups, Coffee & Tea

Main customers:

(alphabetically): Colgate-Palmolive, Danone, Dreyer's, Häagen-Dazs, Kraft Foods, Mars, Nestlé, Unilever

FOOD SERVICE

The Food Service customers include all leading international quick service and beverage operators, as well as their local counterparts. Food service products are also sold to institutional caterers and vending operators. Branded food service disposables for households are another important product category. Huhtamaki is the world leader in plastic and paper cups and plates.

The Category offers significant growth potential. Eating "on the go" during travel and leisure, institutional catering and convenience foods are taking share from both homemade meals and traditional restaurants. New consumption trends often emanate from the United States, where the Group strengthened its position significantly during 2000.

Manufacturing:

22 units on five continents

Main market segments:

Quick Service Restaurants and Beverage, Catering, Vending, Retailers

Main customers:

(alphabetically): Bunzl, Burger King, Coca-Cola, McDonald's, PepsiCo, Sysco, Tricon International

FRESH FOODS

There is an overall trend from industrially processed to fresh foods with a relatively short shelf life. At the same time, the portioning and packing of fresh produce, such as meat, poultry, seafood, fruit and vegetables, is rapidly moving from retail trade into an industrial scale operation. Sophisticated packaging solutions, such as modified atmosphere packaging and modular concepts, prolong the freshness and facilitate logistics through the supply chain.

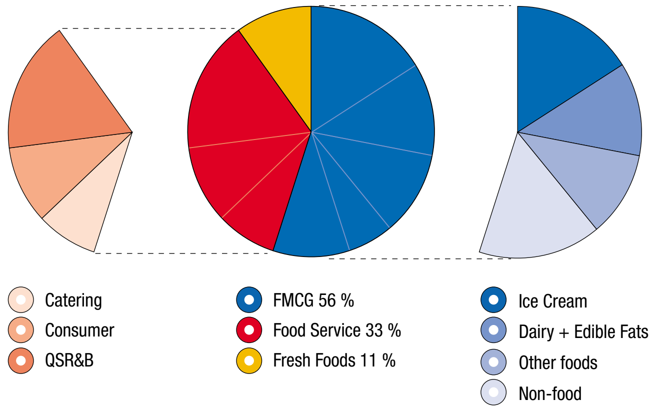
Huhtamaki is the world leader in moulded fibre packaging, and few if any competitors can offer such a comprehensive range of materials, technologies and packaging varieties suitable for this diverse category, which also includes the rapidly growing Home Meal Replacement (HMR) segment.

The Fresh Foods Category is relatively new and a dedicated organisation exists mainly in Europe. However, its concepts and products are readily applicable in all developed markets.

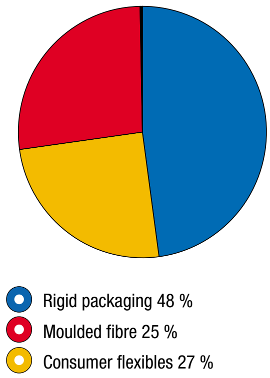
Main market segments:

- Industrial packers and food industry: Fruits and vegetables, meat and poultry, eggs, chilled and frozen meals
- Food retailers: Fresh produce, HMR

Consumer sales by segment



Consumer sales by technology



OTHER OPERATIONS

A small number of the group's operations fall outside the category concepts or organisation, even if their sales figures are included in Category figures for clarity. Such businesses include waste paper trade, which supports the moulded fibre operations. This business, reported in FF, had an excellent year, as recycled fibre prices more than doubled by mid-year. The films, coatings and release paper business based in Germany, machine trade as well as the new protective packaging business for the consumer electronics industry are reported as part of FMCG. The total sales of such activities amounted to EUR 204 million in 2000.

TECHNOLOGY AND DEVELOPMENT

The Group deploys six main packaging technologies:

- Paper forming
- Rigid plastic thermoforming
- Foam plastic thermoforming
- Plastic injection moulding with in-mould labelling
- Flexible plastic and paper converting and lamination
- Smooth and rough moulded fibre

While most of the processes employ commonly available equipment, the Group has considerable experience in optimising their use and developing proprietary applications. A major investment has been made to introduce state-of-the-art graphics technology all the way from product design and prototyping to high-resolution printing lines.

The Chief Technology Officer heads a team of manufacturing experts instrumental in transferring best practices across the Group and standardising the manufacturing equipment. He is also in charge of the research and development function, including the four dedicated Technology Centres to be created during 2001:

- Hämeenlinna (Finland)
  Rigid paper and thermoformed plastic packaging
- Auneau/Dourdan (France)
  Rigid injection-moulded packaging
- Ronsberg (Germany)
  Flexible packaging
- Franeker (The Netherlands)
  Moulded fibre packaging

The Group possesses considerable engineering skills for developing and supplying customer-operated machinery and complete packaging solutions. It has two joint-ventures with high potential, one for supplying packaging solutions for mobile phones and other electronic devices, and the other for commercialising the environmentally superior EarthShell® food service packaging in Europe, Asia and Oceania.

Review of operations

The year 2000 was crucial for the evolution and credibility of Huhtamaki as a worldwide Consumer Packaging company. The former Huhtamaki and Van Leer regional structures were integrated without delay, to form a solid network of sales forces and manufacturing units.

Integration, rationalisation, technological development, quality and environmental matters as well as e-commerce initiatives were among areas of work common to all Consumer operations.

For new business development, marketing coordination and key account management, a refined matrix structure was implemented, formally in Europe but with a global mission to develop three main Categories: FMCG (Fast Moving Consumer Goods), FS (Food Service) and FF (Fresh Foods).

The year posed external challenges, to which the Group was able to respond on the merit of its critical mass and extensive network.

The virtual doubling of key raw materials prices resulted in a decline of margins across the board. However, synergies from the Group's centralised purchasing arrangements relieved the pressure, and the presence of raw materials price clauses in important customer contracts worked to mutual benefit.

A paper industry strike, which reduced our raw material supply in early 2000, was managed with extreme care, optimising inventories and production schedules between Group units, and keeping customers fully up-to-date.

Similarly, a devastating fire in Poland would have been disastrous for customer service without the Group's network and backup capacity.

Measures designed to boost the Group's future sales and efficiency included

- Two acquisitions in North America and one in South Africa,
- The establishment of the Global Sourcing and Technology and Development functions,
- A new joint-venture with Stora Enso Packaging Oy to address the packaging needs of the consumer electronics industry, as well as
- The streamlining of rigid packaging manufacturing structure in Europe.

Consumer sales increased by 13% over the previous year's pro forma figure, to EUR 2,278 million. The corresponding EBIT figure was EUR 159 million (- 6%) or 7% of net sales.

Regional overview - Consumer

The Group's regional organisation is responsible for local business development, including sales, manufacturing and profitability. In 2000, the integration of the former Huhtamaki and Van Leer Consumer operations changed the regional and business unit structures significantly.

The relatively slow growth in Europe and the Americas is partly explained by the divestment of several units during the year. The rapid growth in other areas reflects acquisitions made in Asia and Oceania during the second half of 1999. In Europe, paper cup capacity was increased to meet the growing demand from Food Service.

• Strong growth continued in North East Europe. Finland was firm in virtually all segments, and Sweden recovered. Business in Norway made progress and the relaunch of Chinet® food service offering was finalised succesfully. Growth in Russia was constrained by capacity. Overall progress in the Baltic countries was satisfactory.

• Central Europe as a whole advanced moderately, with stable volumes in Germany and the Benelux region complemented by stronger growth in Central Eastern Europe. Growth was driven by high value added products, both rigid and flexible. In Germany, concept selling and new ranges such as Coffee to Go bolstered Food Service sales. Flexible

Consumer Packaging (Pro forma)			
EUR million	**2000**	1999	Change %
Net sales	**2,278.0**	2,022.0	12.7
FMCG	**1,283.5**	1,117.9	14.8
Food Service + Fresh Foods	**994.5**	904.1	10.0
Europe	**1,237.1**	1,261.5	- 1.9
Americas	**679.9**	543.9	25.0
Oceania, Asia, Africa	**361.0**	216.7	66.6
EBIT from operations	**159.1**	169.1	- 5.9
Europe	**74.6**	91.9	- 18.8
Americas	**58.9**	51.5	14.3
Oceania, Asia, Africa	**25.6**	25.7	- 0.6

packaging was in strong demand. The Dutch moulded fibre business was steady, while rigid packaging fell short of targets. Business in Poland developed favourably despite a devastating fire. The Czech moulded fibre unit made new inroads to the health care and protective packaging segments.

• The U.K. remained a difficult market, mainly due to turbulence and consolidation along the supply chain. In 2000, a modest overall growth was recorded, however. The stagnant dairy and edible fats segments showed signs of recovery. Food Service was better off despite adverse seasonal weather, and investment into new materials (APET and CPET) led to solid growth in Fresh Foods. A streamlining programme improved efficiency at several units. New packaging types were introduced, and a proprietary, oxygen-absorbing barrier sheet showed good promise.

• In Southern Europe, development was uneven. In France, most segments showed growth. The Italian market was price sensitive, and capacity was redirected towards higher value added segments. The Spanish operation was solid and Portugal improved.

• The North American operations had a year of consolidation. Food packaging volumes were stable. The introduction of new printing technology led to an unusually high number of changes in ice cream container designs, requiring extensive test runs. Food Service and Retail suffered from high raw materials prices, but market share was upheld amidst intense competition, and volumes recovered in the second half. Fresh Foods products had a strong year. New machines were developed for forming non-round ice cream tubs and lids. The Wisconsin plant was successfully relocated to De Soto (Kansas).

• Latin America had a major year of improvement. Efficiency improvements boosted the results of the Brazilian rigid packaging operation. The moulded fibre business made strong progress.

• Oceania remained a satisfactory performer. The Consumer operations were integrated swiftly, with cross-selling synergies immediately present. Customer consolidation and regional product tenders led to both account gains and losses. Australia was steady, with ice cream and QSR again strong segments. A new range of tamper-evident ice cream containers was introduced. New Zealand showed good overall progress.

• Asian progress was moderate, with the strong growth of flexible packaging in Thailand the most notable development. Rigid packaging sales in China continued to grow, with the latest plant expansion approved in November. Volume growth in other markets remained low.

• India's leading flexibles company PPL posted strong growth and launched several new products. The Turkish and South African operations struggled in difficult market conditions.

Photo courtesy Cadbury India

Our PPL subsidiary is India's leading manufacturer of flexible packaging and labels. It serves major multinational customers in many parts of the world.

Fast Moving Consumer Goods

The Category comprises the Group's food packaging business and an increasing portfolio of non-food applications. This is why its name has changed from Food Packaging to FMCG. In all segments, both rigid and flexible packaging is sold, often to the same customers.

The Van Leer transaction resulted in a major increase in Category volume and consolidated the Group's global leadership in ice cream packaging. Certain European and North American operations included in the Category were divested during 2000, reducing growth figures.

In 2000, the Category strategies and structure were defined. The opportunities for profitable growth vary significantly between mature "mainstream" segments, such as dairy or edible fats, and high value added "niche" segments. The strategies rest on the optimisation of capacity between segments and regions, investments that support growth in high value added segments, accelerated new product development as well as improved manufacturing efficiencies.

The segments showing the highest growth included ice cream, especially in Europe and Oceania, where the full range of rigid and flexible packaging is now available from a single source. Even faster expansion took place in pet foods, still a relatively small segment. By contrast, dairy volumes were up only marginally, and the edible fats segment continued to decline in Europe. In most main segments, the Group maintained or improved its position as a leading supplier to major multinational food companies.

The Group's perhaps most successful product of recent years is laminate for retortable stand-up pouches, which are quickly replacing metal cans in pet foods and now gaining ground as attractive and convenient shelf-stable packaging for soups, sauces and other semi-liquid foods. A transparent version was introduced for a broad range of food and medical applications.

In North America, a targeted acquisition enables the Group to build up manufacturing capacity for complex flexible laminates for the important local market hitherto served from Europe. Also, newly acquired plastic thermoforming and injection moulding units expand the Group's food packaging scope from the Sealright ice cream packaging systems to other important segments. The Latin American operations were on a healthy footing.

New products introduced in 2000 were Sealright's system for making non-round paperboard lids for ice cream containers in customers' premises, a new generation of a highly successful novelty ice cream container, further applications for the "Desto" combination material technology and a patented easy-to-open feature for flexible packaging. Local innovations included a high-resolution, tamper-evident container for lubricant oils from India, and improved flexible laminates for cheese packaging from New Zealand and Turkey.

More and more meals are consumed “on the road”. Advanced Food Service packaging adds convenience and safety.

Food Service

The inclusion of Van Leer's Food Service business strengthened Huhtamaki's overall leadership in this major Category, which consists of the Quick Service Restaurants and Beverage (QSR), Catering, Vending and Consumer segments. The Group now has an important position in North America, as Van Leer's Chinet® business was complemented at the end of the year with the acquisition of the well-established plastic thermoforming and injection moulding units of Packaging Resources Incorporated (PRI).

The Category has experienced consistently strong growth rates, largely fuelled by its close association with the leading international fast food and beverage operators. Paper hot and cold cups are the core products in Europe and Asia-Oceania, with moulded fibre and plastic products in key role in North America. In 2000, QSR was again the fastest-growing segment. The production of paper cups was started in Poland. Additional growth came from new product ranges and concepts such as Coffee to Go. Moulded fibre products, especially the Strongholder® food and drink carriers, were an important addition to the QSR offering.

The catering business recovered after a difficult first half of the year. The Polarcup® branded food service range found a positive response among specialised distributors. In Australia, however, the Group terminated an exclusive distribution arrangement and began to build its own food service sales and distribution network.

Much of the Category's development work in 2000 concentrated on developing business concepts and branded, structured product families adopted across Europe. A new, comprehensive range of health care disposables from moulded fibre is an example.

The Chinet® brand was relaunched in Europe as an upscale, environmentally sound food service range meant to replace china for quality-conscious convenience food service operators. The Chinet® plates, made from smooth-moulded fibres, were also positioned as a complement to the European consumer disposables line, Bibo®.

Huhtamaki improved its position as a preferred supplier to a number of major multinational customers in its traditional areas of strength, such as QSR. A similar status was obtained towards a major distributor and a leading retail chain. A successful co-marketing arrangement for a full range of tabletop products with the leading soft tissue brand, Lotus®, may expand to several new European markets.

Polarcup EarthShell, the joint-venture established in 1999 to manufacture and sell the new, environmentally superior EarthShell® food service packaging in Europe, Asia (except Japan) and Oceania, was approaching operational status, although the finalisation of its manufacturing technology was further delayed. The first lines will be located in Göttingen, Germany, where production is expected to commence by the end of 2001.

The Category outlook for 2001 is one of continued volume growth and gradually restored margins in key segments. The integration of the new U.S. operations will create a major player in the world's largest and most dynamic Food Service market.

Fresh Foods

Egg cartons and trays constitute a large and stable segment of Fresh Foods packaging.

The new Fresh Foods (FF) Category got a major boost in 2000, as it now encompasses the bulk of the former Van Leer moulded fibre operations. On a pro forma basis, Category sales did not advance significantly, as new concepts and products had yet to work their way into additional market share, while seasonal and market-specific factors also affected sales.

The Category addresses a large number of local customers through the Group's worldwide network. Therefore, its development work concentrates on business concepts and new product ranges rather than global account management. The Category makes use of virtually all Group technologies and raw materials, but some product ranges are currently outsourced from specialised manufacturers.

The main FF customer segments are the food trade channel as well as industrial-scale operators packaging for the food trade. The latter are rapidly replacing the in-house packaging operations of food distributors and retailers, requiring more sophisticated packaging with extended shelf life. The Category serves a growing market, as there is a clear shift towards fresh and unpreserved foods, as well as freshly made ready meals components available from food retailers (Home Meal Replacement, HMR).

The category develops its product offering along four main concepts:

- Keep-it-Fresh: Complete packaging solutions for modified atmosphere packaging and extended shelf life for professional packers of meat, poultry and other perishable foods
- Meal Packs and HMR: New "carry out" concept for prepared foods and salads
- Fresh produce: Tailored offerings for eggs, fruits and vegetables etc.
- Oven-ready: Comprehensive range of "dual ovenable" (traditional and microwave oven safe) trays for the fresh, chilled or frozen meals industry and meal packers

Additionally, the Category strives to introduce new types of environmentally sound packaging. Moulded fibre is a natural starting point, but trials also extend to biodegradable polymers and coatings applicable on fibre-based materials.

The localisation of Fresh Foods concepts got well underway in 2000, especially in the U.K., Italy, Germany and Benelux. Capacity constraints slowed down new product introductions, and high raw materials prices temporarily diverted demand towards simpler solutions. Around the world, moulded fibre fruit packaging experienced strong growth in regions where good crops were harvested. Egg packaging remained mostly stable. Towards year-end, new cases of BSE in several European countries slowed down meat tray sales slightly.

In 2001, the rollout of new concepts and products will continue in parallel with the development of specialised sales forces. New capacity will come on stream, and speed to market will improve. Overall, the Group is in an excellent position to achieve incremental sales in this rapidly growing, yet demanding and diverse Category.

Divested operations

In the aftermath of the Van Leer transaction, several lines of business were divested in order to focus on core operations and create financial latitude for the Group. The original divestment programme spanned approx. 10% of the Group's total sales. It included metallized paper products and technical films and coatings on the Consumer side, as well as fibre cores and sacs on the Industrial side. The programme was largely accomplished by early autumn.

The operations were sold to solid industrial buyers or, in two cases, to the unit's management. As a rule, the sales and earnings of the divested units have been consolidated until the date of closing the transaction.

The consolidated sales from operations divested during 2000 amounted to EUR 1,218 million, including Van Leer Industrial.

Van Leer Industrial sold to Greif Bros.

Following a strategy review in the spring, it was decided to divest the entire Van Leer industrial packaging division. This decision was not taken easily, as it concerned the original Van Leer business and almost a third of the newly created Huhtamaki Van Leer. However, it was felt that this division has a safer future as part of an industrial packaging specialist. Several such companies expressed interest in a customary auction process.

On October 30, it was announced that the division will be sold to the U.S. company Greif Bros. Corporation established in 1877, a leading North American manufacturer of industrial shipping containers. The transaction will double the company and make it the leading global supplier of many types of industrial packaging. Due to the size and complexity of the transaction (114 locations in 45 countries), the necessary due diligence scrutiny and legal work took months. The transaction was closed on March 2, 2001 at the price of USD 555 million (EUR 600 million), including assumed debt and other liabilities.

A challenging year for Industrial

The divestment process coincided with market conditions, which became progressively more challenging during the year. The main reason was the strong price increases and outright supply problems for certain key raw materials. Management resources were tied in the thorough due diligence processes. On top of that, Van Leer experienced production problems in certain countries.

In 2000, the demand for industrial packaging picked up in most markets. However, the U.K., U.S. and Japanese markets for steel drums remained stagnant, and excess capacity and customer consolidation aggravated the situation. Therefore, the division was unable to raise its prices in step with steel and other raw materials prices.

Industrial's sales amounted to EUR 1,030 million, 11% more than in 1999. Volume growth accounted for 3%, price changes for 2% and currency conversions for 6%. Structural changes reduced sales slightly. Europe stood for 44% of the sales, Americas for 38% and other regions for 18% in total.

Profitability remained on the previous year's level during the first half but declined clearly towards year-end. The full-year EBIT declined by 21%, to EUR 42 million or 4% of sales.

During the year, Van Leer concluded several new global supply contracts with major customers. Standardisation and rationalisation programmes improved manufacturing efficiency. The division's new e-business structure and programme had a strong start.

The new Factory of the Future was successfully started in Houston, Texas, while the similar operation in the U.K. suffered from delayed machine deliveries.

Good progress was evident in polycarbonate water bottles; amidst raw materials shortages Van Leer became the second largest supplier worldwide and started manufacturing in USA and Russia. Steel drum capacity was acquired in Mexico.

On the negative side, the Japanese steel drum plant could not reach its sales objectives. The manufacturing of IBCs (intermediate bulk containers) proved problematic in several locations. The U.K. IBC line was closed due to depressed market conditions.

Outlook

After a period of structural turbulence and uncertainty, Van Leer Industrial looks forward to a solid future as part of Greif. The new parent has almost 125 years of tradition in industrial shipping containers and a leadership position now expanding from regional to global. In the new constellation, Van Leer's structure and expertise will play a crucial role.

The share

Shares and share capital
All shares of Huhtamäki Van Leer Oyj ("Huhtamaki shares") are equal. The shares have no nominal value, but their accounting counter value was raised from EUR 3.36693 to EUR 3.40 per share in a technical bonus issue designed to facilitate future accounting and registration measures related to the share capital. As a result, the company's share capital increased from EUR 106 million to EUR 107 million. At 31,475,963, the number of shares in issue remained unchanged in 2000.

Registration
The Huhtamaki shares are registered in the electronic Book Entry system managed by the Finnish Central Securities Depository Ltd. Shareholding will be registered immediately when a transaction is effected and verified. Foreign shareholders may register their holdings through a nominee, such as a commercial bank. In order to exercise their rights at the General Shareholders' Meetings, they may register their shares temporarily in their own name, without having to open an account with the Central Securities Depository.

Quotations
Huhtamaki shares are quoted on main list of HEX (Helsinki Exchanges) since 1960. The quotations are made in euros. Quotations on Euronext Amsterdam (formerly AEX) were started in 1999 and ended on February 16, 2001. The shares can also be traded on the Xetra system in Germany, as well as in the floor trade in Frankfurt, Munich and Berlin.

Authorisations
In 2000, the Board of Directors had no general authorisation to increase the company's share capital.

Pursuant to management's stock option schemes adopted in 1997 and 2000, a maximum of 1,350,000 new shares may be issued in 2000-2006, corresponding to an increase in share capital of up to EUR 4.59 million and representing 4.3% of share capital and voting power. The stock options issued in 1993 expired in October 2000.

Shareholders and shareholder agreement
At the end of 2000, Huhtamäki Van Leer Oyj had 15,765 registered shareholders, virtually unchanged from the previous year-end. Including the Van Leer Group Foundation, non-Finnish shareholders owned 30% of the equity. The corresponding figure at the end of 1999 was 34%.

The largest shareholders, each with 14.6% of the equity, are the Finnish Cultural Foundation (together with the Association of the Finnish Cultural Foundation) and the Van Leer Group Foundation. The foundations have mutually agreed not to raise their shareholding above 15%. If either of the two allows its share to decline below 5%, the agreement ceases to apply, and the foundations are no longer entitled to nominate representatives (one or two depending whether their shareholding is below or above 10%) to the company's Board of Directors.

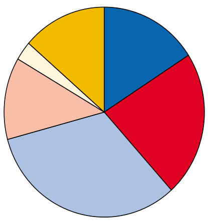
Insider provisions and shareholding
The company is in full compliance with the guidelines for Insider registration and trading restrictions issued by Helsinki Exchanges to listed companies as of March 1, 2000.

Members of the Board of Directors and the CEO owned a total of 26,100 shares at year-end, corresponding to 0.08% of shares and voting rights. The CEO has stock options entitling to the subscription of a total of 55,000 shares in 2001-2004, corresponding to 0.17% of equity and votes. Members of the Board of Directors have no stock options.

Trading developments
For the Helsinki Exchanges, the year 2000 was the weakest in ten years, reflecting the decline of the technology shares from the very high values reached early in the year. The HEX general index declined by 10.6% during the year. The Huhtamaki share started the year at EUR 35.52 and remained remarkably stable under mostly thin trading until early October, when the company announced the sale of the Industrial Packaging division and simul-

Shareholding

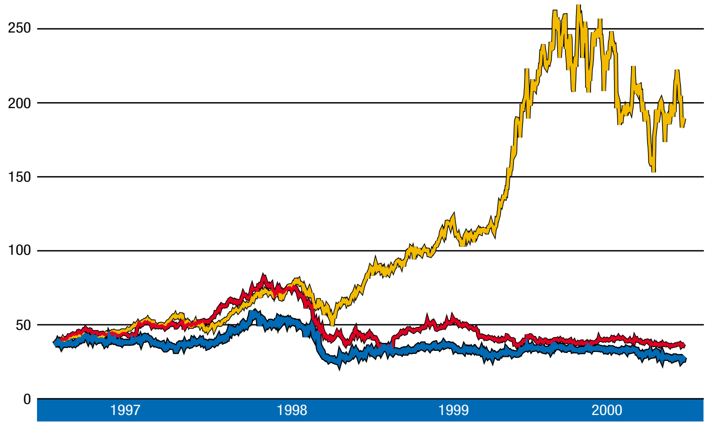
Dec 29, 2000



- Foreign shareholders 15.9% [1)]
- Non-profit organisations 22.4%
- Financial institutions 32.5% [1)]
- Individuals 12.6%
- Corporations 2.9%
- Non-corporate public sector 13.6%

[1)] Total non-Finnish shareholding including nominee registrations within financial institutions approx. 30%

Share price development



Huhtamaki Hex General Index Food Index

Hex General Index January 1, 1995 = 28, adjusted for share issues Food Index January 1, 1997 = 36

Share price quotations (EUR) and turnover (units) at Helsinki Exchanges

		Huhtamaki Van Leer/Series I			Series K		
		low	high	turnover	low	high	turnover
2000	I quarter	31.00	36.50	2,002,397			
	II quarter	31.00	35.50	1,382,884			
	III quarter	28.30	34.00	1,680,453			
	IV quarter	25.50	32.00	854,118	(Series K and I were united on October 8, 1999)		
1999	I quarter	29.00	36.50	2,897,688	29.00	36.00	171,007
	II quarter	32.00	37.40	2,011,727	31.01	37.00	196,624
	III quarter	29.00	36.75	1,252,541	29.06	37.00	335,300
	IV quarter	27.60	34.45	1,796,551	28.80	30.00	20,330
1998	I quarter	36.66	51.30	1,796,067	36.16	49.62	311,421
	II quarter	48.77	58.87	2,317,490	47.93	56.51	567,069
	III quarter	26.41	52.81	2,102,919	26.07	51.47	107,288
	IV quarter	24.64	32.63	3,739,409	24.39	32.63	255,167
1997	I quarter	35.66	42.43	3,128,218	35.49	41.71	1,202,205
	II quarter	37.00	41.21	1,837,360	36.18	40.03	384,394
	III quarter	33.13	41.88	1,869,069	32.80	40.53	147,735
	IV quarter	32.12	39.19	1,534,220	31.96	37.51	272,089
1996		17.96	36.66	10,770,509	18.00	35.49	1,559,711

Major owners at Dec 29, 2000 (*)		Shares and votes %
1.	The Stichting Van Leer Group Foundation	14.6
2.	The Finnish Cultural Foundation	10.4
3.	The Association for the Finnish Cultural Foundation	4.2
4.	Ilmarinen Mutual Pension Insurance Company	3.8
5.	Society of Swedish Literature in Finland	2.8
6.	Varma-Sampo Mutual Pension Insurance Company	2.5
7.	Suomi Mutual Life Assurance Company	1.6
8.	Pohjola Non-Life Insurance Company Ltd.	1.6
9.	Pohjola Life Assurance Company Ltd.	1.5
10.	The Local Government Pension Institutions	1.5
11.	Industrial Insurance Company Ltd.	1.4
12.	Tapiola Mutual Pension Insurance Company	1.1
13.	Tapiola Mutual Insurance Company	1.0
14.	Merita Life Assurance	1.0
15.	LEL Employee Pension Fund	1.0
16.	Odin Norden	0.8
17.	OP-Delta Sijoitusrahasto	0.7
18.	Sampo Insurance Company	0.7
19.	Tapiola Mutual Life Assurance Company	0.7
20.	Sampo Enterprise Insurance Company Ltd.	0.6

*) Nominee registered shares 15% of shares and votes.

taneously revised its earnings outlook for the year. The share found new stability at around EUR 28.00. The year-end quote was at EUR 28.40. The highest quote was EUR 36.50 on March 7 and the lowest EUR 25.50 on December 20. A similar pattern was evident among the company's peer group of American and European packaging companies.

The turnover in Helsinki, in total 18.8% of the shares outstanding, was lower than in 1999. Trading in Amsterdam remained modest, leading to the company's initiative to terminate the listing in early 2001.

SYMBOLS

HEX:	HVL1V
Reuters:	HVL1V.HE
Bloomberg:	HUHKK.FH

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Stock Analysis

In 2000, the company's coverage by leading stock analysts expanded. The following list was accurate at the time of going to print, but is constantly updated on the company's Website, www.huhtamaki.com.

Company	City	Analyst
ABG Securities	Helsinki	Ben Wärn
ABN Amro	London	John Middleton
Aktia Securities	Helsinki	Sabah Samaletdin
Alfred Berg	Helsinki	Tia Lehto *
Aros Maizels Equities	Helsinki	Ville Kivelä *
D. Carnegie AB Finland	Helsinki	Kia Aejmelaeus *
CAI Cheuvreux Nordic	Helsinki	Jan Kaijala *
Cazenove & Co	London	Gorm Thomassen
Conventum Securities	Helsinki	Ritva Karling *
Credit Lyonnais Securities	London	Christian Georges
Den Danske Bank	Copenhagen	Peter Kondrup *
Deutsche Bank	Helsinki	Carl-Henrik Frejborg *
Enskilda Securities	Helsinki	Tommy Ilmoni *
Evli Securities Plc	Helsinki	Outi Bengs * / Antti Seppänen
FIM Securities	Helsinki	Kim Gorschelnik
Handelsbanken Markets	Helsinki	Karita Meling *
Impivaara Securities	London	Jeffrey Roberts
Leonia Bank	Helsinki	Sinikka Arola
Mandatum Stockbrokers Ltd	Helsinki	Ari Laakso *
Merril Lynch	London	Mads Asprem *
Morgan Stanley Dean Witter	London	Andreas Mavrikakis *
Opstock Securities	Helsinki	Rami Kinnala
Schroeder Salomon Smith Barney	London	Arend Dikkers / Michael Long*
UBS Warburg	London	Denis Christie
West LB Panmure	London	Nick Spoliar

* Equity analysis published or planned

Directors' report

Dividend Proposal

The Board proposes a dividend of EUR 1.10 per share, 5% more than for 1999 and representing a payout ratio of 43%.

Overview and Strategy

The transaction combining the activities of Huhtamäki Oyj and Royal Packaging Industries Van Leer N.V. in late 1999 largely dictated the Group's direction in 2000. Integrating the two companies' operations remained a top priority. Several smaller, non-core operations were divested early on in order to concentrate on core packaging segments and increase the Group's financial latitude.

The original vision behind the Van Leer transaction was to create a world leader in important segments of both Consumer and Industrial packaging. Following a strategy review in early 2000, the Board and management concluded that the Group's future is in Consumer packaging, which offers opportunities for higher organic growth and profit margins than Industrial packaging. Consequently, efforts to divest the Van Leer Industrial division were launched in the spring. The agreed sale of the division to the U.S. packaging company Greif Bros. Corporation is scheduled to be closed on February 28, 2001.

During the year, several opportunities to strengthen the Consumer operations were evaluated, ultimately resulting in a significant strengthening of the Group's position in USA.

Overall, the Board feels that the Group fared well in the challenging internal and external environment of 2000, achieving its structural objectives and demonstrating the commercial soundness of combining the Consumer operations of Huhtamaki and Van Leer.

The Group's financial results reflect the rapid rise in raw materials prices, which had started in the previous year and continued well into the second half of 2000. The continuous increases made it impossible to adjust own pricing in full and without a considerable delay. As a result, the Group's profit margins declined across the board. Early synergies, volume growth and a favourable currency effect worked to the opposite direction and a margin recovery in Consumer was becoming visible during the final quarter of the year.

A high level of corporate activity also had implications on ordinary business. The acquisition and divestment processes demanded management time and resources already stretched by the ongoing integration projects. In particular, the divestment of Industrial, legally regrouped under Royal Packaging Industries Van Leer N.V., took longer than anticipated.

Against this background, the Group's aggregate sales growth, by 12% compared to the 1999 pro forma figure, was satisfactory. The corresponding growth for the continuing Consumer business was 16%. The Group's profitability reached the previous year's level, with earnings per share up by 8% against the actual figure of 1999. Compared to the actual accounts of 1999, the Group posted an increase of 28% in the profit before taxes and minority interest, to EUR 121.1 million, a company record.

The year-end balance sheet is not representative of Group's true financial position, as it includes temporary acquisition funding for units that will start contributing to profits only in 2001, as well as debt and assets associated with Van Leer, the divested Industrial division. Therefore, return on investment and other similar ratios are negatively distorted.

Integration Process and Synergies

The integration process, started in late 1999, progressed largely as planned. The decision to divest Industrial affected synergy prospects only marginally, while new synergy opportunities were identified in "second wave" projects and in North America, following new Consumer acquisitions. Major restructuring projects in Europe were delayed until the final quarter of the year, in order to avoid any production disturbances during high season.

Synergy benefits for the year were close to expectations, amounting to approx. EUR 20 million. The overall synergy projection of a total of EUR 150 million in 2000-2002 remains valid. Of the EUR 93 million restructuring charge taken in late 1999, approx. EUR 54 million had been committed by the end of 2000.

BUSINESS AND FINANCIAL DEVELOPMENTS

Market Developments

It is difficult to isolate fundamental market developments in 2000 from the reality dominated by the continuous increase in raw materials prices. Volumes in Consumer were up in most markets and segments, but price pressures and customer consolidation led to changes in packaging formats, and accelerated the adoption of centralised purchasing and regional product tenders by multinational customers. Such progress will, on balance, benefit the Group.

For Industrial, relatively strong demand prevailed for most of the year in Continental Europe and many emerging markets, while the U.K., USA and Japan proved to problematic areas due to excess capacity. Overall, demand weakened towards year-end, and the price-sensitiveness of the markets did not permit a recovery of high raw materials costs through price increases.

Sales

The Group's consolidated net sales in 2000 amounted to EUR 3,307.7 million, 12% above the corresponding pro forma figure in 1999. Volume growth (+ 3%), prices (+ 5%) and currency conversions (+ 6%) all contributed to comparable growth, while the balance of acquisitions and divestments was negative by 2%.

Geographically, the sales broke down as follows: Europe 51%, Americas 32%, and other areas (Asia, Oceania and Africa) 17%. The corresponding breakdown for Consumer was Europe 54%, Americas 30% and other 16%. Largely due to divestments, European sales growth was only 4%. Sales in Americas advanced by 16%, while acquisitions also contributed to the growth rate of 35% in the rest of the world. Finland's share of the total was stable at 2%.

Sales from Consumer operations amounted to EUR 2,278.0 million (+ 13%) and 69% of Group total. FMCG (Fast Moving Consumer Goods; contains mainly food packaging) contributed by EUR 1,283.5 million (+ 15%). The figure includes the former Technical Films and Coatings business, part of which was sold during the year, as well as machine trade and other supporting businesses. Certain segments, such as pet food and ice cream, showed continued volume growth around the world, boosting the total sales of both rigid and flexible packaging sales to the same major customers. Across Western Europe, the dairy and edible fats segments remained stagnant and subject to heavy price competition. Demand in the U.K. and Germany nevertheless began to firm up. In Eastern Europe, volume growth continued. Rigid packaging volumes were stable in North America and Oceania but growing in South America and parts of Asia. Flexible packaging sales improved in Asia.

Food Service sales, including Fresh Foods packaging, amounted to EUR 994.5 million (+ 10%). The Group strengthened its positions as a leading regional supplier to major food service operators and distributors. In Europe, strong growth was recorded in the important Quick Service and Beverage segment, whereas Catering developed more modestly. In North America, the Group successfully defended its positions in all Food Service segments. Sales were healthy in Oceania and improved in Asia.

The newly established Fresh Foods Category continued to develop its commercial strategies, product range and field organisation. The Category is well positioned to capture the rapid growth present in its target segments, initially in Europe.

The formerly separate European moulded fibre business was successfully integrated into the regional organisation, supplying both Food Service and Fresh Foods packaging and, increasingly, protective packaging for electronic appliances. The supporting paper recycling business had an excellent year.

Industrial sales amounted to EUR 1,029.7 million (+ 11%) and 31% of the total. Currency conversions and volume growth in steel drums boosted the figure, while pricing lagged behind the sharp increase in steel prices. Other product categories showed a mixed performance, with e.g. water bottles suffering from a shortage of raw materials in many locations.

Profitability

The Group's profit performance reflects a healthy situation in most major units and early synergies, but also three shortcomings: an excessive time lag between raw materials price developments and own price adjustments in Consumer, modest results from Industrial, and certain problem units requiring urgent restructuring. These negative factors are expected to largely disappear during 2001.

As pointed out earlier, the year was quite turbulent as far as the Group's key raw materials were concerned. Brisk economic growth in Europe and North America, together with a strong U.S. dollar, drove global commodity prices to high levels, and this development was accentuated by specific demand/supply imbalances.

Plastics (annual volume approximately 260,000 tonnes) represent the largest category in the Consumer purchasing portfolio. For example, Polystyrene had a price increase of over 90% from the lowest price in 1999 to the peak in 2000. Most plastics prices remained at their peak level through the final quarter.

In paperboard, the second largest category (120,000 tonnes), broadly the same pattern was evident, but the Group's long-term purchasing arrangements permitted a more orderly price management. For Industrial, rising steel prices played a major role, and from time to time supply bottlenecks were experienced.

After a solid first half of the year, the Group's profit performance slowed down during the third quarter. Consumer earnings began to recover during the final quarter, albeit slower than predicted. Industrial earnings remained weak through year-end. The full-year earnings before interest and tax (EBIT) amounted to EUR 182.1 million.

EBIT from Consumer amounted to EUR 159.1 million (- 6% against 1999 pro forma). Industrial's EBIT was EUR 41.8

million (- 21%). The corporate EBIT contribution improved by 41% to a net expense of EUR 18.8 million, consisting of EUR 31.6 million of royalty and rental income from divested operations, EUR 7.6 million of unallocated corporate stewardship costs, and a goodwill amortisation of EUR 42.8 million. Depreciation of tangible assets amounted to EUR 149.1 million.

Net financial expenses amounted to EUR 61.9 million, close to 1999 pro forma and EUR 41.8 million above the corresponding actual figure. Thus, the profit before exceptional items, minority interest and taxes amounted to EUR 121.1 million, 28% above the corresponding actual figure in 1999. Taxes amounted to EUR 33.6 million (+ 32%). Hence, net income amounted to EUR 81.1 million and earnings per share to EUR 2.58, 8% above the actual figure of EUR 2.39 in 1999.

Capital Expenditure, Research and Development

The Group's total capital expenditure amounted to EUR 172.7 million (- 6% against 1999 pro forma). Consumer accounted for EUR 127.2 million (+ 4%). Substantial capacity additions were realised in the German, Indian and Thai flexible packaging operations. New sophisticated printing lines were taken into use in USA.

Category management, testing of new materials and processes as well as design work with customers all played an important role in Consumer's research and development activity. The Technology and Development function was reorganised towards the end of the year, leading to the establishment of four Technology Centres in 2001.

Financial Position

Although the inflated raw materials prices caused an increase in working capital levels and reduced free cash flow, the Group's financial position remained stable for most of the year. However, the year-end balance sheet contains both the assets and debt associated with Industrial, as well as temporary financing related to new acquisitions. The Group's average cost of borrowing remained favourable at 6.2%. Net interest-bearing debt at year-end amounted to EUR 1,362.8 million (+ 19%), and the corresponding net debt to equity (gearing) ratio stood at 1.22, exceeding the Group's long-term target of 1.00 clearly. However, the annual average for gearing was 1.08, and the completion of the sale of Industrial will lead to substantially stronger balance sheet during the first quarter of 2001.

Annual General Meeting

The Annual General Meeting of Huhtamäki Van Leer Oyj convened on April 12, 2000, approving the company's accounts and the Board's dividend proposal, EUR 1.05 per share. The meeting also adopted a technical increase in the company's share capital and approved a new stock option scheme for management, entitling to the subscription of a total of 900,000 shares in 2002-2006.

The Board of Directors was re-elected with the exception of Professor Urpo Kangas (Helsinki University), who was no longer available. He was succeeded by Professor Jean Philippe Deschamps (IMD - Institute for Management and Development, Lausanne). Thus, the Board consisted of the following persons: Veli Sundbäck (Chairman), Paavo Hohti (Vice Chairman), Ivar Samrén (Vice Chairman), Jean Philippe Deschamps, Harry Leliveld, Mikael Lilius, Heikki Marttinen, Anthony J.B. Simon and Jukka Viinanen.

Share Capital and Ownership

The company's share capital amounted to EUR 106 million at the beginning of the year. The Annual General Meeting approved a technical increase, to EUR 107 million, through a bonus issue by transferring the corresponding amount from the premium fund to the share capital and increasing the counter value of each share from EUR 3.36693 to EUR 3.40. The purpose was to simplify accounting and registration measures with respect to the share capital. No new shares were issued in the operation. Nor were any new shares issued under the 1993 management stock option scheme, which expired at the beginning of October. The number of shares in issue was 31,475,963 through the year.

There were no sharp changes in the company's ownership structure, but some shift among Finnish institutional owners was evident, and international institutions continued to reduce their holdings. At year-end, shareholders other than Finnish (including the Van Leer Group Foundation) owned a total of 30% of the company. The corresponding figure a year earlier was 34%. At year-end, the company had 15,765 registered shareholders.

Share Developments

For much of the year, the company's share price was remarkably stable and held well around EUR 33 until a revised earnings outlook was communicated at the beginning of October. The new level for the rest of the year was EUR 28, again quite stable against vigorous daily swings in the technology shares driven Helsinki market. Overall, the Huhtamaki Van Leer share prices were closely in line with those of other major listed packaging companies. The average daily volume on HEX was almost 24,000 shares, while on EuroNext Amsterdam (formerly AEX) transactions were rare and low in value. Therefore, a de-listing process was initiated in Amsterdam.

Share prices, EUR

Jan 3	Closing	35.52
Mar 7	High	36.50
Dec 20	Low	25.50
Dec 29	Closing	28.40

Corporate Structure and Organisation

With reference to the strategic decisions explained in the introductory paragraphs of this report, the following table lists the main corporate transactions announced during 2000.

The annualised sales of the divested operations amount to approx. EUR 1,218 million, while the acquired businesses' sales contribution will be approx. EUR 233 million. Excluding Van Leer Industrial, the total value of divestments amounted to EUR 185 million, and a total price paid for acquisitions was EUR 252 million. Proceeds from the sale of Van Leer Industrial to the U.S. company Greif Bros. will be booked at the closing of the transaction, expected to take place at the end of February 2001. The final price was agreed at USD 555 million (approx. EUR 596 million at year-end closing rate) in January 2001. The agreed price for the assets of the U.S. company PRI was USD 164 million (approx. EUR 175 million).

Divestments		
Month	**Unit(s)**	**To**
Jan	Van Leer Metallized (USA)	Promatek Holdings, Inc.
Jan	Van Leer Metallized (NL)	Flexible Packaging Holding B.V
Mar	Es&Es (NL)	Corenso United Oy Ltd
Mar	Van Leer Fibre Cores (SE)	Corenso Svenska AB
Apr	Van Leer Metallized (UK)	API Group Plc
Jul	Sacherie de Pont Audemer (FR)	Management
Aug	Van Leer Flexibles (USA)	Illinois Tool Works, Inc.
Aug	Van Leer Flexibles (BE)	Illinois Tool Works, Inc.
Oct	Van Leer Industrial Packaging Units	Greif Bros. Corporation
Nov	Wuxi Leaf (CN)	Cadbury Schweppes
Nov	Plastyl (FR)	Management

Acquisitions		
Month	**Unit(s)**	**From**
Apr	Mono Containers (SA)	Nampak
Sep	Güven, outstanding 50% (Turkey)	Private investors
Oct	PRI assets (USA)	Packaging Resources, Inc.
Oct	Malvern Flexibles unit (USA)	Graphic Packaging Corporation

During the review year, a series of rationalisation measures was implemented. In Consumer, the total reduction of workforce amounted to approx. 500 people. The overall design for the European rigid packaging manufacturing structure approached completion, with the closure of the small foam packaging plant moving ahead in France and negotiations for the transfer of paper cup production from Groenlo (The Netherlands) to Göttingen (Germany) started. In New Zealand, flexible packaging manufacturing will be concentrated from three locations to one. In 2001, over 40 production lines will be transferred in order to arrive at a more streamlined manufacturing structure and relocate capacity to high-growth regions.

In early 2000, the company established MCP Solutions Oy, a joint-venture with Stora Enso Packaging Oy, to address the packaging needs of rapidly growing segments of consumer electronics, such as mobile phones.

The Polarcup EarthShell joint-venture, established in 1999 to manufacture new, environmentally superior food service packaging, had to postpone its investment plans once again due to the Technology partner's slow progress in perfecting industrial-scale manufacturing processes. The first line is now expected to commence production in Göttingen, Germany, in the second half of 2001.

A devastating fire destroyed almost completely the Siemianowice factory and warehouses in Poland on November 10. No employees sustained permanent injury. The property and activities were fully insured. Management's control of the situation and rapid assistance from sister units enabled the unit to continue its deliveries to customers with virtually no interruption. A new factory will be built as a high priority.

Corporate Functions

All basic Group Human Resources (HR) processes were reviewed in 2000. These include a new HR policy, integration of compensation, pension and insurance policies, the management review and succession planning process, as well as internal job posting procedures to support job rotation and international careers. Information systems were improved for an effective administration of global management records.

During the year, the company established a Global Sourcing organisation to Group Headquarters, with supporting structures in the larger geographies, in order to leverage Group's global size and reach in its purchasing activities. All key raw materials are now purchased on a global scale, and several additional areas of centralised procurement were in trial stage at year-end. The savings already achieved account for a significant part of the total synergies achieved in 2000.

The Group defined its electronic business strategy, which in 2001 will concentrate on two major areas, e-commerce and e-procurement. In the former area, the focus will be in electronic marketing, ordering and intercompany business procedures, while in the latter, further study, planning and limited trials are required prior to global application development.

A common Intranet and e-mail platform was introduced throughout the organisation. In 2001, this platform will be utilised to improve the Group's global information connectivity and the competence of knowledge management.

In environmental management, the Group's specialist resources dedicated their efforts to the environmental scrutiny associated with the divestment of Van Leer Industrial and certain other units. The new Group environmental policy, which takes into account the company's transformation into a consumer packaging specialist, sets the directions for future environmental programmes and development.

Executive Developments and Organisation

Mr. Alexander Schuit, a member of the Executive Committee and Division President, Food Packaging, resigned in February to pursue other interests. The Board appointed Mr. Hendrik Roelof (Henk) Koekoek as his successor and as Executive Vice President, Technology and Development.

Mr. Christian Betbeder, an Executive Committee member and Director, Merger Integration, retired at the end of August. The Board appointed two new Executive Committee members in August, Mr. Mark Staton (Executive Vice President Americas) and Mr. Tony Combe (Executive Vice President Oceania and Asia).

Following the agreement to sell the Industrial Packaging division, Mr. Francisco de Miguel, Vice-Chairman of the Executive Committee and Division President Industrial Packaging, vacated his position in the Executive Committee on October 30. He continued as Division President.

A gradual decline in the number of employees at the Amstelveen executive office, and the separation of the Industrial Packaging division from the Group, led to the establishment of two new offices towards year-end, Huhtamaki Holdings in Hoofddorp near Schiphol Airport, and Van Leer Headquarters in new, smaller premises in Amstelveen. The original Amstelveen building was sold.

Personnel

At year-end, Huhtamaki Van Leer had 23,098 employees, 778 less than at the end of 1999. Of these, 16,759 were employed in Consumer units and Group functions; 6,339 served Industrial operations. The average number of employees was 23,480, compared to 11,460 in 1999. The company had operations in 54 countries at year-end, with Consumer Packaging present in 33 countries through 76 factories and additional sales units.

The parent company employed 750 people at year-end, comprising the personnel at the Espoo Head Office (64) and in the Finnish packaging operations (686). The respective annual average was 752 (753 in 1999).

During early 2000 negotiations were conducted for the establishment of an European Works Council (EWC), a discussion platform for elected employee representatives from the EEA. The resulting agreement was signed in June. The new agreement replaces such arrangements as were in force in Huhtamaki and Van Leer prior to the Van Leer transaction.

The Outlook for 2001

In early 2001, Huhtamaki Van Leer will have transformed into a pure Consumer packaging company. The Board proposes the parent company's name to be changed back to Huhtamäki Oyj, as the rights to the Van Leer name and trademark were sold together with the Industrial division.

During the year, the company will concentrate on developing its core businesses, improving responsiveness and customer service, streamlining its manufacturing and logistical processes and structures, and fostering organic growth and innovation as a top priorities. Success in each of these areas will contribute to the achievement of the Group's financial targets, both annual and long-term. Any exceptional costs associated with restructuring have been covered with a provision taken in 1999.

The company does not plan strategic acquisitions, but its comfortable financial position permits further action if the industry's consolidation process makes this necessary. On the other hand, the budgeted capital expenditure amounts to EUR 160 million, some 50% above depreciation, permitting the company to expand in complex flexible laminates and other high-growth areas.

Even if the current hesitation in the U.S. economy should persist and spread, the outlook for consumer packaging remains solid. Continued volume growth, gradually improving margins and synergies will boost the Group's earnings, subject to stability in raw materials prices. At the same time, the earnings contribution from new businesses, and a decline in financial expenses and goodwill amortisation will more than offset the absence of earnings from Industrial packaging. The first half of 2000 was strong in both Consumer and Industrial. Hence, the profit improvement will be more pronounced in the second half of the year. The full-year earnings per share are expected to increase.

Main countries of operation

(ranked by Consumer employees)

Country	Employees		Net sales, EUR million	
	Consumer	Industrial	Consumer	Industrial
USA	2,741	845	618	258
Germany	2,488	331	484	84
UK	1,453	445	216	101
India	1,374	-	61	-
Australia	807	338	86	82
France	788	380	151	70
Finland	755	-	96	-
Brazil	672	574	55	60
Italy	617	150	124	46
The Netherlands	567	484	131	116

Key exchange rates in EUR

		2000		1999	
		Income statement	**Balance sheet**	Income statement	Balance sheet
Australia	AUD	**0.6291**	**0.5963**	0.6050	0.6484
Brazil	BRL	**0.5924**	**0.5524**	0.5022	0.5506
Great Britain	GBP	**1.6410**	**1.6023**	1.5174	1.6085
India	INR	**0.0241**	**0.0230**	0.0218	0.0230
South Africa	ZAR	**0.1564**	**0.1421**	0.1537	0.1621
United States	USD	**1.0824**	**1.0747**	0.9377	0.9954

Annual accounts 2000

GROUP INCOME STATEMENT

EUR million	2000	%	1999	%
Net sales	3,307.7	100.0	1,412.1	100.0
Cost of goods sold	2,570.4		1,045.0	
Gross profit	737.3	22.3	367.1	26.0
Sales and marketing	111.3		65.2	
Administration costs	240.3		78.4	
Other operating expenses	253.1		157.0	
Other operating income	-49.5		-47.4	
	555.2		253.2	
Earnings before interest and taxes (1,2)	182.1	5.5	113.9	8.1
Net financial income/expense (3)	-61.9		-20.1	
Gain/loss on equity of associated companies	+0.9		+0.6	
Profit before exceptional items, minority interest and taxes	121.1	3.7	94.4	6.7
Taxes (5)	33.6		25.5	
Minority interest	6.4		1.9	
Profit from continuing operations before exceptional items	81.1	2.5	67.0	4.7
Integration expenses (4)	-		92.9	
Discontinued operations (4)	-		+127.7	
Net income	81.1	2.5	101.8	7.2

GROUP BALANCE SHEET – ASSETS

EUR million	2000	%	1999	%
ASSETS				
FIXED ASSETS				
Intangible assets (6)				
Intangible rights	0.4		0.5	
Goodwill	746.8		801.5	
Other capitalised expenditure	28.1		6.5	
	775.3	21.4	808.5	24.0
Tangible assets (6)				
Land	60.7		62.6	
Buildings and constructions	319.0		309.3	
Machinery and equipment	779.8		824.8	
Other tangible assets	12.3		10.8	
Construction in progress and advance payments	105.1		116.3	
	1,276.9	35.2	1,323.8	39.3
Other fixed assets				
Shares and holdings (7, 8)	189.3		9.7	
Loans receivable	4.2		15.4	
	193.5	5.3	25.1	0.8
CURRENT ASSETS				
Inventories				
Raw and packaging material	194.9		176.0	
Work-in-process	53.1		42.0	
Finished goods	204.1		180.3	
Advance payments	9.3		0.3	
	461.4	12.7	398.6	11.8
Receivables (9)				
Long-term				
Deferred tax asset (17)	82.0		76.0	
Other long-term receivables	23.7		19.8	
	105.7	2.9	95.8	2.9
Short-term				
Trade receivables	535.9		519.3	
Loans receivable	39.9		7.9	
Accrued income and other short-term receivables (9, 18)	204.6		148.1	
	780.4	21.6	675.3	20.0
Marketable securities	1.0		0.2	
Cash and bank	33.4	0.9	41.0	1.2
	3,627.6	100.0	3,368.3	100.0

GROUP BALANCE SHEET – LIABILITIES AND EQUITY

EUR million	2000	%	1999	%
LIABILITIES AND EQUITY				
Shareholders' equity (13, 14)				
Share capital	107.0		106.0	
Premium fund	339.5		340.5	
Consolidation difference	71.8		44.7	
Retained earnings - transferred from untaxed reserves	42.1		44.5	
Retained earnings available for distribution	391.0		320.6	
Net income for the period	81.1		101.8	
	1,032.5	28.5	958.1	28.4
Minority interest	85.9	2.4	87.7	2.6
Liabilities				
Long-term				
Loans from financial institutions (10)	798.8		757.6	
Pension loans (10)	0.9		1.8	
Deferred tax liability (17)	167.7		151.8	
Other long-term liabilities (11)	206.3		222.5	
	1,173.7	32.3	1,133.7	33.7
Short-term				
Loans from financial institutions (10)	641.7		446.3	
Trade payables (12)	295.0		272.5	
Accrued expenses (19)	269.1		287.7	
Other short-term liabilities (12)	129.7		182.3	
	1,335.5	36.8	1,188.8	35.3
	3,627.6	100.0	3,368.3	100.0

GROUP CASH FLOW STATEMENT

EUR million	2000	1999
EBIT	182.1	113.9
Depreciation	194.8	88.2
Gain/Loss on disposal of assets	-3.4	0.3
Dividend from associated companies	0.3	0.5
Change in inventory	-75.4	-11.8
Ghange in non-interest bearing receivables	-97.5	-20.7
Change in non-interest bearing payables	-39.7	-23.4
Net financial income/expense	-54.7	-16.2
Taxes	-29.6	-30.6
Operational cash flow	76.9	100.2
Capital expenditure	-179.0	-100.7
Change in other investments	-2.5	-
Proceeds from selling fixed assets	20.9	21.8
Acquired subsidiaries	-252.7	-911.6
Divested subsidiaries	153.4	303.4
Change in long-term deposits	11.2	-1.9
Change in short-term deposits	-31.9	-6.3
Cash flow before financing	-280.6	-695.3
Change in long-term loans	30.2	375.0
Change in short-term loans	199.8	205.9
Dividends paid	-33.1	-27.1
Proceeds from share issues	-	54.6
Cash flow from financing	196.9	608.4
Change in liquid assets	-6.8	13.3
Liquid assets on January 1, 2000	41.2	27.9
Liquid assets on December 31, 2000	34.4	41.2

PARENT COMPANY INCOME STATEMENT

EUR million	2000	%	1999	%
Net sales	95.8	100.0	143.8	100.0
Cost of goods sold	67.3		96.8	
Gross profit	28.5	29.8	47.0	32.7
Sales and marketing	6.8		19.0	
Administration costs	19.1		12.6	
Other operating expenses	7.5		13.7	
Other operating income	-35.9		-28.1	
	-2.5		17.2	
Earnings before interest and taxes (1,2)	31.0	32.3	29.8	20.7
Net financial income/expense (3)	-43.1		-12.0	
Profit before exceptional items	-12.1	-12.6	17.8	12.4
Exceptional income (4)	8.2		55.1	
Exceptional expense (4)	-3.2		-41.4	
Profit before appropriations and taxes	-7.1	-7.4	31.5	21.9
Depreciation difference, (-) increase, (+) decrease	+2.5		+4.8	
Change in voluntary reserves, (-) increase, (+) decrease	-		-16.0	
Taxes (5)	-		+2.0	
Net income	-4.6	-4.8	22.3	15.5

PARENT COMPANY BALANCE SHEET – ASSETS

EUR million	2000	%	1999	%
ASSETS				
FIXED ASSETS				
Intangible assets (6)				
Intangible rights	0.3		0.3	
Other capitalised expenditure	19.6		22.5	
	19.9	1.1	22.8	1.3
Tangible assets (6)				
Land	0.5		0.9	
Buildings and constructions	32.6		33.4	
Machinery and equipment	31.5		29.3	
Other tangible assets	0.4		0.4	
Construction in progress and advance payments	1.8		2.1	
	66.8	3.8	66.1	3.7
Other fixed assets				
Shares and holdings (7, 8)	1,624.8		1,624.7	
Loans receivable	6.0		7.8	
	1,630.8	91.6	1,632.5	91.5
CURRENT ASSETS				
Inventories				
Raw and packaging material	2.9		2.3	
Work-in-process	0.6		0.5	
Finished goods	8.3		7.1	
	11.8	0.7	9.9	0.6
Receivables (9)				
Long-term				
Loans receivable	4.1		3.7	
Deferred tax asset	-		-	
Other long-term receivables	0.1		0.1	
	4.2	0.2	3.8	0.2
Short-term				
Trade receivables	11.8		9.5	
Loans receivable	0.3		18.8	
Accrued income (18)	32.3		18.6	
Other short-term receivables	-		-	
	44.4	2.5	46.9	2.6
Cash and bank	1.8	0.1	2.1	0.1
	1,779.7	100.0	1,784.1	100.0

PARENT COMPANY BALANCE SHEET – LIABILITIES AND EQUITY

EUR million	2000	%	1999	%
LIABILITIES AND EQUITY				
Shareholders' equity (13, 14)				
Share capital	107.0		106.0	
Premium fund	322.6		323.6	
Retained earnings available for distribution	220.0		230.8	
Net income for the period	-4.6		22.3	
	645.0	36.3	682.7	38.3
Untaxed reserves	59.3	3.3	61.8	3.5
Liabilities				
Long-term				
Pension loans (10)	0.9		1.8	
Other long-term liabilities (11)	-		0.1	
	0.9	0.0	1.9	0.1
Short-term				
Trade payables (12)	5.4		17.0	
Accrued expenses (19)	20.9		19.5	
Other short-term liabilities (12)	1,048.2		1,001.2	
	1,074.5	60.4	1,037.7	58.1
	1,779.7	100.0	1,784.1	100.0
Total retained earnings available for distribution	215.5			

PARENT COMPANY CASH FLOW STATEMENT

EUR million	2000	1999
EBIT	31.0	29.8
Depreciation	8.0	10.0
Gain/Loss on disposal of assets	0.1	0.3
Change in inventory	-2.0	-0.9
Ghange in non-interest bearing receivables	-17.5	26.4
Change in non-interest bearing payables	-12.6	6.7
Net financial income/expense	-40.7	-3.4
Taxes	5.3	-20.9
Exceptional income/expense	1.2	4.6
Operational cash flow	-27.2	52.6
Capital expenditure	-6.5	-7.8
Change in other investments	-	0.4
Proceeds from selling fixed assets	0.5	-
Acquired subsidiaries	-1.3	-1,018.2
Divested subsidiaries	-	119.5
Change in long-term deposits	1.8	-10.3
Change in short-term deposits	18.5	-16.3
Cash flow before financing	13.0	-932.7
Change in long-term loans	-	0.1
Change in short-term loans	46.9	854.5
Dividends paid	-33.1	-30.1
Proceeds from share issues	-	54.6
Cash flow from financing	13.8	879.1
Change in liquid assets	-0.4	-1.0
Liquid assets on January 1, 2000	2.2	3.1
Liquid assets on December 31, 2000	1.8	2.1

ACCOUNTING PRINCIPLES

The financial statements of Huhtamäki Van Leer Oyj and its subsidiaries have been prepared according to Finnish Accounting Standards (FAS). In the consolidated financial statements FAS enables the compliance with accounting principles that are fundamentally in accordance with International Accounting Standards (IAS). The financial statements have been prepared in Euros on the basis of historical costs and do not take into account increases in the market value of assets, unless otherwise stated.

Consolidation principles

Acquired companies have been consolidated according to the purchase method. The difference between the acquisition cost and the subsidiary's equity at the time of acquisition has been allocated, where applicable, to the underlying assets and depreciated accordingly. The remainder of the difference is shown as goodwill on consolidation and amortised according to plan.

The consolidated financial statements include the parent company Huhtamäki Van Leer Oyj and all subsidiaries where at least 50% of a subsidiary's voting power is controlled directly or indirectly by the parent company, or the parent company is otherwise in control of the company.

Subsidiaries acquired during the financial year are included in the consolidated financial statements from the date of their acquisition and subsidiaries sold are included up to their date of sale.

The financial statements of subsidiaries located in hyperinflationary economies have been locally adjusted for the effects of inflation. These adjustments are included in the consolidation.

All inter-company transactions, receivables, liabilities and unrealized profits, as well as distribution of profits within the group, are eliminated. Minority interests are separated from the net income and equity. They are shown as a separate item.

Foreign currency

Foreign currency transactions are recorded according to the exchange rates prevailing on the transaction date. Trade receivables and payables are revalued at the rate of exchange on the balance sheet date. Exchange rate differences arising from translation of trade receivables are recorded under net sales, and exchange rate differences on trade payables under costs and expenses. Exchange rate differences on translation of financial items, such as loans and deposits, are entered under financial income and expenses.

In the consolidated financial statements, in regard to the shareholders' equity, translation differences due to exchange rate fluctuations have been recorded as a separate component of equity. A similar treatment is applied to intra-group permanent loans, which due to their conditions have the character of equity.

The income statements of all foreign subsidiaries have been translated into euros at the average annual exchange rate and the balance sheets at the year-end exchange rate.

Derivative instruments

Foreign exchange forward contracts and options are used for hedging the Group's currency position. Foreign exchange forwards are marked-to-market at the rate of exchange on the balance sheet date and recorded in the income statement as an adjustment of sales and purchases only to the extent they relate to balance sheet items being hedged. The revaluation difference of forwards that are hedging forecasted cash flows is booked to the balance sheet as an accrual. Foreign currency options are marked-to-market and booked to the income statement

Foreign exchange forward contracts used for hedging financial items, such as loans and deposits, are market-to-market and booked to other financial income and expense.

The group manages its interest rate risks using forward rate agreements, interest rate swaps and options. Interest income or expenses deriving from such instruments are accrued over the contract period. Interest rate derivative instruments not used for hedging purposes are marked-to-market on the balance sheet date and the gain/loss is recorded in the income statement.

Goodwill and other intangible assets

Goodwill and other intangible assets are amortised on a systematic basis over their estimated useful life. The period of amortisation does not exceed 20 years.

Tangible assets

Items of property, plant and equipment are stated at historical cost and are depreciated using the straight line method over their estimated useful lives. Freehold land is not depreciated. Land use rights are depreciated over the agreement period.

The periods of depreciation used (years):
- buildings and other structures 20 - 40
- machinery and equipment 5 - 15
- other tangible assets 3 - 12

Leases of plant and equipment under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Investments

Investments classified as current assets are carried at market value. Any increases or decreases in carrying values are credited or charged to financial income.

Investments classified as long-term assets are carried at cost, less amounts written off to recognise permanent declines in the value of the investment. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to income.

Investments in subsidiaries are carried at cost in the balance sheet of the parent company in accordance with the valuation policy applied to long-term investments. A listing of the Group's significant subsidiaries is set out in note 7.

Investments in associated companies are carried in parent company's balance sheet in accordance with the valuation policy applied to long-term investments noted above and in Group's balance sheet under equity method. Jointly owned companies are accounted for according to the share of ownership. An associated company is one in which Huhtamaki Van Leer holds, directly or indirectly, between 20% and 50% of the voting power of the company. A listing of the Group's associates is set out in note 8.

Inventories

Inventories are stated at the lower of cost, replacement cost or net realisable value. Cost for purchased inventories represent historic purchase price determined on the "first in first out" (FIFO) basis.

Cost for produced finished goods and work in process represent the historic purchase price of materials, determined on a first in first out basis, plus direct labour, other direct costs and related production overheads excluding selling and financial costs.

Income taxes

The Group income statement includes income taxes of Group companies based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes and deferred taxes.

Deferred taxes

Deferred tax arising from timing differences between book and fiscal valuation of net income is calculated applying the standard tax rate applicable at the balance sheet date or the tax rate at when the tax is going to be paid. Deferred tax debits are only carried forward if there is a reasonable expectation of realisation.

In the consolidated balance sheet accumulated depreciation difference and untaxed reserves (appropriations) have been divided into equity and deferred tax as well as deferred tax arising from movements on untaxed reserves during the financial year have been taken into account in net income.

Revenue recognition

Revenue is recognized at the date of delivery. Net sales is calculated after deduction of sales discounts, indirect sales taxes and exchange differences on sales in foreign currencies.

Research and development

Research and development costs are charged as an expense in the income statement in the period in which they are incurred without exception.

Pensions and other post retirement benefits

The Group companies have various pension plans in accordance with local conditions and practices. Contributions are based on periodic actuarial valuations and are charged against profits. The plans are covered according to local conditions and practices.

Some US based Group companies provide for certain post retirement health care and life insurance benefits. Unfunded part of the plans is recorded in the balance sheet as a liability.

Other operating income and expenses

Other operating income includes gains from disposal of assets and regular income, such as royalty and rental income, which have not been derived from primary activities.

Other operating expenses include losses from disposal of assets and other costs not directly related to end product such as R&D.

Extraordinary income and expenses

Extraordinary income and expenses include items which fall outside the ordinary activities of the company, e.g. items related to major divestments or restructuring operations.

Cash flow statement

Cash flow statement illustrates cash in- and outflows arising from operations, investments and financing. In the investments, acquisitions and divestments are valued at the purchase price of shares. Assets and liabilities of the acquired/divested company are neither included in the change in working capital, net investments nor financing in the cash flow statement.

NOTES TO THE FINANCIAL ACCOUNTS

1. Personnel costs

	GROUP		PARENT COMPANY	
EUR million	**2000**	1999	**2000**	1999
Wages and salaries	**568.6**	268.2	**21.4**	33.5
Pension costs	**23.5**	11.5	**3.2**	4.5
Other personnel costs	**138.9**	67.1	**2.0**	3.4
Total	**731.0**	346.8	**26.6**	41.4

The above amounts are on an accrual basis. The parent company figures in 1999 include the discontinued operations. Remuneration paid by the parent company to the members of the Board of Directors as well as the Managing Director of Huhtamäki Van Leer Oyj (10 people) amounted to EUR 0.9 million. The Managing Director of Huhtamäki Van Leer Oyj is entitled to retirement at the age of 60.

Personnel costs of discontinued operations		54.4		

2. Depreciation and amortisation

	GROUP		PARENT COMPANY	
EUR million	**2000**	1999	**2000**	1999
Depreciation by function:				
Production	**138.3**	60.1	**3.5**	4.8
Sales and marketing	**1.0**	0.6	**0.3**	0.3
Administration	**8.0**	4.5	**0.8**	1.1
Other	**47.4**	23.0	**3.4**	3.4
Total depreciation	**194.7**	88.2	**8.0**	9.6
Depreciation by asset type:				
Land, Buildings	**18.8**	7.8	**0.9**	1.1
Machinery and equipment	**130.3**	59.8	**4.0**	5.1
Goodwill	**42.2**	19.2	**-**	-
Other intangible assets	**3.4**	1.4	**3.1**	3.4
Total depreciation	**194.7**	88.2	**8.0**	9.6
Depreciation costs of discontinued operations		8.4		

3. Financial income/expense

	GROUP		PARENT COMPANY	
EUR million	**2000**	1999	**2000**	1999
Interest income	**16.0**	5.1	**-**	0.5
Intercompany interest income	**-**	-	**4.7**	0.6
Dividend income	**8.7**	1.0	**-**	-
Dividend income from associated companies	**-**	-	**0.5**	0.6
Other financial income	**2.1**	3.7	**0.4**	0.2
Interest expense	**-85.8**	-29.0	**-**	-0.3
Intercompany interest expense	**-**	-	**-48.4**	-13.4
Other financial expense	**-2.9**	-0.9	**-0.2**	-0.1
Total	**-61.9**	-20.1	**-43.0**	-11,9
Financial expense of discontinued operations		-0.5		

4. Exceptional items

	GROUP		PARENT COMPANY	
EUR million	**2000**	1999	**2000**	1999
Exceptional income	**-**	127.7	**-**	50.8
Exceptional expense	**-**	-92.9	**-3.2**	-41.4
Group contributions, net	**-**	-	**8.2**	4.3
Total	**-**	34.8	**5.0**	13.7

Huhtamäki Van Leer Oyj's exceptional income in 1999 includes gain from the sale of Confectionery business to CSM whereas exceptional expense mainly arises from changes in corporate structure, which are eliminated on the Group level.

Group's exceptional income in 1999 represents gain from the sale of Confectionery business to CSM. Group's exceptional expense includes an integration charge (net of deferred tax) for the restructuring programme.

5. Taxes

EUR million	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
Ordinary taxes	-25.7	-18.7	-	-2.0
Tax on exceptional items	-	-19.1	-	-13.7
of which shown as part of exceptional items in the income statement	-	19.1	-	17.8
Deferred taxes	-7.9	-6.8	-	-0.1
Total	-33.6	-25.5	-	2.0
Taxes of discontinued operations		+4.1		

6. Fixed assets

EUR million	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
Intangible rights				
Acquisition cost at January 1	1.1	29.5	0.4	4.8
Additions	0.5	0.1	-	0.1
Disposals	-0.1	-29.7	-	-4.5
Intra-balance sheet transfer	-0.5	0.3	-	
Changes in exchange rates	-	0.9	-	-
Acquisition cost at December 31	1.0	1.1	0.4	0.4
Accumulated amortisation at January 1	0.6	5.5	0.1	0.1
Accum. amortisation on decreases and transfers	-0.3	-6.2	-	-
Accumulation during the financial year	0.3	0.9	-	-
Changes in exchange rates	-	0.4	-	-
Accumulated amortisation at December 31	0.6	0.6	0.1	0.1
Book value at December 31	0.4	0.5	0.3	0.3
Goodwill				
Acquisition cost at January 1	847.0	247.4	-	-
Additions	13.4	616.1	-	-
Disposals	-33.3	-43.7	-	-
Intra-balance sheet transfer	-	-	-	-
Changes in exchange rates	6.9	27.2	-	-
Acquisition cost December 31	834.0	847.0	-	-
Accumulated amortisation at January 1	45.5	37.1	-	-
Accum. amortisation on decreases and transfers	-0.1	-12.2	-	-
Amortisation during the financial year	42.2	20.7	-	-
Changes in exchange rates	-0.4	-0.1	-	-
Accumulated amortisation at December 31	87.2	45.5	-	-
Book value at December 31	746.8	801.5	-	-
Other capitalised expenditure				
Acquisition cost at January 1	13.5	17.3	30.0	29.5
Additions	21.3	0.6	0.2	0.5
Disposals	-0.6	-5.9	-	-
Intra-balance sheet transfer	7.3	0.1	-	-
Changes in exchange rates	-0.6	1.4	-	-
Acquisition cost at December 31	40.9	13.5	30.2	30.0
Accumulated amortisation at January 1	7.0	4.6	7.5	4.2
Accum. amortisation on decreases and transfers	2.9	-0.1	-	-
Amortisation during the financial year	3.1	2.5	3.1	3.3
Changes in exchange rates	-0.2	-	-	-
Accumulated amortisation at December 31	12.8	7.0	10.6	7.5
Book value at December 31	28.1	6.5	19.6	22.5
Land and land use rights				
Acquisition cost at January 1	63.2	28.2	0.9	2.1
Additions	3.0	38.6	-	-
Disposals	-4.9	-6.2	-0.4	-1.2
Intra-balance sheet transfer	0.1	-	-	-
Changes in exchange rates	0.3	2.6	-	-
Acquisition cost at December 31	61.7	63.2	0.5	0.9

Accumulated amortisation at January 1	**0.6**	0.3	**-**	-
Accum. amortisation on decreases and transfers	**-**	-	**-**	-
Amortisation during the financial year	**0.4**	0.3	**-**	-
Changes in exchange rates	**-**	-	**-**	-
Accumulated amortisation at December 31	**1.0**	0.6	**-**	-
Book value at December 31	**60.7**	62.6	**0.5**	0.9
Buildings and constructions				
Acquisition cost at January 1	**371.1**	230.0	**62.8**	79.3
Additions	**15.1**	189.3	**0.4**	0.1
Disposals	**-38.1**	-63.5	**-0.2**	-16.5
Intra-balance sheet transfer	**41.3**	4.8	**-**	-
Changes in exchange rates	**1.9**	10.5	**-**	-
Acquisition cost at December 31	**391.3**	371.1	**63.0**	62.8
Accumulated depreciation at January 1	**61.8**	68.7	**29.5**	31.4
Accum. depreciation on decreases and transfers	**-6.0**	-17.3	**-0.1**	-3.0
Depreciation during the financial year	**18.4**	8.6	**1.0**	1.1
Changes in exchange rates	**-1.9**	1.8	**-**	-
Accumulated depreciation at December 31	**72.3**	61.8	**30.4**	29.5
Book value at December 31	**319.0**	309.3	**32.6**	33.4
Revaluation of buildings and constructions (included in the above figures)	**6.7**	6.7	**6.7**	6.7
Machinery and equipment				
Acquisition cost at January 1	**1,100.9**	623.6	**66.6**	108.2
Additions	**101.4**	541.7	**6.4**	6.6
Disposals	**-105.2**	-211.3	**-0.7**	-48.2
Intra-balance sheet transfer	**28.2**	108.1	**-**	-
Changes in exchange rates	**18.0**	38.8	**-**	-
Acquisition cost at December 31	**1,143.3**	1,100.9	**72.3**	66.6
Accumulated depreciation at January 1	**276.1**	311.1	**37.3**	57.5
Accum. depreciation on decreases and transfers	**-42.7**	-117.5	**-0.5**	-25.7
Depreciation during the financial year	**124.8**	64.5	**4.0**	5.5
Changes in exchange rates	**5.3**	18.0	**-**	-
Accumulated depreciation at December 31	**363.5**	276.1	**40.8**	37.3
Book value at December 31	**779.8**	824.8	**31.5**	29.3
Other tangible assets				
Acquisition cost at January 1	**26.9**	36.2	**1.0**	2.6
Additions	**3.5**	2.3	**-**	-
Disposals	**-3.1**	-15.9	**-0.2**	-1.6
Intra-balance sheet transfer1	**11.6**	2.9	**-**	-
Changes in exchange rates	**1.2**	1.4	**-**	-
Acquisition cost at December 31	**40.1**	26.9	**0.8**	1.0
Accumulated depreciation at January 1	**16.1**	21.1	**0.6**	0.8
Accum. depreciation on decreases and transfers	**4.9**	-10.6	**-0.2**	-0.2
Depreciation during the financial year	**5.8**	4.6	**-**	-
Changes in exchange rates	**1.0**	1.0	**-**	-
Accumulated depreciation at December 31	**27.8**	16.1	**0.4**	0.6
Book value at December 31	**12.3**	10.8	**0.4**	0.4
Construction in progress and advance payments				
Acquisition cost at January 1	**116.3**	25.6	**2.1**	2.3
Additions	**80.1**	206.2	**6.3**	5.9
Disposals	**-7.8**	-4.0	**-6.6**	-6.1
Intra-balance sheet transfer	**-88.2**	-117.1	**-**	-
Changes in exchange rates	**4.7**	5.6	**-**	-
Acquisition cost at December 31	**105.1**	116.3	**1.8**	2.1

7. Investment in Subsidiaries

The list contains operative companies, holding companies and other subsidiaries with sufficient assets. A complete statutory list is enclosed in the official statutory accounts, which may be be obtained from the company on request. Foreign subsidiaries' nominal values are expressed in local currency (1,000). Subsidiaries' book values are expressed in holding company's currency (1,000).

Name	Number of shares		Size of holding %	Nominal value		Book value	Group holding %
Huhtamäki Van Leer Oyj's shareholding in subsidiaries:							
Huhtamaki Finance B.V.	1,079,972	100.0	NLG	1,079,972	EUR	1,471,143	100.0
Huhtamäki Finance Oy	50	100.0	EUR	8,409	EUR	8,409	100.0
Van Leer UK Consumer Holding B.V.	20	100.0	EUR	20	EUR	-	100.0
Subsidiary shares owned by Huhtamaki Finance B.V.:							
Güven Plastik Sanayi A.S.	1,649,996	100.0	TRL	1,649,996,000	EUR	24,986	100.0
Huhtamaki (Australia) Pty. Ltd	43,052,750	100.0	AUD	43,053	EUR	2,136	100.0
Huhtamaki (New Zealand) Ltd	3,923,400	100.0	NZD	13,920	EUR	5,415	100.0
Huhtamaki Finance Co I B.V.	20	100.0	EUR	20	EUR	114,961	100.0
Huhtamaki Holdings France S.A.R.L.	489,668	100.0	FRF	49,967	EUR	7,726	100.0
Huhtamaki Ltd	41,928	100.0	GBP	41,928	EUR	77,980	100.0
Huhtamaki Norway A/S	950	100.0	NOK	950	EUR	3,470	100.0
Huhtamaki Sweden AB	171,000	100.0	SEK	17,100	EUR	4,387	100.0
Van Leer Moulded Packaging (Pty) Ltd.	272,192	100.0	ZAR	11,535,220	EUR	1,774	100.0
Huhtamaki S.p.A	20,020,000	100.0	ITL	20,020,000	EUR	6,900	100.0
Polarcup Poland Sp. Z. o.o.	52,731	100.0	PLN	14,488	EUR	19,861	100.0
Huhtamaki Van Leer Spain s.a.	430,000	100.0	ESP	2,150,000	EUR	18,501	100.0
Royal Packaging Industries Van Leer N.V. (ordinary)	32,782,500	100.0	NLG	163,913	EUR	990,757	100.0
Royal Packaging Industries Van Leer N.V. (preferred)	10,000,000	100.0	NLG	50,000	EUR	24,731	100.0
Subsidiary shares owned by Huhtamaki (Australia) Pty. Ltd:							
Huhtamaki Van Leer (Oceania) Ltd	9,241,702	100.0	AUD	9,241	AUD	16,320	100.0
Subsidiary shares owned by Huhtamaki (NZ) Ltd.:							
Huhtamaki Van Leer (Henderson) Ltd	195,700	97.5	NZD	1,030	NZD	28,493	100.0
Subsidiary shares owned by Huhtamaki Holdings France S.A.R.L.:							
Polarcup France S.A.	72,000	100.0	FRF	7,200	FRF	4,992	100.0
Subsidiary shares owned by Van Leer UK Consumer Holding Ltd:							
Van Leer UK Holdings Limited	69	100.0	GBP	-	GBP	26,377	100.0
Subsidiary shares owned by Huhtamaki Norway A/S:							
The Chinet Company A/S	59,013	100.0	NOK	59,013	NOK	147,000	100.0
Subsidiary shares owned by Huhtamaki Sweden AB:							
Huhtamaki Van Leer Sweden AB	1,500	100.0	SEK	1,500	SEK	17,082	100.0
Subsidiary shares owned by Huhtamaki Finance Co I B.V.:							
Huhtamaki Van Leer Sp. Z.o.o.	108,505	98.5	PLN	11,016	EUR	3,810	100.0
Consorcio Industrial Packsa S.A. de C.V.	126,987,470	96.9	MXP	130,995	EUR	18,746	100.0
Huhtamaki Van Leer Jipack A.S.	11,215,000	100.0	CZK	111,215	EUR	5,389	100.0
Inpack Industries B.V.	40	100.0	NLG	40	EUR	20	100.0
Keyes Italiana S.p.A.	3,500,000	100.0	ITL	3,500,000	EUR	7,278	100.0
PT Van Leer ASABA	11,250	50.0	IDR	5,357,250	EUR	1,094	50.0
Valevefa B.V.	25	100.0	NLG	25	EUR	18	100.0
Van Leer Beheer V B.V.	40	100.0	NLG	40	EUR	115,005	100.0
Van Leer Beheer XI B.V.	40	100.0	NLG	40	EUR	21,121	100.0
Van Leer France Investment Holding B.V.	42	100.0	NLG	42	EUR	13,385	100.0
Van Leer Industries B.V.	170,000	100.0	EUR	170,000	EUR	-	100.0
Huhtamaki Van Leer New Zealand Limited	7,737,306	100.0	NZD	7,737	EUR	4,800	100.0
Van Leer Packaging (Thailand) Co., Ltd	999,993	100.0	THB	100,000	EUR	7,885	100.0
Van Leer Saf Plastik Sanayi ve Ticaret A.S.	2,499,999,984	100.0	TRL	10,000,000,000	EUR	33,136	100.0
Subsidiary shares owned by 4P Verpackungsgruppe B.V. & Co. Holding KG:							
Van Leer Verpackungen GmbH	-	100.0	DEM	38,400	DEM	233,962	100.0

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Name	Number of shares	Size of holding %		Nominal value		Book value	Group holding %
Subsidiary shares owned by Consorcio Industrial Packsa S.A. de C.V.:							
The Chinet Company, S.A. de C.V.	19,130,916	100.0	MXP	19,131	MXP	-	100.0
Huhtamaki Van Leer Mexicana, S.A. de C.V.	85,467	100.0	MXP	85	MXP	-	100.0
Subsidiary shares owned by Valevefa B.V.:							
The Paper Products Limited	6,375,000	51.0	INR	125,000	EUR	23,082	51.0
Subsidiary shares owned by Van Leer UK Holdings Limited:							
Van Leer (NI) Limited	3,103,999	100.0	GBP	1,568	GBP	4,937	100.0
Van Leer Packaging (UK) Limited	4,774,100	100.0	GBP	4,774	GBP	12,488	100.0
Van Leer Plastona Limited	3,000,000	100.0	GBP	3,000	GBP	3,116	100.0
Subsidiary shares owned by Van Leer Beheer III B.V.:							
4P Verpackungsgruppe B.V. & Co Holding KG	-	75.1	DEM	5,050	DEM	313,792	75.1
Subsidiary shares owned by Van Leer Beheer V B.V.:							
Huhtamaki Van Leer US Inc.	100	100.0	USD	-	EUR	114,988	100.0
Subsidiary shares owned by Huhtamaki Van Leer US Inc.:							
Van Leer Group of Companies	1,000	90.0	USD	1	USD	1	100.0
Sealright Co., Inc.	1,000	100.0	USD	1	USD	123,548	100.0
Subsidiary shares owned by Van Leer Group of Companies:							
Van Leer Corporation USA, Inc.	100	100.0	USD	-	USD	211,100	100.0
Subsidiary shares owned by Van Leer Corporation USA, Inc.:							
Van Leer Holding, Inc.	100	100.0	USD	-	USD	116,158	100.0
Subsidiary shares owned by Van Leer Holding Inc.:							
American Flange & Manufacturing Co., Inc.	651	100.0	USD	-	USD	8,211	100.0
Huhtamaki Flexibles, Inc.	1,000	100.0	USD	-	USD	1,000	100.0
Huhtamaki Plastics, Inc.	1,000	100.0	USD	-	USD	11,500	100.0
Nyman Manufacturing Co., Inc.	6,455	100.0	USD	-	USD	32,463	100.0
The Chinet Company	1	100.0	USD	-	USD	82,830	100.0
Van Leer Containers, Inc.	100	100.0	USD	-	USD	157,146	100.0
Subsidiary shares owned by Van Leer Beheer XI B.V.:							
Feldreus Investments B.V.	20	100.0	EUR	20	EUR	42,804	100.0
Subsidiary shares owned by Feldreus Investments B.V.:							
Huhtamaki Holding do Brazil Ltda	44,391,014	100,0	BRL	44,391	EUR	-	100.0
Huhtamaki Van Leer Moulded Fibre do Brazil Ltda	4,886,595	100,0	BRL	4,887	EUR	45,468	100.0
Subsidiary shares owned by Huhtamaki Van Leer Moulded Fibre do Brazil Ltda:							
Huhtamaki Van Leer Food Packaging do Brazil Ltda	45,831,598	100.0	BRL	45,832	BRL	38,372	100.0
Subsidiary shares owned by Van Leer Industries B.V.:							
Huhtamaki Van Leer Groenlo B.V.	1,260	100.0	NLG	1,260	EUR	9,076	100.0
Leopack B.V.	25,000	100.0	NLG	25,000	EUR	14,006	100.0
LeoReitsma B.V.	135	100.0	NLG	135	EUR	1,492	100.0
Leotech B.V.	200	100.0	NLG	200	EUR	290	100.0
Van Leer Special Fibre Products B.V.	250	100.0	NLG	250	EUR	113	100.0
Van Leer Beheer III B.V.	-	100.0	DEM	35,500	EUR	17,697	100.0
Subsidiary shares owned by Van Leer Verpackungen GmbH:							
Huhtamäki (Deutschland) GmbH	-	100.0	DEM	15,000	DEM	75,000	100.0
Subsidiary shares owned by Huhtamäki (Deutschland) GmbH:							
Polarcup GmbH	-	100.0	DEM	17,100	DEM	100,668	100.0
Subsidiary shares owned by Huhtamaki Van Leer Deutschland Beteiligungs GmbH:							
Van Leer Deutschland GmbH & Co. KG	-	100.0	DEM	167	DEM	166,844	100.0

Name	Number of shares	Size of holding %		Nominal value		Book value	Group holding %
Subsidiary shares owned by Royal Packaging Industries Van Leer N.V.:							
Consorcio Van Leer Mexicana, S.A. de C.V.	499	98.0	MXP	50	EUR	6	100.0
Embalagens de Portugal Van Leer, Lda.	-	66.7	PTE	19,200	EUR	2,020	100.0
Lametal del Norte S.A.	434,998	100.0	ARS	435	EUR	832	100.0
Optipak (New Zealand) Limited	475,000	100.0	NZD	475	EUR	229	100.0
Van Leer Aqua Pack Sp. Z.o.o.	22,831	99.8	PLN	2,287	EUR	-	100.0
Van Leer Argentina S.A.	1,742	82.6	ARS	211	EUR	6,254	100.0
Van Leer Beheer II B.V.	40	100.0	NLG	40	EUR	-	100.0
Van Leer Chile S.A.	999	99.9	CLP	316,000	EUR	-63	100.0
Van Leer Dunadob Kft.	5,249	75.0	HUF	700,000	EUR	2,825	75.0
Van Leer Eurobottle B.V.	2,740	100.0	NLG	2,740	EUR	1,863	100.0
Van Leer Iberica, S.A.	96,717	99.4	ESP	930,000	EUR	7,009	100.0
Van Leer Ireland Limited	374,999	100.0	IEP	375	EUR	598	100.0
Van Leer Italia S.P.A.	95,338	95.3	ITL	10,000,000	EUR	16,314	100.0
Van Leer Malaysia Sdn Bhd	6,499,998	100.0	MYR	6,500	EUR	3,074	100.0
Van Leer Mimaysan Ambalaj Sanayi A.S.	259,000	74.0	TRL	350,000,000	EUR	3,267	75.0
Van Leer Obaly A.S.	117,243	97.2	CZK	120,611	EUR	6,210	97.2
Van Leer Omafu S.A.	150,000	60.0	MAD	25,000	EUR	1,597	60.0
Van Leer SA (Pty) Ltd	2,451,000	100.0	ZAR	4,902	EUR	33,825	100.0
Van Leer Services B.V.	3,000	100.0	NLG	3,000	EUR	1,361	100.0
Van Leer Silesia Sp. Z.o.o.	71,342	99.1	PLN	7,202	EUR	3,276	100.0
Van Leer Singapore Pte Ltd	5,000,000	100.0	SGD	5,000	EUR	1,250	100.0
Van Leer Supak Ambalaj Sanayi ve Ticaret Limited Sirketi	6,360	95.0	TRL	167,375,000	EUR	1,020	100.0
Subsidiary shares owned by Consorcio Van Leer Mexicana S.A. de C.V.:							
Companía Mexicana Tri-Sure, S.A. de C.V.	30,792,567	100.0	MXP	30,793	MXP	6,673	100.0
Van Leer Mexicana, S.A. de C.V.	499	99.8	MXP	50	MXP	50	100.0
Subsidiary shares owned by Van Leer Beheer II B.V.:							
Van Leer Egypt L.L.C.	6,000	75.0	EGP	8,000	EUR	1,398	75.0
Subsidiary shares owned by Van Leer Containers, Inc.:							
Sirco Systems LLC	-	100.0	USD	-	USD	12,844	100.0
Subsidiary shares owned by Huhtamaki Holding do Brazil Ltda:							
Van Leer Holding do Brazil SA	44,391,014	100.0	BRL	44,391	BRL	44,391	100.0
Subsidiary shares owned by Van Leer Holding do Brazil SA:							
Van Leer Embalagens Industrials do Brazil Ltda	11,226,000	100.0	BRL	11,226	BRL	44,391	100.0
Subsidiary shares owned by Van Leer Eurobottle B.V.:							
Van Leer Verpackungen GmbH & Co. KG	-	100.0	EUR	3,500	EUR	8,250	100.0

8. Investments in associated and other companies

Foreign subsidiaries' nominal values are expressed in local currency (1,000), while book values are in holding company's currency (1,000).

Name	Number of shares	Size of holding %		Nominal value		Book value	Group holding %
Owned by Huhtamäki Van Leer Oyj:							
Joint Ventures:							
MCP Solutions Oy	4	50.0	EUR	4,000	EUR	-	50.0
Polarcup EarthShell Aps	1,000	50.0	EUR	100	EUR	630	50.0
Associated companies:							
Arabian Paper Products Co.	1,600	40.0	SAR	1,600	EUR	452	40.0
Other:							
Hex Oy	24,400	0.2	EUR	34	EUR	25	
Palace Hotel Oy	110	0.6	EUR	2	EUR	40	
Repligen Corporation	30,514	0.2	USD	-	EUR	271	
Suomen Osakekeskusrekisteri Osuuskunta	8	1.7	EUR	27	EUR	27	

NOTES TO THE FINANCIAL ACCOUNTS

Name	Number of shares	Size of holding %		Nominal value		Book value	Group holding %
Owned by the Group:							
Joint Ventures:							
EarthShell GmbH	-	50.0	EUR	50	EUR	20	50.0
Associated companies:							
Hiatus B.V.	950	47.5	NLG	200	EUR	806	47.5

The acquisition cost of an American packaging company, Packaging Resources Inc., which was acquired at the end of the year, is included in Other fixed assets.

Other:							
Nordea FDR	306,000	0.0	EUR	505	EUR	968	
Pohjola-Yhtymä Vakuutus Oyj	117,664	0.3	EUR	99	EUR	1.461	

9. Receivables

EUR million	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
Current				
Trade receivables	**535.9**	519.3	**6.8**	6.6
Intercompany trade receivables	**-**	-	**5.0**	2.9
Loan receivables	**39.9**	7.9	**-**	-
Intercompany loan receivables	**-**	-	**0.3**	18.8
Accrued income and other short-term receivables	**204.6**	148.1	**12.9**	14.2
Accrued corporate income and other intercompany receivables	**-**	-	**19.4**	4.4
	780.4	675.3	**44.4**	46.9
Long-term				
Intercompany loan receivables	**-**	-	**4.1**	3.7
Other long-term receivables	**23.7**	19.8	**0.1**	0.1
Deferred tax asset	**82.0**	76.0	**-**	-
	105.7	95.8	**4.2**	3.8
Total receivables	**886.1**	771.1	**48.6**	50.7

10. Loans

EUR million	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
Current				
Bank loans - current portion	**13.4**	128.8	**-**	-
Other loans - current portion	**4.3**	18.6	**-**	-
Obligations under finance leases - current portion	**0.6**	0.1	**-**	-
Short-term loans	**623.4**	298.8	**-**	-
	641.7	446.3	**-**	-
Long-term				
Bank loans	**787.3**	697.8	**-**	-
Pension loans	**0.9**	1.8	**0.9**	1.8
Other long-term loans	**9.7**	57.1	**-**	-
Obligations under finance leases	**1.8**	2.7	**-**	-
	799.7	759.4	**0.9**	1.8

Changes in long-term loans and repayments

Bank loans				
January 1, 1999	**825.9**	-	-	-
Additions	**218.8**	-	-	-
Decreases	**242.5**	-	-	-
Changes in exchange rates	**-1.6**	-	-	-
	800.6	-	-	-
Repayments 2000	**13.3**	-	-	-
December 31, 2000	**787.3**	-	-	-

Name	GROUP 2000	1999	PARENT COMPANY 2000	1999
Pension loans 31 Dec. 2000				
From pension foundation	0.9	-	0.9	-
Other	-	-	-	-
Repayments				
2001	18.3	-	-	-
2002	21.0	-	-	-
2003	290.9	-	-	-
2004	408.3	-	-	-
2005	8.0	-	-	-
2006 -	71.4	-	0.9	-

11. Other long-term liabilities

EUR million	GROUP 2000	1999	PARENT COMPANY 2000	1999
Pension liability	53.4	62.2	-	-
Long term restructuring reserve	-	23.9	-	-
Other	152.9	136.4	-	0.1
	206.3	222.5	-	0.1

Other long term liabilities include reserves for risks and post retirement benefits.

12. Payables

EUR million	GROUP 2000	1999	PARENT COMPANY 2000	1999
Restructuring reserve	50.6	54.9	-	-
Other payables	79.1	127.4	1,048.2	1,001.2
	129.7	182.3	1,048.2	1,001.2
Trade payables	295.0	272.5	4.3	6.1
Intercompany trade payables	-	-	1.1	10.9
	295.0	272.5	5.4	17.0

Huhtamäki Van Leer Oyj's debt mainly comprises of debt to Huhtamäki Finance Oy.

13. Share capital of the parent company

	Number of shares	EUR
January 1, 2000	31,475,963	105,977,321.69
Bonus issue	-	1,040,952.51
Outstanding December 31, 2000	31,475,963	107,018,274.20

The counter value of a share is EUR 3.40.

The loan with option rights issued in 1997 will entitle to a maximum subscription of 450,000 shares in the years 2000-2004. Option rights issued in 2000 will entitle to a subscription of maximum amount of 900.000 shares in years 2002-2006. A total of 1,350,000 shares may be subscribed under the option rights, representing an increase of EUR 4,590,000 in the share capital.

Members of the Board of Directors and the Managing Director of Huhtamäki Van Leer Oyj owned on December 31, 2000 a total of 26,100 shares in Huhtamäki Van Leer Oyj. These shares represent 0.08 % of the total number of shares and voting rights.

14. Changes in equity

EUR million	GROUP 2000	1999	PARENT COMPANY 2000	1999
Restricted equity:				
Share capital January 1	106.0	100.6	106.0	100.6
Increase	1.0	5.4	1.0	5.4
Share capital December 31	107.0	106.0	107.0	106.0
Premium fund January 1	340.5	188.8	323.6	274.3
Increase	-1.0	151.7	-1.0	49.3
Premium fund December 31	339.5	340.5	322.6	323.6
Consolidation difference January 1	44.7	-22.8	-	-
Change	27.1	67.5	-	-
Consolidation difference December 31	71.8	44.7	-	-
Total restricted equity	518.3	491.2	429.6	429.6

Non-restricted equity:				
Retained earnings January 1	**422.4**	377.5	**253.1**	267.4
Changes in exchange rates	**1.7**	-23.3	-	-
Reversal of revaluation	-	-6.5	-	-6.5
Dividends	**-33.1**	-30.1	**-33.1**	-30.1
Dividends on repurchased shares	-	3.0	-	-
Net income for the period	**81.1**	101.8	**-4.6**	22.3
Retained earnings December 31	**472.1**	422.4	**215.4**	253.1
Transfers from untaxed reserves				
January 1	**44.5**	36.4	-	-
Change	**-2.4**	8.1	-	-
December 31	**42.1**	44.5	-	-
Total non-restricted equity	**514.2**	466.9	**215.4**	**253.1**
Minority interest:				
Minority interest January 1	**87.7**	3.2	-	-
Increase	**0.4**	85.8	-	-
Minority interest for the year	**6.4**	1.9	-	-
Decrease	**-8.6**	-3.2	-	-
Minority interest December 31	**85.9**	87.7	-	-

Third-party interest includes EUR 63.9 million of preference shares in a Group company.

15. Commitments and contingencies

EUR million	GROUP	PARENT COMPANY
Operating lease payments:		
2001	**13.7**	**0.8**
2002 and thereafter	**44.5**	**0.8**
Total	**58.2**	**1.6**
Capital expenditure commitments:		
2001	**33.1**	**1.2**
2002 and thereafter	**4.6**	-
Total	**37.7**	**1.2**
Mortgages:		
For own debt	**11.3**	**0.9**
Guarantee obligations:		
For subsidiaries	-	**1,360.5**
For associated companies	-	**0.6**
For external parties	-	-

16. Outstanding off-balance sheet instruments

EUR million	2000	1999
Currency forwards, transaction risk hedges	**498**	78
Currency swaps, financing hedges	**481**	396
Currency options	-	4
Forward rate agreements, gross	**320**	197
Forward rate agreements, net	**200**	-
Interest rate swaps	**243**	452
Interest rate options	-	-

All off-balance sheet instruments except for interest rate swaps and options are marked to market as per balance sheet date. Unrealised gains and losses are booked as accrual to the result for the period. For interest rate swaps and options the net interest amount to be paid or received at next fixing is accrued until balance sheet date.

17. Deferred tax asset/liability

Deferred tax asset	GROUP		PARENT COMPANY	
EUR million	**2000**	1999	**2000**	1999
Due to consolidation	**2.3**	2.3	-	-
Due to timing differences	**79.7**	73.7	-	-
Total	**82.0**	76.0	-	-

Deferred tax liability

EUR million	2000	1999	2000	1999
On untaxed reserves	12.6	17.3	-	-
Due to timing differencies	155.1	134.5	-	-
Total	167.7	151.8	-	-

18. Accrued income

	GROUP		PARENT COMPANY	
EUR million	2000	1999	2000	1999
Accrued interest and other financial items	62.3	1.2	0.1	-
Prepayments	33.0	35.9	3.6	3.4
Personnel, social security and pensions	2.4	2.5	0.3	0.9
Rebates	2.1	2.6	0.6	0.2
Accruals for income and other taxes	28.8	20.8	0.1	5.3
Miscellaneous accrued income	15.7	2.0	6.5	3.7
Accrued corporate income and prepaid expense	-	-	19.4	4.4
Other	4.1	9.3	1.8	0.7
	148.4	74.3	32.4	18.6
Other short-term receivables	56.2	73.8	-	-
Accrued income and other short-term receivables	204.6	148.1	32.4	18.6

19. Accrued expenses

	GROUP		PARENT COMPANY	
EUR million	2000	1999	2000	1999
Accrued interest expense	27.9	12.9	12.3	10.0
Personnel, social security and pensions	74.0	70.1	7.3	7.2
Purchases of material	16.6	20.7	-	0.1
Rebates	15.1	19.0	0.1	0.1
Accrued income taxes	44.4	37.5	0.4	0.2
Miscellaneous accrued expense	56.9	91.5	0.2	0.2
Prepayments	4.1	2.3	-	-
Other accrued corporate expense	-	-	-	0.2
Other	30.1	33.7	0.6	1.5
Total	269.1	287.7	20.9	19.5

Net sales by business sector

EUR million	1996	%	1997	%	1998	%	1999	%	2000	%
Packaging	429.1	34.0	546.9	50.9	716.0	58.4	1,412.1	100.0	3,307.7	100.0
Other[1]	833.2	66.0	527.4	49.1	510.1	41.6	-	-	-	-
Total	1,262.3	100.0	1,074.3	100.0	1,226.1	100.0	1,412.1	100.0	3,307.7	100.0

EBIT by business sector

EUR million	1996	%	1997	%	1998	%	1999	%	2000	%
Packaging	36.0	8.4	43.0	7.9	54.1	7.5	116.2	8.2	200.9	6.0
Other[1]	53.7	6.4	44.3	8.4	30.0	5.9	-2.3	-	-18.8	-
Total	89.7	7.1	87.3	8.1	84.1	6.9	113.9	8.1	182.1	5.5

[1] Unallocated costs and income; revenue from divested units.

From 1999 onwards Packaging goodwill amortisation has been included in Other.

HUHTAMAKI VAN LEER 1996-2000

EUR million		1996	1997	1998	1999	**2000**
Net sales		1,262.3	1,074.3	1,226.1	1,412.1	**3,307.7**
Increase in net sales	%	-4.2	-14.9	14.1	15.2	**134.2**
Net sales outside Finland		1,079.9	950.1	1,099.8	1,364.5	**3,251.5**
Earnings before interest, taxes, depreciation and amortisation		165.7	150.0	151.4	202.1	**376.8**
Earnings before interest, taxes, depreciation and amortisation/net sales	%	13.1	14.0	12.3	14.4	**11.4**
Earnings before interest and taxes		89.7	87.3	84.1	113.9	**182.1**
Earnings before interest and taxes/net sales	%	7.1	8.1	6.9	8.1	**5.5**
Profit before exceptional items		70.7	88.0	79.6	94.4	**121.1**
Profit before exceptional items/net sales	%	5.6	8.2	6.5	6.7	**3.7**
Net income		93.0	69.3	61.4	101.8	**81.1**
Shareholders' equity		625.6	686.2	680.5	958.1	**1,032.5**
Return on investment	%	10.7	12.9	10.6	10.4	**8.7**
Return on shareholders' equity	%	8.0	10.4	8.8	9.4	**7.8**
Solidity	%	52.4	57.9	52.5	31.1	**30.8**
Net debt to equity		-0.28	-0.04	0.28	1.09	**1.22**
Current ratio		1.68	1.55	1.09	0.94	**0.96**
Times interest earned		12.06	..	14.47	8.47	**5.40**
Capital expenditure		58.5	77.2	81.7	100.7	**172.7**
Capital expenditure/net sales	%	4.6	7.2	6.7	7.1	**5.2**
Research and development		27.0	5.3	6.2	7.2	**10.0**
Research and development/net sales	%	2.1	0.5	0.5	0.5	**0.3**
Number of shareholders (December 31)		17,888	16,566	16,168	15,966	**15,765**
Personnel (December 31)		8,000	9,974	11,024	23,876	**23,098**

PER SHARE DATA

		1996	1997	1998	1999	**2000**
Earnings per share	EUR	1.76	2.55	2.29	2.39	**2.58**[1]
Dividend, nominal	EUR	0.76	1.01	1.01	1.05	**1.10**[2]
Dividend/earnings per share	%	43.0	39.5	44.1	43.9	**42.7**[2]
Dividend yield						
Series K	%	2.1	2.8	3.2	-	**-**[3]
Series I	%	2.1	2.7	3.1	3.1	**3.9**[2]
Shareholders' equity per share	EUR	23.42	25.63	25.32	30.44	**32.80**
Share price at December 31						
Series K	EUR	35.49	36.83	31.96	-	**-**[3]
Series I	EUR	35.99	37.84	32.63	33.60	**28.40**
Average number of shares adjusted for share issue		28,711,451	26,748,354	26,835,736	27,964,032	**31,475,963**
Number of shares adjusted for share issue at year end		26,711,896	26,775,896	26,874,746	31,475,963	**31,475,963**
P/E ratio						
Series K		20.5	14.3	13.7	-	**-**[3]
Series I		20.8	14.9	14.1	14.0	**11.0**
Market capitalisation at December 31	EUR million	955.1	993.0	952.0	1,057.6	**893.9**

[1] The dilutive effect of the bonds with warrants of 1997 and 1999 included: EUR 2.47

[2] 2000: Board's proposal

[3] Series K and I combined on October 8, 1999

PROPOSAL OF THE BOARD OF DIRECTORS

On December 31, 2000, consolidated non-restricted equity amounted to EUR 472,131,166.29.

On December 31, 2000, Huhtamäki Van Leer Oyj's non-restricted equity was EUR 215,495,117.66 of which the net income for the financial period was EUR -4,568,896.49.

The Board of Directors proposes distribution of the retained earnings as follows:

- to the shareholders EUR 1.10 a share	34,623,559.30
- to be left in the non-restricted equity	180,871,558.36
	215,495,117.66

The Board of Directors proposes that the payment of dividends will be made on April 17, 2001. The dividends will be paid to shareholders who on the record date, April 6, 2001, are registered as shareholders in the register of shareholders.

Espoo, February 13, 2001

Veli Sundbäck	Paavo Hohti	Ivar Samrén
Harry Leliveld	Mikael Lilius	Heikki Marttinen
Jean Philippe Deschamps	Anthony J.B. Simon	Jukka Viinanen

Timo Peltola
Managing Director

AUDITORS´ REPORT

To the shareholders of Huhtamäki Van Leer Oyj

We have audited the accounting, financial statements and the corporate governance of Huhtamäki Van Leer Oyj for the period January 1, 2000 - December 31, 2000. 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 whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. 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 distribution of retained earnings is in compliance with the Companies' Act.

Espoo, February 13, 2001

Thor Nyroos	Esa Kailiala
APA	APA

Management of financial risk

The significant changes in the company structure during the last couple of years and the divestment of the Industrial division have to a large extent set the parameters for the company's financial risk management.

The transformation of the balance sheet from a net asset position in the summer 1999 to a net gearing level of 122% at balance sheet date to an estimated much lower gearing position in the first half of 2001 has been the determinant factor influencing the company's decisions in the area of re-financing, liquidity, interest rate and foreign exchange risk management.

The objective of the financial risk management is to ensure that the company has access to sufficient funding in the most cost efficient way and to minimize the impact on the company from adverse movements in the financial markets.

The management of financial risks is guided and controlled by a Finance Committee, led by the CEO. The treasury policies and guidelines, approved by the Finance Committee, set the broad outlines for the company's financial risk management. Risk reports on the company's interest bearing balance sheet items, commercial flows and derivatives are reviewed and required measures approved by the Finance Committee on a monthly basis.

The financial risks are managed centrally by the Treasury function at the Espoo headquarters. Huhtamäki Finance Oy, the in-house finance company, is the centre point of the company's funding and risk management, serving the business units in daily financing, foreign exchange transactions and cash management co-ordination. The Corporate Finance function is in charge of bank relationships, long-term financing, financing in emerging markets and treasury projects.

Foreign Exchange Transaction Exposure

Currency	31.12.2000 Commercial Position (EUR million)	31.12.1999 Commercial Position (EUR million)
USD	49	11
GBP	30	29
AUD	27	15
PLN	15	13
Other	35	36
Total	**156**	**104**

Currency risk

The company had in year 2000 production units in more than 50 countries and is exposed to exchange rate risk through intercompany cross-border trade, external exports and imports, funding of foreign units and currency denominated equities.

Business units are in charge of actively managing their currency risks related to future commercial cash flows. Transaction exposures are managed according to policies and limits defined by the business unit and approved by the Finance Committee. Business units' counterpart in hedging transactions is Huhtamäki Finance Oy.

The largest exposures derive from export and royalty receivables in USD and raw material and trade imports in Australia, U.K. and Poland mainly from the Euro area. In intercompany cross border trade, EUR is used in Europe and USD elsewhere. The net commercial position is monitored on a 12-month rolling basis. Business units report quarterly their net commercial positions to the Treasury. Eligible hedging instruments are currency forwards and in authorized subsidiaries also currency options.

The objective of currency transaction risk management is to identify exposures and protect the company from negative exchange rate movements.

As a main rule subsidiaries are financed in local currencies. In very high interest rate countries business units have drawn loans also in USD or EUR. The total countervalue of such borrowings was EUR 20 million. The estimated currency gain/loss and the interest rate difference between hard currency and local currency borrowings is constantly followed. The positions are re-considered in order to achieve the optimal result taking into account the inherent risk. The Finance Committee defines the borrowing currencies in each country.

Since the company has subsidiaries in non-euro denominated countries, the euro value of such subsidiaries equities varies with exchange rate movements. The equity changes arising in consolidation are reported as a consolidation difference. The main exposures derive from equities in US, Australian and UK subsidiaries.

The company hedges its translation risks selectively by using foreign currency loans and derivatives taking into account market functionality and hedging costs. Changes in EUR values of such hedges are offset against the consolidation difference. Equity hedging decisions are made by the Finance Committee.

Interest rate risk

The interest bearing debt, including related hedging measures, exposes the company to interest rate risk, namely repricing- and price risk caused by interest rate movements. The company manages interest rate risk by selection of debt interest periods and by using forward rate agreements, interest rate swaps and options in order to maintain targeted duration and fixed/floating debt ratios. Of net debt after hedges in the main borrowing currencies EUR and USD, 20% and 32% respectively carried a fixed rate at measurement date. Management of interest rate risk is centralized to the company's Treasury.

The objective of interest rate risk management is to maintain in the long term the lowest possible average interest rate level for outstanding and estimated debt through active readjustment of debt duration.

Liquidity and re-financing risk

The company maintains sufficient liquidity reserves at all times by efficient cash

Currency split and Maturity Structure of outstanding Net Debt including hedges

	31.12.2000									31.12.1999		
	EUR million	Average	Average	Debt repricing in period, incl. derivatives						EUR million	Average	Average
Currency	equivalent	Maturity	Rate	2001	2002	2003	2004	2005	Later	equivalent	Maturity	Rate
EUR	701	0.8 y	5.3%	565		35	50	50	1	685	2.5 y	4.5%
USD	415	0.8 y	6.8%	329	12	12	2	12	48	171	2.2 y	6.3%
AUD	92	1.8 y	7.4%	20	5	5	62			114	2.5 y	6.7%
GBP	77	0.2 y	6.2%	77						74	0.2 y	5.9%
Other	78	0.3 y	8.2%	55	23					97	0.9 y	9.2%
Total	**1,363**	**0.8 y**	**6.1%**	**1,046**	**40**	**52**	**114**	**62**	**49**	**1,141**	**2.4 y**	**5.5%**

Debt structure (EUR million)

	31.12.2000									31.12.1999		
	Amount	Amount		Maturity of facility						Amount	Amount	
Debt type	drawn	available	Total	2001	2002	2003	2004	2005	Later	drawn	available	Total
Syndicated Loan Facility	350	0	350				350			430	220	650
Committed Bilateral Revolving Facilities	494	110	604	300		256	48			213	134	347
Private Placements	101		101			23			78	115		115
Long Term Loans	131		131		70	61				149		149
Finnish Commercial Paper Program	238	112	350	350						174	102	276
Short-term Bank Loans	50		50	50						51		51
Bank Overdrafts	77		77	77						74		74
Total	**1,441**	**222**	**1,663**	**777**	**70**	**340**	**398**	**0**	**78**	**1,206**	**456**	**1,662**

Outstanding Off-balance sheet instruments Summary (EUR million)

	31.12.2000										31.12.1999	
	Nominal Value				Maturity Structure						Nominal Value	
Instrument	Bought	Sold	Gross	Net	2001	2002	2003	2004	2005	Later	Gross	Net
Currency forwards												
for transaction risk			532		532						78	
for financing purposes			502		502						396	
Currency options			0								4	
Forward Rate Agreements												
EUR	320	120	320	200	200						197	
USD												
Interest Rate Swaps												
EUR	100		100	100				50	50		300	300
USD	34	21	56	13	34			-21			69	29
other	87		87	87	19		68				83	105
Interest Rate Options				0								0

management structures such as cash pools and concentration accounts managed by the treasury and by maintaining overdraft facilities. Excess funds are invested in liquid money market instruments. Business units report regularly their cash flow forecast and working capital development and treasury ensures that all business units´ financing needs will be met.

The company has unused committed credit facilities to ensure financing resources under all circumstances. In addition, the company has uncommitted credit facilities with relationship banks.

Re-financing risk is managed by maintaining a balanced maturity structure of long-term loans. Temporarily due to the divestment of the Industrial division (closed after balance sheet date) the reported debt maturity structure is exceptionally short. The proceeds from the divestment will be used to pay back loan advances maturing during the first half of the year.

Counterpart risk

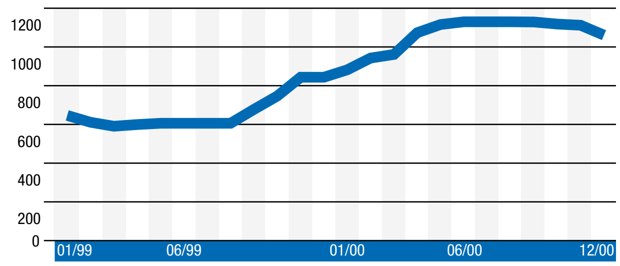
Huhtamaki Finance Oy invests liquid funds only at banks with which it has credit facilities and may invest in government bonds, in treasury bills and in commercial papers of borrowers with a solid investment grade rating and selected Finnish corporate issuers.

Counterpart risk arising from derivatives is limited by concluding transactions with only financially strong banks.

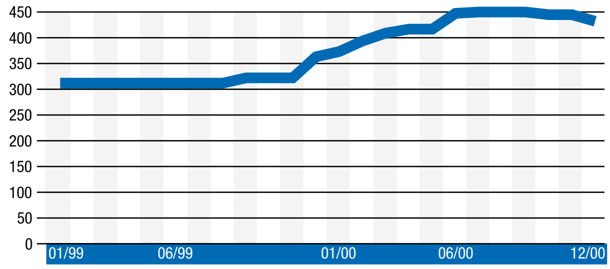
All off-balance sheet instruments except for interest rate swaps and options are marked to market as per balance sheet date. Unrealised gains and losses are booked as accrual to the result for the period. For interest rate swaps and options the net interest amount to be paid or received at next fixing is accrued until balance sheet date

Supplementary financial information

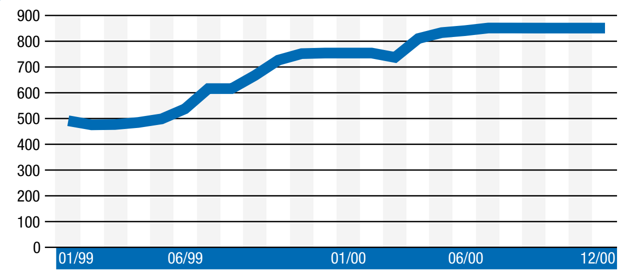
Raw material prices



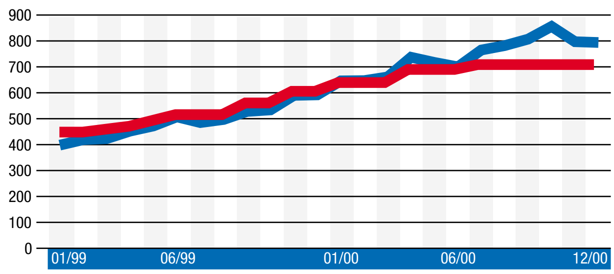
Polystyrene
EUR/MT
Increase 91%
Consumption 150.000 tonnes



Steel
EUR/MT
Increase 44%
Consumption 725.000 tonnes



Polypropylene
EUR/MT
Increase 79%
Consumption 60.000 tonnes



Pulp
EUR/MT USD/MT
Increase 96% (EUR), 53% (USD)
Consumption 130.000 tonnes

Factors affecting EBIT in 2000 against 1999 pro forma

EUR million	
Consumer Packaging EBIT change	
Raw material price increases	-166
Other cost increases	-10
Own price increases	+132
Synergy benefits	+20
Volume growth	+14
Currency changes	+5
Structural changes	-5
Total	-10
Industrial EBIT change	-11
Corporate EBIT change	+13
Total	-8

Sensitivity to USD

The effects of changes in exchange rates have been simulated using the actual 2000 Consumer figures as a starting point and adding the new U.S. operations to the calculations. The effect on net dept is based on the projected debt structure after the divestment of industrial packaging operations.

Effect of a 10% decline in USD against EUR	
Net sales	-3%
EBIT	-2%
Net debt	-3%

Definitions for key indicators

Earnings per share	=	Profit before exceptional items, minority interest and taxes - minority interest - taxes / Average fully diluted number of shares
Dividend yield	=	100 x issue-adjusted dividend / Issue-adjusted share price at December 31
Shareholders' equity per share	=	Equity + untaxed reserves - deferred tax and minority interest in untaxed reserves / Issue-adjusted number of shares at December 31
P/E ratio	=	Issue-adjusted share price at December 31 / Earnings per share
Market capitalisation	=	The number of shares issued at December 31 multiplied by the corresponding share price on the stock exchange
Return on investment	=	100 x (Profit before exceptional items, minority interest and taxes + interest expenses + other financial expenses) / Balance sheet total - interest-free liabilities (average)
Return on shareholders'equity	=	100 x (Profit before exceptional items, minority interest and taxes - taxes) / Equity + minority interest + untaxed reserves - deferred tax in untaxed reserves (average)
Net debt to equity	=	Interest bearing net debt / Equity + minority interest + untaxed reserves - deferred tax in untaxed reserves
Solidity	=	100 x (equity + minority interest + untaxed reserves - deferred tax in untaxed reserves) / Balance sheet total - advances received
Current ratio	=	Current assets / Current liabilities
Times interest earned	=	Earnings before interest and taxes + depreciation and amortisation / Net interest expenses

Administration and auditors

BOARD OF DIRECTORS

Chairman

VELI SUNDBÄCK (54)

Executive Vice President
Nokia Oyj
Shares: -

Vice Chairman

PAAVO HOHTI (56)

Secretary General
Finnish Cultural
Foundation
Shares: -

Vice Chairman

IVAR SAMRÉN (62)

Chairman
Stichting Van Leer
Group Foundation
Shares: -

Members

JEAN PHILIPPE DESCHAMPS (59)

from April 12, 2000

Professor
International Institute
for Management Development
Shares: -

HARRY LELIVELD (62)

Executive Director
Stichting Van Leer
Group Foundation
Shares: -

URPO KANGAS (50)

until April 12, 2000

Prof. Dr in private law
Helsinki University
(not pictured)

MIKAEL LILIUS (51)

President and CEO
Fortum Oyj
Shares: 3,600

HEIKKI MARTTINEN (54)

CEO
Eimo Oyj
Shares: -

ANTHONY J.B. SIMON (55)

President Marketing
Unilever Bestfoods
Shares: -

JUKKA VIINANEN (53)

President and CEO
Orion Corporation
Shares: -

Audit Committee: Ivar Samrén, Chairman
Harry Leliveld, Heikki Marttinen, Jukka Viinanen

Remuneration Committee: Veli Sundbäck, Chairman
Mikael Lilius, Anthony J.B. Simon, Jean Philippe Deschamps

Nomination Committee: Veli Sundbäck, Chairman
Paavo Hohti, Harry Leliveld, Heikki Marttinen,
Ivar Samrén

AUDITORS

- Thor Nyroos, APA
- Esa Kailiala, APA

Deputies

- Pekka Pajamo, APA

EXECUTIVE COMMITTEE

Chairman

TIMO PELTOLA (54)

Dr. (Hc)
CEO since 1989
Joined the company in 1971
Positions of Trust/Memberships: Member of the Boards of Directors of Nordea Plc and AvestaPolarit Oyj, Chairman of the Supervisory Board of Ilmarinen Pension Insurance Company, Member of the Supervisory Boards of the Finnish Cultural Foundation and the Finnish Fair Corporation
Shares: 22,500
Share options:
1997 40,000
2000 15,000

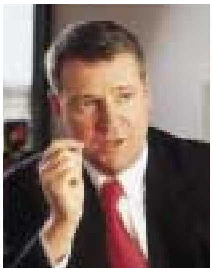
TIMO SALONEN (42)

Chief Financial Officer
Joined the company in 1991
Shares: 1,500
Share options:
1997 15,000
2000 8,000

TONY COMBE (39)

from September 1, 2000

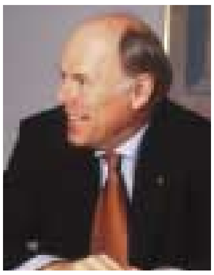
Executive VP Asia and Oceania
Joined the company in 1980
Shares: -
Share options:
1997 12,000
2000 8,000



MARK STATON (41)

from September 1, 2000

Executive VP Americas
Joined the company in 1980
Shares: -
Share options:
1997 15,000
2000 8,000



H.R. (HENK) KOEKOEK (54)

from March 15, 2000

Executive VP
Technology and R&D
Joined the company in 1973
Shares: 3,400
Share options:
2000 8,000

MATTI TIKKAKOSKI (47)

Executive VP
Europe, Product Categories
Joined the company in 1980
Shares: 3,000
Share options:
1997 20,000
2000 8,000

Christian Betbeder
Director, Merger Integration
Retired on September 1, 2000

Francisco de Miguel
Division President, Industrial Packaging
Resigned from Executive Committee on November 1, 2000

Alexander Schuit
Division President, Food Packaging
Resigned on March 15, 2000

Corporate governance

A Board of Directors consisting of nine members governs Huhtamaki. The Annual General Meeting (AGM) elects the Board members for an annual term. The Board members are principally non-executive, i.e. not employed by the company. The Board elects its Chairman and two Vice-Chairmen from among its members.

Based on a mutual shareholders' agreement, the company's two largest shareholders, the Finnish Cultural Foundation (together with the Association for the Finnish Cultural Foundation) and the Stichting Van Leer Group Foundation, are entitled to nominate one Board member each, provided their shareholding is between 5% and 10%, and two members when their shareholding exceeds 10% but not 15%. The remaining Board members, including Chairman, are independent of the two foundations and are elected by the AGM.

The Board is vested with the powers specified in Finnish Companies Act and the company's Articles of Association. It sets the company's financial and strategic objectives, and approves main policies, strategic and business plans, significant acquisitions and divestments as well as capital expenditure projects exceeding EUR 25 million. The Board meets at least six times per year.

The Board has established three committees. The Nomination Committee prepares proposals to the AGM concerning Board members and their remuneration. The Remuneration Committee prepares human resources issues dealt with by the Board and discusses the remuneration principles for senior management. The Audit Committee reviews the company's annual accounts, consults with the external auditors and monitors the company's audit, control and internal reporting mechanisms.

The company's day-to-day operation is the responsibility of the Chief Executive Officer (CEO), who is also Chairman of the Executive Committee. The Board appoints the CEO and five other Executive Committee members from senior management. The Executive Committee convenes at least once a month and additionally on specific topics such as strategy and annual business plans.

Remuneration and benefits

The AGM held on April 12, 2000, maintained the remuneration of the Board of Directors as follows: Chairman FIM 450,000 (EUR 75,685), Vice-Chairmen FIM 260,000 (EUR 43,730) and other members FIM 200,000 (EUR 33,638) annually.

The remuneration of senior management consists of a base salary, benefits such as routine health care and company car, an annual bonus linked to corporate and personal objectives (short-term incentive; typically up to 30% of base salary depending on level of responsibility), as well as stock options issued from time to time (long-term incentive). The compensation structure for line managers while, following local law and practice is based on an internationally recognised job grading system and an annual review of individual performance. The remuneration, pensions, insurance, severance and expatriate policies concerning former Huhtamaki and Van Leer management were reviewed and reconciled during 2000.

The Executive Committee members are entitled to retirement upon reaching sixty years of age. They, as well as certain other senior executives, have been provided with a general Directors' and Officers' liability insurance policy, and a severance pay exceeding the legal minimum in their respective countries of operation.

In 2000, the CEO´s total compensation amounted to EUR 550,370.

The Executive Committee members have an aggregate of 157,000 stock options under schemes adopted in 1997 and 2000. These schemes extend to some 90 executives and managers across the company and its subsidiaries. A total of 1,350,000 stock options may be allocated to management in 2000-2006 pursuant to the stock options schemes of 1997 and 2000.

Organisation

● Executive Committee

- **Board of Directors**
  - ● **Chief Executive Officer** — *Timo Peltola*
    - Global Sourcing — *Jan Lång*
    - Human Resources — *Hannele Salminen*
    - IR, Communications — *Markku Pietinen*
    - ● **Executive VP** Americas — *Mark Staton*
      - Control — *Thomas Wilkas*; HR — *Carl Walker*
      - Food Packaging — *Bud Philbrook*
      - Retail — *Phil Pierucci*
      - Food Service — *Frank de Moes*
      - Fruit Packaging — *Ted Smith*
      - Latin America — *Francisco Payno*, *Carlos Carrasquilla*
    - ● **Executive VP** Asia, Oceania — *Tony Combe*
      - Control — *John Freeburn*; HR — *Glenn O´Brien*
      - Moulded Fibre — *Martin Wood*
      - Flexible Food Packaging — *Vijayan Kuttan*
      - Rigid Food Packaging — *Ross Curtis*
      - Food Service — *Len Harvey*
      - Flexibles Thailand — *T.Thedratanawong*
      - Hong Kong, Taiwan, Japan — *Stèphane Eloit*
      - China — *Yang Liming*
      - Indonesia, Malaysia, Singapore — *Philippe Richez*
    - ● **Executive VP** Europe, Product Categories — *Matti Tikkakoski*
      - **Categories**
        - FMCG — *Dirk Jan de Graaff*
        - Food Service — *Kim Aganimov*
        - Fresh Foods — *Hannu Kottonen*
      - Business Development Europe — *Juha Korppi-Tommola*
      - North East Europe — *Tapio Pajuharju*
        - Finland — *Tapio Pajuharju*
        - Sweden — *Olle Björkenström*
        - Norway — *Samuli Lehtonen*
        - Russia — *Pentti Ikävalko*
      - UK, Ireland — *Charles Woodward*
      - Central & Eastern Europe — *Karl Pfenninger*
        - Rigid Packaging — *Per Snejberg*
        - Moulded Fibre — *Ulf Wienböker*
        - Czech Republic — *Oldrich Sobotka*
        - Poland — *Zbigniew Woznica*
      - South Europe — *Dominique Kieffer*
        - France — *Christopher Aynès*
        - Italy — *Paolo Mastropietro*
        - Spain — *Agùstin Garcia*
        - Moulded Fibre — *Jacques Périé*
    - ● **Chief Financial Officer** Finance, Legal, Administration — *Timo Salonen*
      - Legal — *Juha Salonen*
      - Control — *Kai Iivari*
      - Finance — *Evert Ariens*
      - Information Systems — *Riku Lindfors*
    - ● **Chief Technology Officer** Technology, R&D — *Henk Koekoek*
      - Turkey, Africa — *Jan Lång*
        - Turkey — *Olli Koponen*, *Bulent Samli*
        - South Africa — *Alan Cartey*, *Martin Carew*, *Timo Keski-Mattila*
        - India — *Suresh Gupta*
      - Protective Packaging — *Joel Portnoj*
      - Polarcup Earthshell — *Panu Ala-Nikkola*
      - Films — *Walter Günter*
      - Technology Centres
      - Environmental Affairs

Group environmental policy

As a leading global provider of high performing consumer packaging products and services, Huhtamaki recognises its responsibility to contribute to sustainable development. The Group will continue to integrate standards for Quality, Hygiene, Safety, Health and Environment into its day-to-day business as an essential element of management.

As a matter of course, we will conduct our business in compliance with all applicable laws and regulations, and in accordance with our ethical and societal responsibilities.

We will continuously improve our management, total quality and environmental performance.

We will ensure that our packaging products, while meeting customers' requirements for functional properties and the highest standards for hygiene and safety, are developed and designed to achieve prevention at source, the use of renewable or recycled materials, and the recyclability of the packaging product itself.

We manufacture our products with the aim to minimise natural resource depletion, to optimise process efficiency, to apply the best available techniques and practices, and to reduce solid waste generation, effluent discharges and emissions to air.

We will educate, train and motivate all employees to instil throughout the Group a keen sense of environmental responsibility and accountability.

We will engage our suppliers to comply with our stringent standards of quality, safety, hygiene and environmental excellence.

As an industry leader, we are keen to co-operate with public, governmental and industrial organisations, both at national and international level, to develop effective and balanced environmental standards and modes of operation.

We will transpose this policy into a long-term environmental programme, requiring detailed annual action plans and progress reports from our operating units.

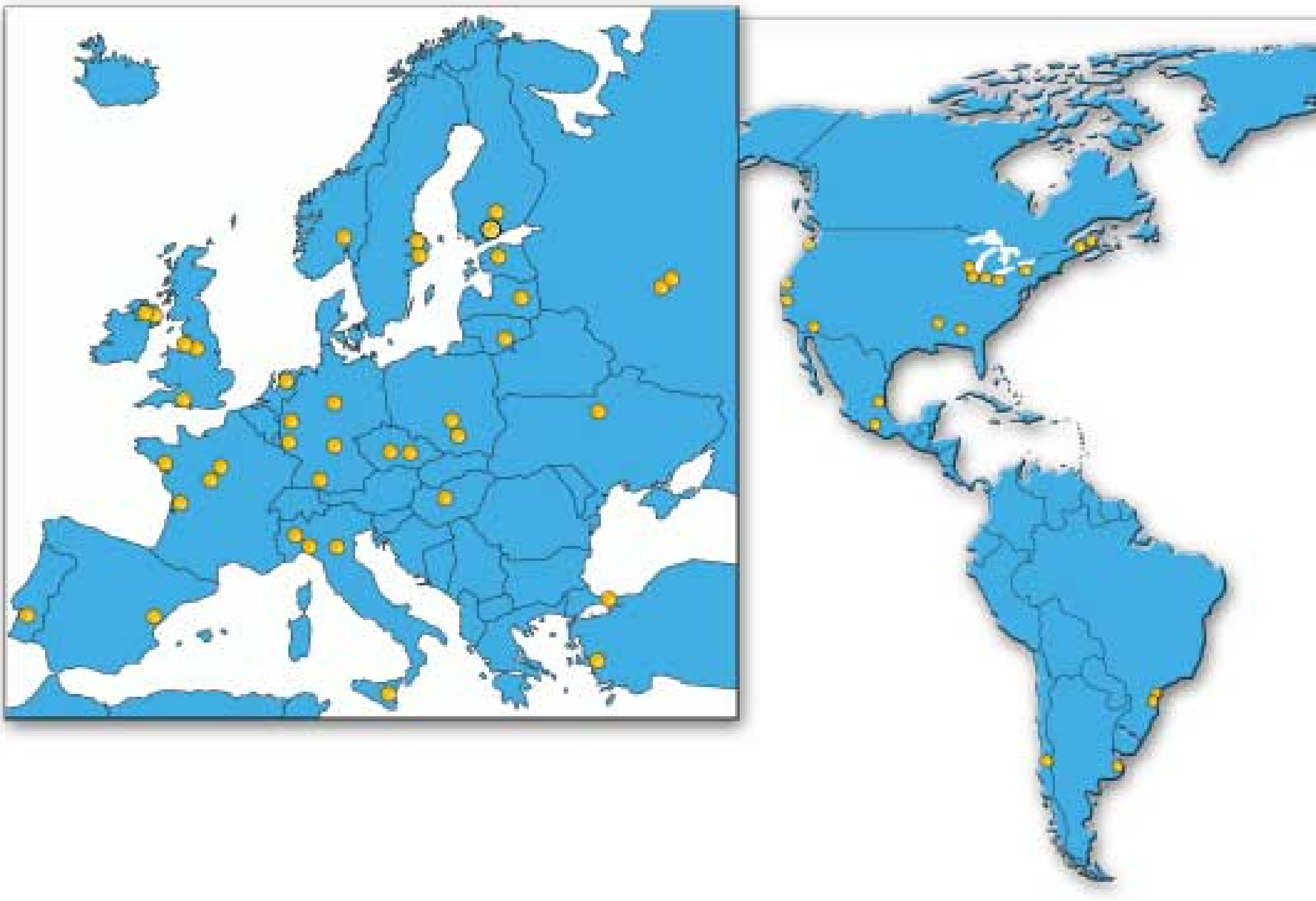
We will communicate our environmental record to our stakeholders using widely accepted concepts and measurements.

Innovation driven by the environment: Our latest Strongholder® food and drink tray, made from food safe moulded fibre material. Paper cups with a biodegradable (PLA) coating, paper lids and PLA straws complement the offering.

ENVIRONMENTAL HIGHLIGHTS IN 2000

- The Van Leer transaction made Huhtamaki the world's largest manufacturer of moulded fibre packaging. This environmentally sound material, which is made from recovered paper, now accounts for 25% of our total sales
- To ensure a smooth supply of first class raw material for moulded fibre operations, we collected and traded a total of 530,000 tonnes of recycled paper, 5 times our own needs in Europe
- The Chinet® brand of smooth-moulded fibre plates and bowls was relaunched in Europe as a premium, environmentally sound food service range. The products are made in Norway from cupstock cuttings supplied from our Finnish paper cup unit.
- We helped Helsinki to make a good impression of herself as one of European Culture Capitals. At one of the largest events, the Tall Ships Race, we and our "Garbage Gang" partners took care of the food service waste from the 500,000 drinks and meals consumed during the three-day event. The result: 88% less packaging waste to landfills, the main part recycled or composted - and a waste management concept now in widespread use.
- We made progress in taking the new, revolutionary EarthShell® food service packaging material and products towards an operational status. While the products now meet stringent functional and environmental criteria, the full-scale manufacturing process has yet to be perfected.
- Our future-oriented projects include cooperation with major customers in order to create environmentally superior packaging products and service concepts, including "closed loop" systems for material recovery and reuse.
- Several of our largest manufacturing units have an ISO 14001 certification for environmental management. The Hämeenlinna plant in Finland has completed its project and awaits accreditation.
- Also in Hämeenlinna, the sorting of combustible waste reduces the waste stream to landfills by 400 tonnes annually, a 75% drop. The system conserves the environment - and saves money.
- The most significant environmental investment was the new recovery unit for printing solvent in Ronsberg, Germany. The unit was an industry first in obtaining the ISO 14001 certification. This means that every major expansion must be accompanied by environmental investments as well.

Key addresses



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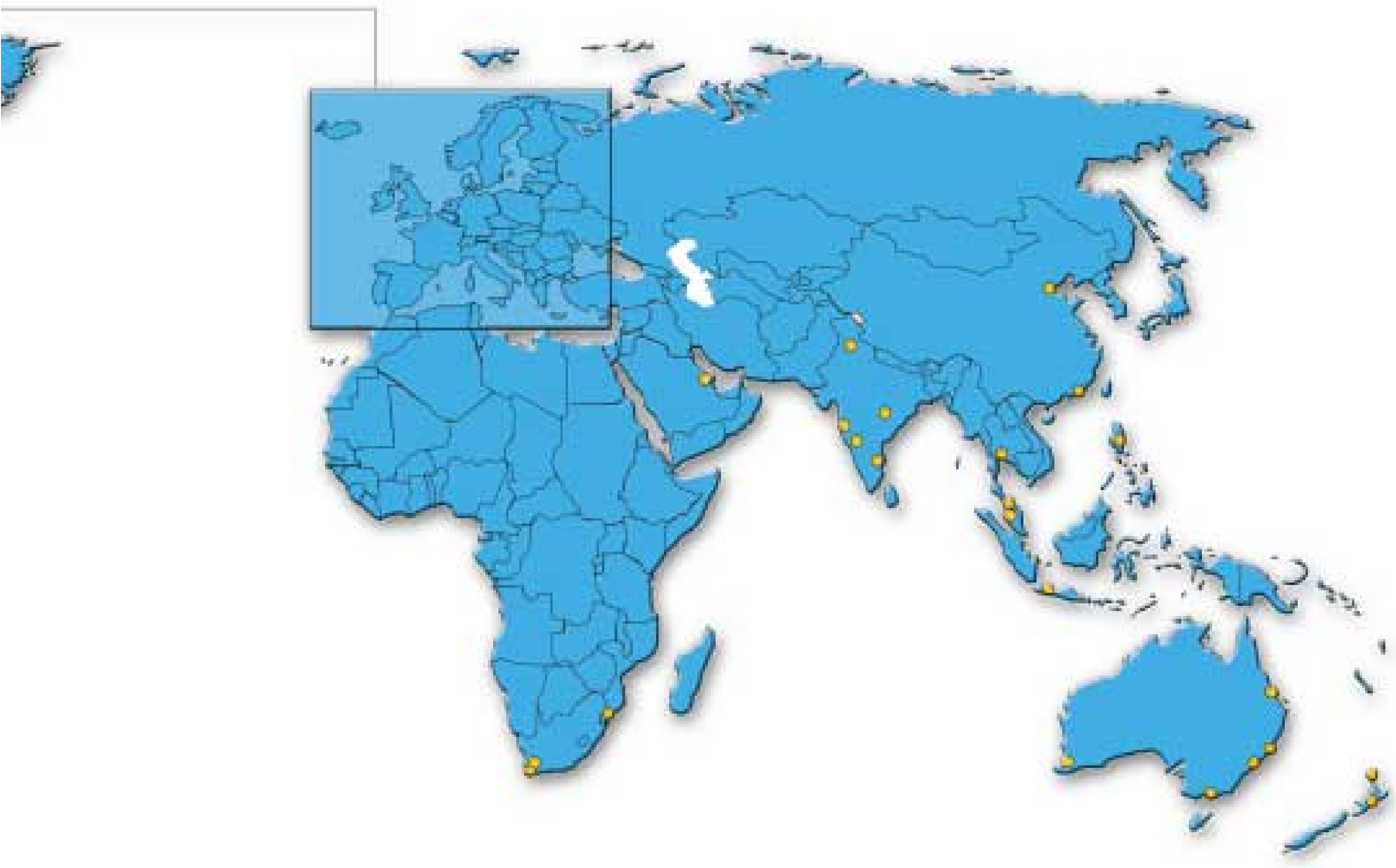

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Fax +1 (0) 913 583 875 6

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Fax +61 (0) 2 979 103 96

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THANE WEST, Maharashtra 400601
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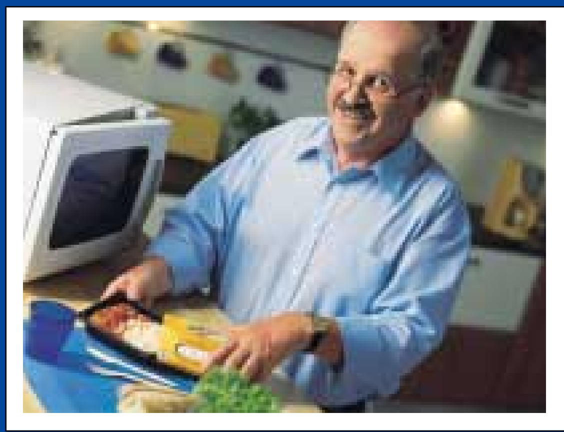
Tel. +91 (0) 22 542 705 1/534 369 1
Fax +91 (0) 22 534 059 9/542 705 0

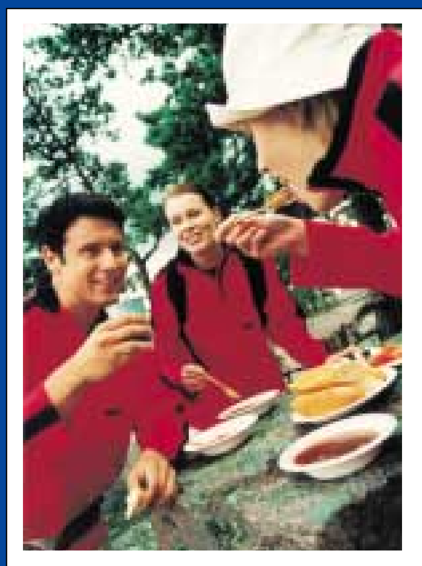
NOTE:

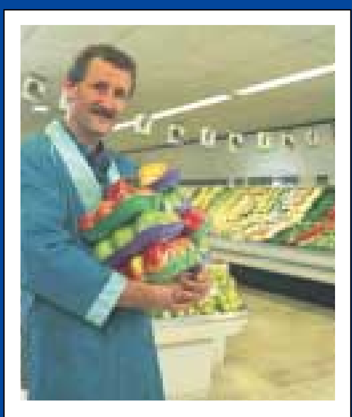
The parent company's name is expected to change into Huhtamäki Oyj in early April 2001. Principal subsidiary and unit names will change accordingly during the first half of 2001. The company names appearing on these pages are not necessarily final. For the addresses of individual units please refer to our Website, www.huhtamaki.com

News headlines in 2000

• **January** **19** Huhtamaki Van Leer divesting metallized products units • **February** **29** Huhtamaki Van Leer reports 21% improvement in pro forma earnings per share • **March** **1** Huhtamaki Van Leer sells fibre cores and tubes units in Sweden and The Netherlands **14** Changes in Huhtamaki Van Leer's organisation and management • **April** **5** Huhtamaki Van Leer divests UK metallized paper unit **12** Huhtamäki Van Leer Oyj´s AGM - Decisions **14** Huhtamaki Van Leer to acquire South African food packaging business • **May** **4** Quarterly pro forma comparison figures **10** 1st Quarter 2000: Huhtamaki Van Leer posts robust growth in sales and earnings **23** Huhtamaki Van Leer: alternative growth opportunities prompt evaluation of industrial packaging • **June** **5** Stora Enso and Huhtamaki Van Leer form joint venture in packaging for mobile communications • **July** No announcements • **August** **8** Interim Report: Huhtamaki Van Leer's sales and earnings growth continues **8** New members in Huhtamaki Van Leer's Executive Committee **10** Huhtamaki Van Leer sells two technical films and coatings units to ITW • **September** No announcements • **October** **2** Huhtamaki to acquire U.S. food packaging company **2** Polarcup Earthshell joint-venture: progress in biodegradable packaging **23** Huhtamaki Van Leer acquires U.S. flexible packaging unit **30** Huhtamaki Van Leer: structural objectives reached, full-year outlook revised **30** Huhtamaki Van Leer to sell industrial packaging operations to U.S. company Greif Bros. • **November** **1** Huhtamaki Van Leer sells Chinese confectionery unit, concludes U.S. packaging acquisition **7** Interim Report: Huhtamaki's structural objectives achieved, slower profit growth **13** Fire damages packaging plant in Poland • **December** **7** Huhtamaki Van Leer launches consultations ahead of contemplated plant relocation **20** Huhtamaki Van Leer: update on corporate transactions **28** Huhtamaki Van Leer: Financial Communications in 2001







HUHTAMAKI

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