



LÄNNEN TEHTAAT ANNUAL REPORT

2000

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Information for shareholders

ANNUAL GENERAL MEETING

The Annual General Meeting of Lännen Tehtaat plc will be held on Thursday, April 5, 2001, at 2.00 p.m. in the Lännen Tehtaat plc staff restaurant in Iso-Vimma, Säkyliä.

Shareholders who are registered as shareholders no later than March 26, 2001 on the list kept by the Finnish Central Securities Depository Ltd may attend the Annual General Meeting.

Shareholders wishing to attend are asked to inform Lännen Tehtaat Head Office by 2.00 p.m. on Tuesday, April 3, 2001.

DIVIDEND

The Board of Directors will propose to the Annual General Meeting that a dividend of FIM 5.00 per share be paid for 2000 in accordance with the company's dividend policy. The Board will propose to the meeting that April 10, 2001 be set as the record date and April 19, 2001 as the dividend payment date. The dividend will be paid to shareholders who are registered as shareholders on the record date on the list kept by the Finnish Central Securities Depository Ltd.

INFORMATION ABOUT RESULTS

Lännen Tehtaat plc will issue the following information on the 2001 financial period:

Annual report week 13
 Interim report for January-March May 9, 2001
 Interim report for January-June August 15, 2001
 Interim report for January-September November 7, 2001

The information will be published in Finnish and English. It can be ordered from Lännen Tehtaat plc, P.O. Box 100, FIN-27821 Iso-Vimma, by telephone +358 2 83971, or by e-mail from arja.antikainen@lannen.fi. The information is also available on the company web pages at www.lannen.fi.

CHANGE OF ADDRESS

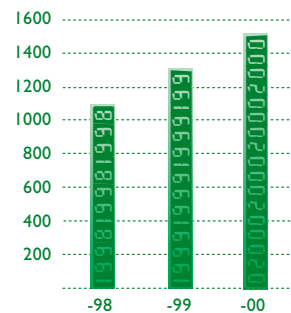
Shareholders are asked to report any changes of name or address to the book-entry securities register with which they have a securities account.

KEY INDICATORS

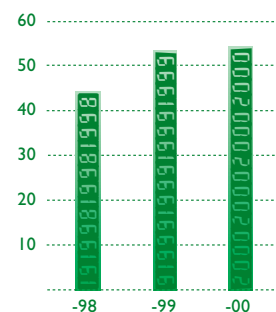
	2000	1999	1998
Net turnover	FIM million 1,555.9	1,341.4	1,141.9
International net turnover	FIM million 470.2	288.4	104.8
Operating profit	FIM million 53.7	53.1	44.0
Profit before extraordinary items	FIM million 51.9	57.4	49.7
Profit before taxes and minority interest	FIM million 51.9	57.4	49.7
Return on investment (ROI)	% 7.9	8.9	9.4
Equity ratio	% 51.7	50.8	63.4
Earnings per share	FIM 7.95	7.84	6.06
Dividend per share	FIM 5.00 ¹⁾	5.00	2.40
Average number of personnel	1,073	997	695

¹⁾ Board proposal

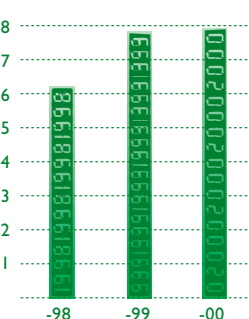
Consolidated net turnover FIM million



Operating profit FIM million



Earnings per share FIM



Lännen Tehtaat



Lännen Tehtaat plc is a company operating in the food sector and quoted on Helsinki Exchanges. The Lännen Tehtaat Group consists of the Food Group, the Machinium Group concentrating on earthmoving and materials handling technology and the Other Business Units Group comprising feed production, seedling technology and contract farming.

The Food Group develops, produces and markets frozen foods, fish products, jams, marmalades and sugar, all from pure, carefully selected raw materials.

The Machinium Group develops and manufactures earthmoving machinery for northern conditions, markets high-quality international earthmoving and materials handling machinery and provides maintenance services.

Lännen Feed, which is one of the Other Business Units, specializes in cattle and pig feeds, Lännen Plant systems focuses on seedling technology and nursery system packages and Lännen Agricultural Department is responsible for contract farming the Finnish crops used as raw material.

Finland and Sweden constitute Lännen Tehtaat's primary home market, but the company has extended its operations to the Baltic Rim in the past few years.

FOOD GROUP



Apetit
Tresko Fish Ltd
Lannen Polska Sp. z o.o.

Frozen foods, jams and marmalades
Fish products
Frozen foods, preserves

Lännen Sugar

Sugar

MACHINIUM



Manufacture

Lännen Engineering Oy

Earthmoving machinery

Sales and maintenance

SMA Construction AB
SMA Maskin AB
AS Balti Ehitusmasin-Baltem

Earthmoving machinery
Forklift trucks and diesel engines
Earthmoving machinery

Sales

Suomen Rakennuskone Oy
SIA BCM Baltijas Celtniecibas Masina
UAB Baltijos Statybines Masinos

Earthmoving machinery
Earthmoving machinery
Earthmoving machinery

OTHER BUSINESS UNITS



Lännen Feed

Compound feeds and feed industry raw materials

Lännen Plant Systems

Containerized seedling production,
planting machines and nursery system packages

Lännen Agricultural Department

Contract farming of Finnish vegetables and sugar beet

Harviala Oy

Production of tree seedlings

President's review

A LOOK AT YEAR 2000

The upward economic trend in Finland continued in 2000. The economy grew, unemployment fell, and consumer purchasing power, private and public spending and exports increased. All this laid a firm foundation for the development of Lännen Tehtaat operations.

At FIM 1.556 billion, Group net turnover exceeded one and a half billion for the first time. The Food Group accounted for 47%, Machinium for 41% and Other Business Units for 12%. The contribution made by international business rose to almost a third of Group net turnover. Profit after financial items was FIM 51.9 million, which was slightly less than last year. Earnings per share, however, showed improvement, at FIM 7.95.

The most encouraging development was experienced in our main area of operation, food products. The Food Group net turnover and operating profit exceeded both last year's level and the budget target, whereas the Machinium Group fell short of its net turnover and profit targets.

Active product development and the move towards easier-to-use and more highly processed foods continued in the Food Group. New organic products were also put onto the market. In Finland, we continued to focus on frozen foods and our own brands. At the end of the financial year, Lännen Tehtaat gave up the sale and marketing of Frionor frozen fish products. In January 2001, the preserved fish business was sold. Efforts to develop and optimize operations continue in the Polish subsidiary.

The first part of the year went according to plan in the Machinium Group. This changed in early autumn, however, when contractors in the earthmoving business postponed their investment decisions in Finland and Sweden because of general uncertainty and a rise in interest rates and fuel oil prices. The Group's Swedish subsidiary fell short of target in post-marketing and sales of materials handling machines. At the beginning of 2001, in order to boost efficiency and clarify the responsibilities of the Swedish subsidiary, the company was split into two companies that diversified into earthmoving machinery, on the one hand, and materials handling machines on the other. Operations in the companies in the Baltic States developed well.

In the Other Business Units, Lännen Feed net turnover rose sharply, mainly thanks to more deliveries of farm feeds. As a result of long and determined work, Lännen Plant Systems signed its first deals on project exports to China. Exports to Russia picked up, too.

Lännen Tehtaat's determined work forwarding environmental goals led to the greatest environmental investment in company history when a new anaerobic wastewater treatment plant was set up in Säskylä in the autumn. This investment ensures that operations at the Säskylä plants can continue to be developed far into the future as laid down in the company's strategy.

The target for 2001 is to achieve an appreciable improvement in profitability, primarily by making subsidiaries outside Finland more efficient.

Our aim is to reach a turnover of FIM 2 billion by 2003. The aim of international trade is to support profitability and growth in the Finnish core business operations. We aim to bring added value to shareholders and create a sound basis for a steady rise in Lännen Tehtaat share value.

SEVEN YEARS AS PRESIDENT

As I now end my seven years as President and transfer over to being Chairman of the Board, leaving operative management to Erkki Lepistö, it is time for me to close the books, so to speak.

The recession that hit Finland in the late 1980s and early '90s also left its mark on Lännen Tehtaat. We have had to undergo drastic restructuring, affecting both our corporate structure and personnel. The path of Lännen Tehtaat as an independent sugar company came to an end with the Sucros deal in 1990. This reorganization meant co-ownership of the Finnish sugar industry, first with Cultor and later with the Danish company Danisco. The key task for the management at that time was to set targets and objectives and to build strategies to ensure future development.

After many ups and downs, the Board decided in 1993-1994 to concentrate on food products, taking the view that frozen food held the greatest promise. The good qualities of frozen foods – such as that they are both healthy and safe – were not generally known at the time. Consumption was at a reasonably low level, especially compared with other Nordic countries.

Over the years, we have systematically followed this basic strategy. With company acquisitions and product development, we have achieved a leading market position with our Apetit, Kesäpöytä and Dronningholm brands.

One of the reasons for our good company and quality image has been the development of contract farming. All our vegetable farmers have been through three years of demanding

IP training, and at the moment we are getting started with training on organic farming aimed at meeting future needs. Consumption of frozen foods has doubled during the past seven years. We have also focused on Poland, where consumption of frozen foods is still low but growth expectations high due to general economic growth in the area.

The Machinium Group, which focuses on earthmoving and materials handling, is structurally ready to reach for future targets. It has a strong market position on the Baltic Rim. A lot of work still needs to be done if it is to grow into an independent and profitable earthmoving group, however.

I have found the past seven years as President of Lännen Tehtaat both rewarding and interesting. We have developed quickly, mainly thanks to the clear basic strategy we have followed and to our extremely competent staff. Lännen Tehtaat is doing well and going through a positive phase of development, and it feels good to leave such a flourishing company in the hands of the new President. There will certainly be plenty of challenges in the future, too.

It is also time to say thank you. I have enjoyed the best period of my working life at Lännen Tehtaat. This was mainly because of the encouraging atmosphere created by my fellow-workers, and the beautiful surroundings of Iso-Vimma in Säkyä. I wish to thank the entire personnel of Lännen Tehtaat for all the work we have done together in the fine Lännen spirit. I also wish to thank our partners for their co-operation, our customers for their trust in us and our owners for the confidence they have shown in our company.

Thank you for everything!



Olli Karckkila

Säkyä, March 2001



Food Group



The Food Group comprises the Apetit unit, Tresko Fish Ltd, Lannen Polska Sp.z o.o. and Lannen Sugar. Apetit develops, produces and markets frozen foods, jams and marmalades. Tresko Fish specializes in fish products, and Lannen Polska is a frozen food factory in Poland. Lannen Sugar sells sweeteners made by the associated company Sucros Ltd on the Finnish retail market.

Net turnover by the Food Group totalled FIM 735.9 million in 2000 (FIM 723.3 million in 1999), an increase of 2% thanks to higher sales by Lannen Sugar and Lannen Polska. In the Apetit unit, highly processed frozen meals and potato products did particularly well, as did Dronningholm jams, which were on the market for the whole year. Sales of frozen fish and vegetable products decreased however.

Frozen foods accounted for FIM 268.2 million (FIM 274.3 million) of net turnover. The operating profit figure of FIM 44.3 million clearly exceeded the previous year's level and the target set for 2000.

Investments totalled FIM 11.5 million, the main focus being on increasing productivity in Finland and Poland.

APETIT

According to monitoring information released by the Finnish Food and Drink Industries' Federation, the sales volume of food companies rose by over 3%. Net turnover rose by almost 5%. The strong increase in consumption of frozen foods evened out in Finland in 2000. According to the Finnish Frozen Food Industries' Association, the figure rose by almost 5% particularly in vegetable products and baking doughs.

Lannen Tehtaat is a market leader in Finland in frozen foods and retail jams and marmalades. According to a survey by I.R.O. Research Ltd. we have two of the best-known frozen food brands in Finland: Apetit and Kesäpöytä. In 2000, sales of Apetit and Kesäpöytä ready meals and potato products rose sharply.



Food Group, FIM million	2000	1999
Net turnover	735.9	723.3
Percentage of consolidated net turnover	47%	54%
Operating profit	44.3	35.0
Investments	11.5	18.4
Average personnel	507	568

Net turnover by business unit, FIM million	2000	1999
Apetit	337.3	342.0
Lannen Sugar	353.9	337.9
Tresko Fish Ltd	28.7	28.3
Food Processing Koivukangas Oy	-	19.3
Lannen Polska Sp. z o.o.	27.7	23.9
Internal sales	-11.7	-28.1
	735.9	723.3

FOOD GROUP

Lannen Tehtaat's Food Group develops, produces and markets frozen foods, jams, marmalades and fish products from pure, carefully selected raw materials. Its selection also includes sweeteners made by Sucros Ltd. Lannen Tehtaat is Finland's market leader in frozen foods and in jams and marmalades produced for retail.



In 2000, the Apetit unit focused on increasing the degree of processing and putting new products onto the market. During the year, Apetit improved the efficiency of its processing operations and optimized the utilization of fresh raw materials.

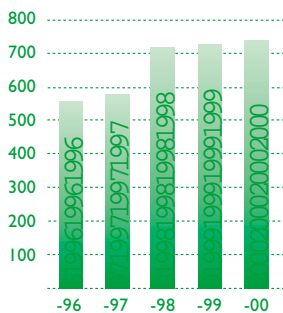


The range of ready meals and side dishes was supplemented with many products. In the spring, for example, several potato and vegetable alternatives and stews were introduced, and in the autumn, soups and pizzas. Young people were the target group aimed at with BigPlate pizzas, which were very well received. The range of jams and marmalades was increased with, for example, Dronningholm marmalades.

Organic products will form an increasing part of Apetit's product range now and in the future. In 2000, we had five different products on the retail market. In addition to vegetables, we also offer an organic pizza base. We intend to increase the number of organic products in 2001. Another aim is to start training the farmers that provide organic raw materials. When full training has been provided, all Finnish raw materials used by the Apetit unit will be produced in accordance with Integrated Production (IP), organic or baby food requirements.

Antti Kerttula
Director of Apetit

Net turnover, Food Group,
FIM million



Food Group

The reorientation of Lannen Polska's operations continued in 2000. Most of the work involved in changing the organization and widening the product range has been carried out and the products are available on the retail market. Increase in the consumption of frozen foods rose more slowly than expected, however, and the company did not reach its sales objectives. The loss made was greater than in 1999.



The development of quality and environmental aspects continued in line with objectives laid down by the Lannen Tehtaat Group. Operations in Säkytä and Turku have received both the ISO 9001 quality certificate and the ISO 14001 environmental certificate. Tresko Fish will be ready for certification in spring 2001.



The net turnover of Apetit is forecast to fall and that of Lannen Polska to rise in 2001. The fall in Apetit's case will be caused by the fact that sales of Frionor frozen fish products ended in December, when the brand name was taken over by another company. During 2001, Apetit will be introducing frozen fish products under its own brand for both retailers and institutional consumers. Net turnover was further lowered by the sale of the preserved fish business in January 2001.

Apetit's financial performance is expected to continue positive in 2001, relying mainly on highly processed, easy-to-use frozen ready meals and on semi-processed foods.



LÄNNEN SUGAR

Lännen Sugar sells the sugar-based products of Lännen Tehtaat's associated company Sucros Ltd on the Finnish consumer market. Finnsugar Ltd is in charge of product development.

Household consumption of sugar increased slightly in 2000 after many years of falling figures. Thanks to the good apple and berry harvest, preserving increased sugar consumption by about 2%. Sales of jam sugar set an all-time record. Finnish households consumed about 12 kg of sugar per person in 2000, which is above the EU average.



In spring 2000, Lännen Sugar was awarded an ISO 9002 quality certificate for its operations.

The overall market for sugar is expected to remain at the same level in 2001, but the market for consumer sweeteners is expected to fall by 4%.

Ilkka Jaskari
Director of Lännen Sugar



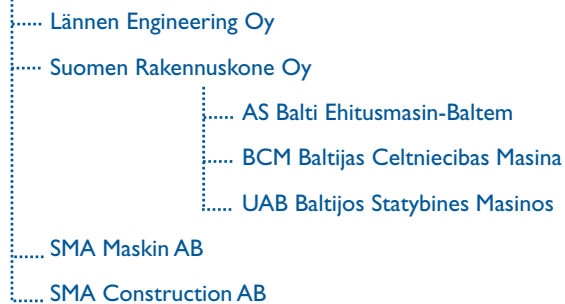
Machinium

The Machinium Group consists of the parent company Machinium Ltd; Lännen Engineering Oy, which manufactures earthmoving machinery; the sales companies Suomen Rakennuskone Oy in Finland, SIA BCM Baltijas Celtniecibas Masina in Latvia and UAB Baltijos Statybines Masinos in Lithuania; the sales and maintenance companies SMA Maskin AB and SMA Construction AB in Sweden; and AS Balti Ehitusmasin-Baltem in Estonia.

A separate company, SMA Construction AB, was set up at the beginning of 2001 to handle the import, retail and maintenance of SMA Maskin AB's earthmoving machines. SMA Maskin AB continues to handle forklift truck import, retail and service.

MACHINIUM Group

Machinium Ltd



Group companies sell Lännen and Komatsu earthmoving machinery in Finland, Sweden and the Baltic States, and SMA Maskin AB sells Hyster forklift trucks and Cummins diesel engines in Sweden. Maintenance services now constitute an important part of operations in Sweden, side by side with sale of machinery. Machinium is the market leader in earthmoving machinery in Finland, Estonia and Latvia.

MACHINIUM

The Machinium Group markets and sells high-quality international earthmoving and materials handling machines, and develops and manufactures heavy-duty backhoe loaders. Machinium also produces maintenance and spare part services for the makes it represents. Operations focus on the Baltic Rim.



Machinium Group, FIM million	2000	1999
Net turnover	632.6	454.1
Percentage of consolidated net turnover	41%	34%
Operating profit	1.0	9.5
Investments	8.8	64.7
Average personnel	433	296

Net turnover by business unit, FIM million	2000	1999
Machinium Ltd	0.7	0.4 ¹⁾
Suomen Rakennuskone Oy	236.1	208.4
Lännen Engineering Oy	100.1	96.8
SMA Maskin AB	380.8	192.9 ¹⁾
Lännen Maskin AB	-	35.5
AS Balti Ehitusmasin-Baltem	18.2	10.4
SIA BCM Baltijas Celtniecibas Masina	5.4	2.8
UAB Baltijos Statybines Masinos	0.7	0.1
Internal sales	-109.4	-93.2
	632.6	454.1

¹⁾ 1.7.-31.12.1999



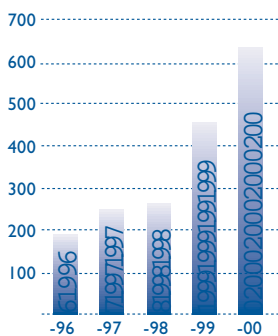
Net turnover by the Machinium Group totalled FIM 632.6 million (FIM 454.1 million), which was below the target set. Earthmoving machinery sold well in the first part of the year, but sales tapered off in the autumn when contractors in the earthmoving business postponed their investment decisions in Finland and Sweden. This was caused by a rise in interest rates and the price of fuel oils, and general uncertainty.

Against expectations, operating profit did not reach the same level as last year, and the net result was negative, SMA Maskin AB being most below expectations. Poor profitability in the Swedish subsidiary was caused by lower net turnover than expected from the sale and maintenance of materials handling machines and by above-budget expenses.

Markku Routasalo
Director of Machinium Group



Net turnover
Machinium Group, FIM million



Machinium

Lannen

KOMATSU

HYSTER

Cummins

BOMAG

LÄNNEN ENGINEERING OY

The market share of backhoe loaders manufactured by Lännen Engineering remained at last year's level in Finland and Sweden. In Finland, Lännen backhoe loaders account for about half the market for new machines. Demand fluctuated substantially: the spring was busy and the autumn was quiet. This increased manufacturing pressures and raised costs.

Net turnover was at the previous year's level, but operating profit fell slightly short of the 1999 figures.

In the autumn, Lännen Engineering introduced the new Lännen 880S backhoe loader, which will be available on the market in spring 2001. Using new technology, this versatile heavy-duty machine is aimed at the Finnish and Swedish markets.

Profitability is expected to improve somewhat as sales increase.



SUOMEN RAKENNUSKONE OY

Sales of earthmoving machinery increased rapidly in Finland in the spring, but tapered off by the autumn. On the whole, the sale of new machinery was at the 1999 level. Suomen Rakennuskone retained its position as market leader despite keener competition. Suomen Rakennuskone accounts for about one fifth of total sales of new earthmoving machinery.

Net turnover and profit were slightly better than last year.

A deal was made during the year with the Finnish Defence Forces on the delivery of a series of specially built backhoe loaders in 2001 and 2002. The machines will be designed and manufactured by Lännen Engineering Oy.

The market for earthmoving machinery in 2001 is expected to remain at the 2000 level. As a result of improved operating efficiency, profitability is expected to improve, however.



SMA MASKIN AB

Sales of earthmoving machinery in Sweden remained at the previous year's level. What was new was the higher proportion of small machines sold. Sales of materials handling machines rose by over 20%. SMA Maskin AB's position on the earthmoving market was strengthened, but the sale and maintenance of materials handling machines were below target. Maintenance operations were hampered among other things by the lack of qualified maintenance personnel.

Creation of SMA Maskin AB's quality and environmental systems continued during the year in line with the principles laid down by the Lännen Tehtaat Group.

To improve efficiency, SMA Maskin AB was divided at the beginning of 2001 into SMA Construction AB, which deals with earthmoving machinery, and SMA Maskin AB, which focuses on materials handling machines. The maintenance and spare part organizations have also been divided between these two companies. The arrangement will make operations in Sweden more efficient and increase synergy benefits between the Group's subsidiaries on the earthmoving market.

As it begins operations, SMA Construction AB is the third-largest company on the earthmoving machinery market in Sweden. SMA Maskin AB will strengthen its position largely because of its extensive maintenance network. The company sells and rents materials handling machines and supplies related maintenance services. It also offers full maintenance leasing contracts, covering all of the customer's machinery. At the moment, SMA Maskin AB contracts cover over 2,000 machines in Sweden. Its customers include many companies in the Swedish large-scale industry which have outsourced their forklift truck maintenance and financing to SMA Maskin AB.

No major changes are expected on the Swedish market in 2001. Sales of earthmoving machinery will probably remain at the current level. The trend in sales of materials handling machines should remain good. The market shares of SMA Maskin AB and SMA Construction AB are expected to increase, thanks to their greater efficiency and wider product range.



THE BALTIC COMPANIES

Sales of earthmoving machinery developed well despite fluctuating economic trends. The net turnover and profits of the Baltic companies in the Machinium Group exceeded last year's level. Baltem net turnover and profit were boosted by deliveries of heavy-duty bulldozers in connection with an Estonian project to boost local energy production.

In order to improve services, own maintenance operations were started in Estonia at the end of the year. In 2001, upward economic trends are expected throughout the Baltic region.

Other Business Units

OTHER BUSINESS UNITS

consist of Lännen Plant Systems, Lännen Agricultural Department, Harviala Oy and Lännen Feed. Lännen Plant Systems develops, produces and markets seedling and planting technology. Lännen Agricultural Department is responsible for contract farming the Finnish crops used as raw material. Lännen Feed specializes in developing and producing cattle and pig feeds.

PLANTEK

HARVIALA

MELLA



LÄNNEN PLANT SYSTEMS develops, produces and markets seedling and planting technology and complete seedling and planting solutions for nurseries and planters worldwide. Seedling production is based on the use of containerized technology for forest seedlings, vegetables and ornamentals. The unit's product range includes seedling trays and machinery and equipment developed for filling them and for sowing, watering, transferring and planting.

Net turnover totalled FIM 38.5 million in 2000 (FIM 30.4 million). Exports accounted for over half, that is, FIM 19.9 million (FIM 12.2 million). The unit's key market areas are Finland, western Europe, New Zealand, the USA, Russia and China.

The sale of nurseries and accompanying production systems as part of projects in China and Russia exceeded expectations. Modernization of Finnish forest seedling nurseries also continued on a larger scale than expected. The unit's net turnover and financial performance exceeded last year's level and budget target.

New Plantek seedling trays, seedling packaging equipment and an automatic seedling feeding system used in forest planting machinery were developed in 2000. This is the first piece of planting machinery that automatically plants seedlings directly from containers. The system reduces planting costs and packaging needs and extends the planting seasons.

Lännen Plant Systems uses a management system that conforms with ISO 9001 and 14001 quality standards, and consequently operations are continuously controlled and developed.

The outlook for 2001 is reasonably good, although the slower economic growth predicted for the USA and western Europe is cause for some uncertainty.



Other Business Units, FIM million	2000	1999
Net turnover	187.4	164.0
Percentage of consolidated net turnover	12%	12%
Operating profit	8.4	8.6
Investments ¹⁾	26.6	12.1
Average personnel ²⁾	133	133

¹⁾ Includes environmental investments
²⁾ Includes corporate administration

Net turnover by business unit, FIM million	2000	1999
Lännen Plant Systems	38.5	30.4
Lännen Agricultural Department	33.6	34.8
Harviala Oy	16.1	14.1
Lännen Feed	95.6	81.5
Other sales	5.1	4.5
Internal sales	-1.5	-1.3
	187.4	164.0

THE AGRICULTURAL DEPARTMENT

Lännen Agricultural Department is responsible for contract farming for the Apetit unit and for the Sucros Ltd factory in Säkylä. The aim is to make annual farming contracts to ensure a supply of quality raw material from Finland for the Apetit unit in accordance with the quality systems for IP, baby food and organic farming, and to supply the sugar factory with sufficient quantities of beet.

The Agricultural Department's experimental farm in Köyliö carries out experiments and R&D in the cultivation of beet and vegetables grown for freezing. The unit buys the seeds and the most important pesticides for the contracted plants and sells them to farmers. The Agricultural Department is in charge of drawing up transportation plans, transportation of peas and supervision of beet transportation. It is also responsible for harvesting peas and spinach.

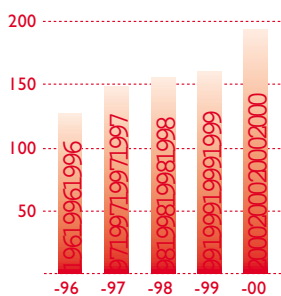
Farming contracts were made for 12 types of plant in 2000 over a total of almost 11,000 hectares. Vegetable contracts accounted for over 1,600 hectares, which is equivalent to 26.7 million kilograms of raw material. Of the raw material delivered to Apetit's Säkylä factory, 26 million kilograms conformed with IP requirements and 0.7 million with baby food and organic farming requirements.

The quality and quantity of the harvest was as expected. Only the pea harvest was short of target, due to the rainy summer. The sugar beet harvest of 30.8 tonnes per hectare was normal and the sugar content was 16.7%. Sucros yielded a crop of 284.3 million kilograms (353.7 million kilograms) from the Agricultural Department's farming area.

Lännen Agricultural Department operates on a sound basis and the outlook for 2001 is good. Farming area will probably decrease slightly as a result of EU regulations, for instance. The total number of different contract plants is expected to remain unchanged, but the number of organically grown varieties will probably rise.

Pekka Kurri
 Director of Lännen Plant Systems
 and Agricultural Department

Net turnover, Other Business Units, FIM million



LÄNNEN FEED specializes in developing and producing cattle and pig feeds. It processes raw materials and supplies them to the feed industry, produces compound feeds as a subcontractor and sells feeds to farms through retailers under its own Lännen, Mella and Maitotilan labels. The most important raw materials for compound feeds are by-products from the sugar factory, grains and protein meal.



The feed market remained at the 1999 level. Lännen Feed shares of the compound feeds market rose, sales of pig feed showing most growth.

Lännen Feed net turnover rose to FIM 95.6 million (FIM 81.5 million), an increase of 17% on the previous year. This was mainly thanks to an increase in feeds and compound feeds delivered to nearby farms. Unit profitability was satisfactory, although considerable price rises for protein and fuel oil increased production costs.

The product range of both cattle and pig feeds was expanded. Feeds were increasingly delivered in bulk form. During the year, Lännen Feed introduced an electronic order system that operates over the Internet. Retailers were quick to adopt this system. About 70% of all orders are currently made electronically.

The largest investments were made in the handling and delivery of bulk feeds.

Lännen Feed already held an ISO 9001 quality certificate, and in 2000 was awarded an ISO 14001 environmental certificate.

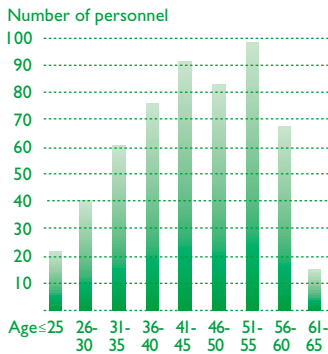
The total market for feeds in 2001 is expected to remain at the same level as in 2000. Thanks to improved logistics and its good product range, Lännen Feed is expected to do better than the market average in 2001.



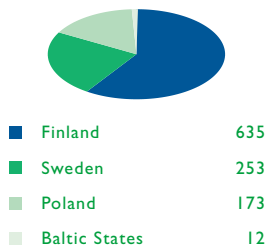
Jukka Haikonen
Director of Lännen Feed

Personnel

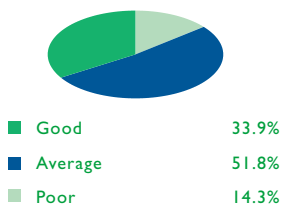
Age distribution of personnel in the Lännen Tehtaat Group in Finland, January 2001



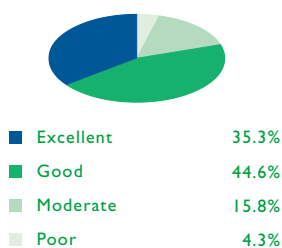
Number of personnel in the Lännen Tehtaat Group by country



Coping at work index



Working capacity index



The object of human resources policy at Lännen Tehtaat is to maintain good work motivation, encourage the personnel to develop themselves, and promote employee well-being. The personnel are committed to company targets and work under jointly agreed values.

IMPROVING WELL-BEING IN THE WORKPLACE

A programme was started to improve employee well-being, aiming to promote the working capacity of employees and the work community, and to help staff to cope with their work. The following were defined as long-term targets:

- 1 a contented, competent personnel
- 2 an open, interactive mode of working
- 3 an encouraging and rewarding management style
- 4 a healthy and safe working environment.

During the year, 58 people were trained as employee well-being instructors, and the 'working capacity' and 'coping at work' indexes of 189 employees were surveyed. Ten employees participated in Aslak early rehabilitation courses.

IMPROVING THE WORK COMMUNITY

The third work atmosphere survey covering Finnish operations was conducted in the Lännen Tehtaat Group, with responses received from 53% of the personnel. An equivalent survey on the same scale was made 10 years ago. All aspects surveyed had improved, most of all ability to affect one's work, working conditions, organizational atmosphere and management style. The areas with most expectations of improvement concerned internal communications, management by objectives and challenges in the work. The results were studied unit by unit and will be used as a basis for improving the work community.

IMPROVING KNOW-HOW AND CO-OPERATION

The main emphasis in the continuous development of personnel was on quality and environmental training (411 participants) and IT training (67 participants). Introduction training was given to 84 new employees.

Lännen Tehtaat personnel are encouraged to put forward initiatives. In 2000, 21 initiatives were proposed per 100 employees (1999: 27/100).

A recreation committee was established to arrange exercise and cultural events and outings. The largest single event was 'Naisten kuntovitonen', a relaxed 5-kilometre jog in Turku with 60 female participants from Lännen Tehtaat. A Lännen team also participated in the Satakunnan Kansansoutu and Pyhäjärvi Cup boat races using the 'church boat' bought for the personnel's use.

OUTLOOK FOR 2001

Targets have been set for improvements in employee well-being. Practical implementation is at different levels of the organization and a monitoring group has been set up to monitor progress. Work is beginning in the Group to build up an occupational health and security system.

To encourage employees to take more exercise, a gym is being renovated in Säköylä, and sports facilities will be leased as needed in other factory towns.

Training for the supervisors in charge of the student work experience program is under way. The aim is to train 50 supervisors from among Lännen Tehtaat's employees. The company will make an agreement allowing students at local polytechnics to attend on-the-job learning programmes.

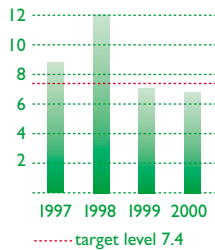
Environment

ENVIRONMENTAL POLICY

Ever since the company was founded, we have acted responsibly in environmental matters and always considered the requirements of our surroundings. We are committed to fulfilling the requirements laid down by society in environmental as in other matters. We have an effective organization to deal with such considerations, and the people in charge of them co-operate with interested parties.

To manage environmental impact and to boost effectiveness, we have made an environmental system based on the ISO 14001 standard part of the company's management system. Lännen Tehtaat management has set clear environmental goals on a principle of continuous improvement and monitors operations regularly in management reviews, pointing out any areas that require improvements.

Amount of industrial process wastewater
m³/tonne of product



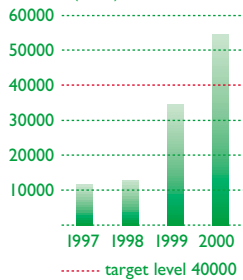
The environmental goals are:

1. to reduce the amount of wastewater and the wastewater load
2. to reduce energy consumption
3. to reduce the amount of waste
4. to plan our product range, packaging and investments on a principle of sustainable development
5. to ensure that our suppliers develop their environmental systems to meet our requirements

Lännen Tehtaat plc always acts in accordance with its environmental policy and targets. The amount of wastewater, the wastewater load, energy consumption and waste volumes are the most important factors by which Lännen Tehtaat can reduce effects on the environment. Goals for these factors have been set for 1998-2001, with 1997 as the reference point.

Wastewater load

Biochemical oxygen demand =BOD7 (ATU)



The Group's certified quality and environmental systems

Unit/Company	Quality Certificate	Environmental Certificate
Lännen Feed	Säkylä 1998	2000
Lännen Engineering Oy	Loimaa 1999	1999
Lännen Plant Systems	Säkylä 1999	1999
Agricultural Department	Säkylä 1999	1999
Apetit	Säkylä 1999	1999
Apetit	Turku 2000	2000
Lännen Sugar	Säkylä 2000	
Corporate management	Säkylä 2000	2000



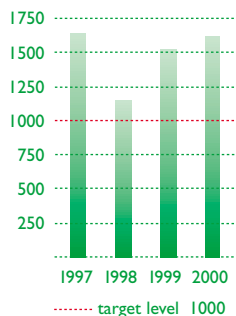
Lännen Tehtaat plc is committed to following the principle of sustainable development laid down by the International Chamber of Commerce. The Group has also signed the energy conservation programme drawn up by the Ministry of Trade and Industry, and is committed to Lake Pyhäjärvi Protection Fund action in 2000-2006.

LÄNNEN TEHTAAT AND THE ENVIRONMENT IN 2000

The largest single environmental investment made by Lännen Tehtaat was completed in the latter half of 2000. A treatment plant for high-concentration wastewater was built in Säkylä, where wastewater is treated in an anaerobic reactor. A total of FIM 20 million was invested in modernization and new facilities at the plant. Work was started in 1999 by overhauling the aerobic treatment plant and ensuring its efficient wintertime operation. Use of the anaerobic treatment plant became necessary when the capacity of the biological treatment plant proved no longer sufficient to treat the growing amount of wastewater resulting from increased production.

Wastewater load

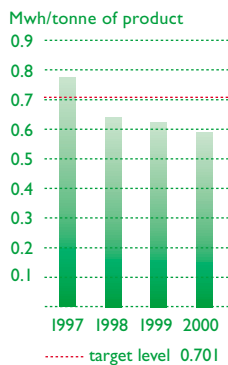
Phosphorus kg



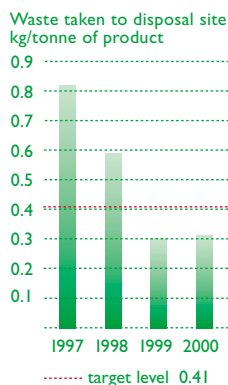


Opening of the industrial process water plant on October 31, 2000

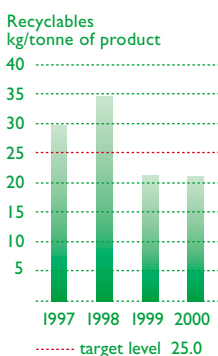
Energy consumption



Kilograms of waste



Kilograms of waste



REALIZATION OF ENVIRONMENTAL GOALS 1998-2001

Practically all Finnish frozen vegetable products and half of the beet sugar are manufactured in the Lännen Tehtaat industrial area, comprising the Lännen Tehtaat Apetit food factory and the Sucros beet sugar factory in Säkyli. Some 10,000 m³ of wastewater is generated per day and approximately 850,000 m³ per year. The annual amount is approximately equivalent to the wastewater load of a town with a population of 250,000.

Lännen Tehtaat plc holds a wastewater permit for the industrial area and an environmental permit for the industrial disposal site.

1. Reducing the amount of wastewater by 15% (m³ per tonne of product) and reducing the wastewater load

The goal for reducing the volume of wastewater was reached. On August 9, 2000, the company was given permission to conduct wastewater from the Säkyli industrial area to the River Eura. The wastewater treatment plant met the limit for wastewater load, but the limit was exceeded when wastewater storage basins were emptied into the waterway.

2. Reducing energy consumption by 10% (MWh per tonne of product) between 1998 and 2001

The steps we have taken have reduced energy consumption in production by 0.184 MWh per tonne of product, that is, by 24%. The energy consumption of real estate has been reduced by 23%.

3. Reducing the amount of waste (kg per tonne of product)

Reducing the amount of waste has been very successful. The amount of waste taken to the disposal site was reduced by 61% (target 50%) and the amount of recyclables by 32% (target 15%) on the 1997 reference figures. The interim storage of hazardous waste was remodelled to meet modern needs.

4. Planning our product range, packaging and investments on a principle of sustainable development

Water and energy consumption have been reduced by developing frozen food manufacturing processes. A new Cryomix method has been developed for individually quick frozen (IQF) foods, optimizing energy consumption throughout the value chain. Packages are always made of reclaimable materials. Lännen Feed has increased deliveries of feed in bulk form, thus making considerable savings in packaging materials.

5. When selecting suppliers, we always observe the quality and implementation of our partners' environmental systems

We have scrutinized the environmental standards of our raw material and packaging material suppliers and transport companies. Finnish fresh vegetable are produced by our contract farmers, who follow organic, baby food or IP farming principles..

OUTLOOK FOR 2001

Biogas generated in the anaerobic wastewater treatment plant will begin to be recycled for energy production in 2001. During the processing season, biogas is used and consequently fuel oil is saved. Plumbing work in the factory area is still in progress. A uniform environmental information system will be built in the Säkyli industrial area, providing information used to monitor and develop production and to make reports required by the authorities.

New environmental goals will be laid down in 2001 for the period between 2002 and 2005. Permits required by the new Environmental Protection Act will be applied for the Turku and Pudasjärvi factories.

Financial statements 2000

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Board of Directors' report

OPERATING ENVIRONMENT

According to advance information released by Statistics Finland, industrial production increased by about 11% in 2000. Growth was considerably faster than in 1999 (5%). It was greatest, as usual, in the electronics industry. The growth rate of the food industry was slower than in 1999; production increased by about 1%.

Finnish Food and Drink Industries' Federation follow-up statistics covering 40 companies show that the sales volume of food companies increased by about 3% in 2000 and net turnover by almost 5%. The follow-up covers some 70% of all food industry sales. Consumption of frozen foods continued to grow but was more moderate.

CORPORATE STRUCTURE

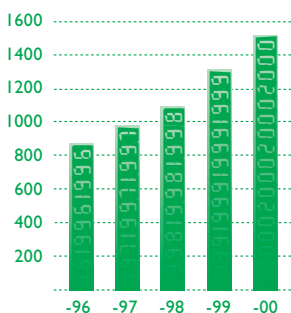
The Lännen Tehtaat corporate structure remained unaltered. Business operations are divided into three groups. The Food Group consists of Lännen Tehtaat plc units Apetit and Lännen Sugar, and the subsidiaries Tresko Fish Ltd in Finland and Lannen Polska Sp. z o.o. in Poland.

The Machinium Group consists of Machinium Ltd, the parent company of the sub-Group, and its subsidiaries Lännen Engineering Oy, Suomen Rakennuskone Oy, SMA Maskin AB and its subsidiary Lännen Maskin AB in Sweden, AS Balti Ehitusmasin-Baltem in Estonia, SIA BCM Baltijas Celtniecibas Masina in Latvia and UAB Baltijos Statybinės Masinos in Lithuania.

The Other Business Units include Lännen Tehtaat plc units Lännen Feed, Lännen Plant Systems, Lännen Agricultural Department and Harviala Oy.

Among associated companies, Sucros Ltd comes under the Food Group, while Oy Potma Ltd and Oy Atraco Ab, which was dissolved at the end of the year, operate under Other Business Units.

Consolidated net turnover
FIM million



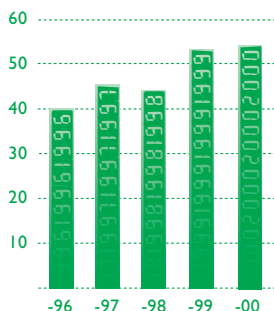
Net turnover by business segment



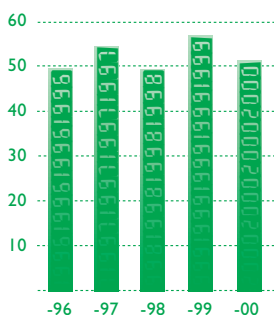
■ Food Group	47%
■ Machinium Group	41%
■ Other Business Units	12%

Members of the Board from left to right: Hannu Simula, Juha Korkeaoja, Tapio Reponen, Olli Karkkila, Tom v. Weymarn and Heikki Harjuvaara. Esko Eela not in the picture.

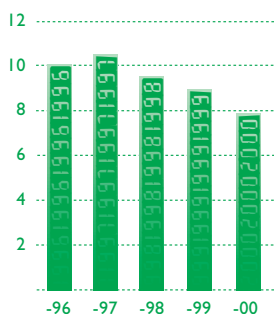
Operating profit
FIM million



Profit before extraordinary items
FIM million



Return on investment
%



NET TURNOVER

Consolidated net turnover totalled FIM 1 555.9 million (FIM 1 341.9 million in 1999), an increase of 16%. The Food Group accounts for 47% (54%), the Machinium Group for 41% (34%) and Other Business Units for 12% (12%) of the total.

Net turnover by the Food Group amounted to FIM 735.9 million (FIM 723.3 million). This was mainly due to Lännen Sugar, whose net turnover rose to FIM 353.9 million (FIM 337.9 million) thanks to a good berry and apple harvest. Net turnover by Apetit and the Food Group subsidiaries was FIM 382.0 million (FIM 385.4 million). Sales of frozen foods in Finland totalled FIM 268 million (FIM 274 million). Sales of highly processed frozen ready meals and potato products increased, but not enough to compensate for lower sales of frozen vegetable and fish products or preserved fish products. As a result, total sales by the Apetit Group declined slightly. At the end of 2000, Apetit stopped selling Fronor frozen fish products.

Net turnover by the Machinium Group was FIM 632.6 million (FIM 454.1 million), up 39%. This was mainly due to the fact that SMA Maskin AB joined the Group in July 1999.

Net turnover by Other Business Units rose to FIM 187.4 million (FIM 164.0 million), an increase of 14%. Net turnover by Lännen Feed, Lännen Plant Systems and Harviala Oy increased.

International net turnover rose to FIM 470.2 million (FIM 288.4 million), mainly thanks to the Machinium Group.

The net turnover of the Lännen Tehtaat plc parent company totalled FIM 864.0 million (FIM 831.1 million).

PROFITS

The consolidated operating profit was FIM 53.7 million (FIM 53.1 million), and profit before extraordinary items FIM 51.9 million (FIM 57.4 million), including a FIM 0.5 million (FIM 5.1 million) share of Oy Atraco Ab's profit.

Direct taxes totalled FIM 9.8 million (FIM 12.3 million). Profit for the financial year, at FIM 48.6 million (FIM 49.3 million), was at the same level as the previous year.

Operating profit for the Food Group rose to FIM 44.3 million (FIM 35.0 million). The operating profit of both Lännen Sugar and Apetit grew, while the subsidiaries Tresko Fish Ltd and Lännen Polska Sp. z o.o. showed a loss and their operating profit was lower than the previous year.

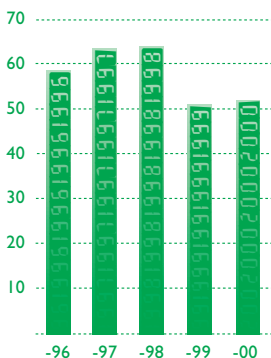
In the Machinium Group, operating profit was FIM 1.0 million (FIM 9.5 million). The decline is mostly explained by the fact that SMA Maskin AB did not reach its profit targets. Other Business Units' net operating profit was FIM 8.4 million (FIM 8.6 million).

FINANCING

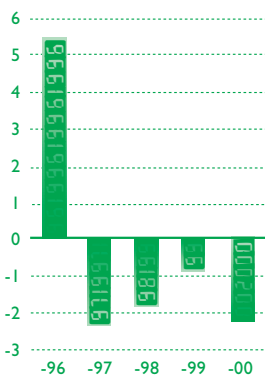
The financing structure continued to be good. At the end of the financial year, consolidated financial assets totalled FIM 183.2 million (FIM 162.7 million). Net financial expenses came to FIM 2.2 million (FIM 0.8 million). The equity ratio stood at 52% (51%) at year end.

53
83647
34563
45879
48784
68021
98842
370112
74247
710
72742
23482
60877
222
27483
87789
47945
08754
56355
92424
50393
47748
28393
46708
8375
1488
48758
98403
75099
5984
84982
32320
23021
4803
38030
0032
85023
4307
2027
45398
47984
70930
41969
112465
95998
88739
99385
6923
09635
30448
9093
58634
39034
07932
090
86884
09044
4098
49303
39980
93482
65684
94878
76898
95685
85838
34354
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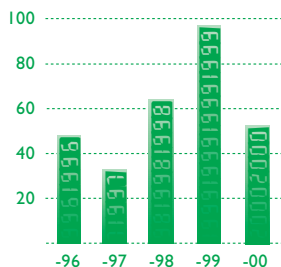
Equity ratio
%



Financial income/expenses, net FIM million



Gross investments Mmk



ANNUAL GENERAL MEETING, SHARE CAPITAL AND SHAREHOLDERS

Lännen Tehtaat plc's Annual General Meeting held on April 13, 2000 decided to pay a dividend of FIM 5.00 per share (FIM 2.40) to commemorate its 50th anniversary.

The Annual General Meeting decided to reduce share capital by FIM 3 222 000 by cancelling the 322 200 shares owned by the company without remuneration. The new share capital is FIM 61 225 760. This change was entered in the Trade Register on May 3, 2000.

The Annual General Meeting authorized the Board of Directors to decide about acquisition and surrender of the company's own shares. This entitles the Board to acquire a maximum of 306 128 shares on Helsinki Exchanges or, likewise, to surrender 306 128 shares. Shares can be surrendered in connection with company acquisitions or for some similar purpose, or in public trade on Helsinki Exchanges. This authorization is valid for one year, starting from the Annual General Meeting. Under this authorization, the Board decided on May 15, 2000 to acquire 150 000 of its own shares. By the end of the financial year, a total of 42 600 shares had been acquired. No more shares were acquired between the end of the financial year and February 23, 2001. The authorization to sell or surrender the company's own shares was not used.

At the end of the financial year, the Board did not have any authorization to issue shares or convertible warrant bonds.

INVESTMENTS

Gross investments in non-current assets totalled FIM 46.9 million (FIM 95.2 million). The largest investment was the building of an industrial wastewater treatment plant in accordance with the environmental investment programme, totalling FIM 20.1 million. Apart from this, investments were evenly distributed in the Group.

The Food Group spent a total of FIM 11.5 million (FIM 18.4 million) on investments, the Machinium Group FIM 8.8 million (FIM 64.7 million) and Other Business Units, including the wastewater treatment plant, FIM 26.6 million (FIM 12.1 million).

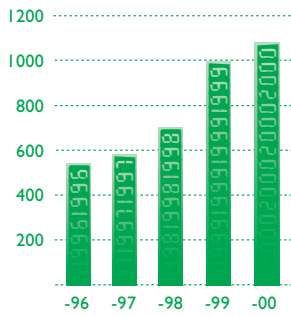
R & D

The Group's R & D expenses represented 0.5% (0.6%) of net turnover. Most of this still focused on Apetit products. This has paid out in the form of more highly processed products. During the year, several new ready meals, Dronningholm marmalades and, especially with young people in mind, BigPlate pizzas were introduced. New organic frozen foods were also introduced.

MANAGEMENT SYSTEM

The construction of a management system based on an environmental and quality system complying with the ISO 9001/9002 and ISO 14001 standards and on an occupational health and safety programme proceeded as targeted. By the end of the year, all parent company units in Säkylyä and Turku and Lännen Engineering Oy in Loimaa had been awarded both quality and environmental certificates.

Number of personnel



EVENTS AFTER THE END OF THE FINANCIAL YEAR

In January 2001, Lännen Tehtaat gave up its preserved fish operations at the Turku factories. In order to boost efficiency in the Machinium Group, the earthmoving machinery business of the Swedish subsidiary SMA Maskin AB was transferred under SMA Construction AB, another Machinium Ltd subsidiary. Other operations, mainly materials handling machines, remained under SMA Maskin AB.

OUTLOOK FOR THE YEAR 2001

A more moderate growth rate in the consumption of frozen foods in Finland, and the fact that the sale of frozen food products under an outsider brand name and the preserved fish business were given up will reduce Apetit's net turnover. The decrease will be partly compensated by the introduction of new frozen fish products under our own brand name during 2001. The total market for sugar is expected to remain at last year's level. Consumer markets are, however, expected to decline, which translates into a fall in Lännen Sugar sales. On the whole, the Food Group's net turnover will be lower than in 2000. Efforts to develop and optimize operations continue in the Polish subsidiary. Food Group profit is expected to reach the last year's level.

Earthmoving is expected to remain at last year's level in the major market areas in 2001. The good growth in 2000 on the Swedish materials handling machines market will taper off. Demand for earthmoving machinery will probably shift towards smaller machines, although energy production investments in the Baltic states also create markets for larger units. Thanks to its good competitive position, the Machinium Group's net turnover will increase in both Finland and Sweden. A further boost will be given by the introduction of new Lännen earthmoving machinery. The Group's profit will rise considerably on the 2000 level.

Due to the sale of business operations in the Food Group and the fact that sugar consumption is decreasing, Lännen Tehtaat Group's net turnover will increase only slightly. Profits are expected to be better than in 2000.

Profit and loss accounts

FIM 000	Consolidated		Parent company	
	2000	1999	2000	1999
Net turnover	(1) 1 555 880	1 341 398	863 968	831 137
Variation in stocks of finished goods and in work in progress	13 466	1 839	2 491	-2 693
Other operating income	(2) 15 261	11 599	14 058	6 859
Raw materials and services	(3) -1 156 558	-983 717	-648 905	-625 798
Staff expenses	(4) -208 617	-170 887	-84 768	-79 111
Depreciation	(5) -44 982	-38 934	-28 669	-27 711
Other operating charges	-138 656	-121 274	-73 338	-67 919
Share of profits of associated undertakings	(6) 17 871	13 066		
Operating profit	(7) 53 665	53 090	44 837	34 764
Share of profits of associated undertakings	(6) 464	5 098		
Financial income and expenses	(8) -2 237	-753	12 812	67 533
Profit before extraordinary items	51 892	57 435	57 649	102 297
Extraordinary items	(9)		-5 657	-5 573
Profit before appropriations, taxes and minority interests	51 892	57 435	51 992	96 724
Appropriations	(10)		5 123	23 163
Income taxes	(11) -9 821	-12 262	-16 335	-32 470
Minority interests	6 572	4 108		
Profit for the financial year	48 643	49 281	40 780	87 417

Balance sheets

FIM 000	Consolidated		Parent company	
	2000	1999	2000	1999
ASSETS				
Non-current assets				
Intangible assets (12)	50 009	59 887	29 518	35 719
Tangible assets (13)	249 824	242 907	177 788	171 815
Holdings in Group undertakings (14,15)			39 952	52 752
Holdings in associated undertakings (14,15)	100 456	128 400	70 600	104 352
Own shares (14)	2 989	14 510	2 989	14 510
Other investments (14,15)	13 936	13 533	16 176	15 745
	417 214	459 237	337 023	394 893
Current assets				
Stocks (16)	294 798	286 643	89 744	89 565
Long-term receivables (17)	1 985	3 530	12 527	16 765
Deferred tax receivable (22)	357	254		
Current receivables (18)	235 883	249 229	143 415	136 899
Marketable securities	39 071	29 435	39 071	29 435
Cash and cash equivalents	144 098	133 299	123 029	110 552
	716 192	702 390	407 786	383 216
	1 133 406	1 161 627	744 809	778 109
LIABILITIES				
Capital and reserves (19)				
Share capital	61 226	64 448	61 226	64 448
Share premium account	134 479	130 458	134 462	130 441
Revaluation reserve	4 599	4 599	4 599	4 599
Reserve for own shares	2 989	14 510	2 989	14 510
Capital reserve account	142			
Contingency reserve	43 000	43 000	43 000	43 000
Retained earnings	246 150	238 365	159 188	112 893
Profit for the financial year	48 643	49 281	40 780	87 417
Preferred capital loans	10 000	10 000		
	551 228	554 661	446 244	457 308
Minority interests	44 320	51 491		
Accumulated appropriations (20)			62 755	67 878
Provisions (21)	757	884		
Liabilities				
Deferred tax liability (22)	18 875	20 454		
Long-term liabilities (23)	130 300	233 938	119	103 275
Current liabilities (23)	387 926	300 199	235 691	149 648
	1 133 406	1 161 627	744 809	778 109

Cash flow statements

FIM 000	Consolidated		Parent company	
	2000	1999	2000	1999
Operations				
Operating profit	53 665	53 090	44 837	34 764
Adjustments:				
Share of profits of associated undertakings	-18 334	-18 164		
Depreciation according to plan	44 982	38 934	28 669	27 711
Other adjustments	21 318	47 665	156	-1 005
Financial income and expenses	-1 773	3 826	25 612	67 014
Extraordinary items			-2 800	-1 500
Direct taxes	-9 821	-12 262	-16 335	-32 470
Cash flow from operations	90 037	113 089	80 139	94 514
Change in working capital				
Change in current receivables	13 346	-130 424	-6 517	-26 511
Change in stocks	-8 156	-106 605	-179	917
Change in non-interest-bearing current liabilities	-22 083	108 679	-11 763	32 340
Change in long-term receivables	1 442	-1 784	4 238	9 682
	-15 451	-130 134	-14 221	16 428
Net cash flow from operations (A)	74 586	-17 045	65 918	110 942
Investments				
Investments in tangible and intangible assets	-46 938	-89 768	-33 172	-40 450
Proceeds from sales of tangible and intangible assets	5 057	24 284	4 475	19 620
Other investments	-964	-323	-1 263	-937
Proceeds from sales of other investments	31 829	915	31 829	5 986
Net cash flow from investments (B)	-11 016	-64 892	1 869	-15 781
Financing				
Purchase of own shares	-10 509	-10 048	-10 509	-10 048
Change in preferred capital loans		10 000		
Change in minority interests	-7 172	31 459		
Change in current loans	109 810	19 294	97 806	1 328
Change in long-term loans	-105 217	120 595	-103 156	1 174
Dividends paid	-30 613	-15 060	-30 613	-15 060
Other changes in capital and reserves	566	452	798	
Net cash flow from financing (C)	-43 135	156 692	-45 674	-22 606
Changes in liquid assets (A+B+C)	20 435	74 755	22 113	72 555
Liquid assets on Jan. 1	162 734	87 979	139 987	67 432
Liquid assets on Dec. 31	183 169	162 734	162 100	139 987

Notes to the financial statements 2000

ACCOUNTING PRINCIPLES

EXTENT OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company Lännen Tehtaat plc and the following subsidiaries engaged in business operations: Tresko Fish Ltd, Lannen Polska Sp.z o.o. in Poland, Harviala Oy and the Machinium Group as a subgroup. This last includes the parent company Machinium Ltd and Lännen Engineering Oy, SMA Maskin AB in Sweden and its subsidiary Lännen Maskin AB, Suomen Rakennuskone Oy and its subsidiaries AB Balti Ehitusmasin-Baltem in Estonia, SIA BCM Baltijas Celtniecibas Masina in Latvia and UAB Baltijos Statybines Masinos in Lithuania. The consolidated financial statements also include seven companies established for future business operations and Cibarius Oy, which leases property to Group companies. Similarly, they include the following associated companies engaged in business: Sucros Ltd (Group), Oy Potma Ltd and Oy Atraco Ab, which was dissolved at the end of the financial year.

More details about Lännen Tehtaat companies and associated companies are given under the section entitled 'Group and associated undertakings'.

ACCOUNTING PRINCIPLES FOR CONSOLIDATED FINANCIAL STATEMENTS

Mutual shareholdings

The consolidated financial statements have been drawn up according to the acquisition cost method. The price paid for subsidiary companies in excess of their shareholders' equity has been allocated to fixed assets and goodwill on consolidation. At the end of 2000, items allocated to buildings totalled FIM 9.1 million; these will be depreciated according to the depreciation plan for buildings.

Internal transactions and margins

Internal transactions, unrealized margins from internal transactions, internal receivables and liabilities and internal distribution of profit have been eliminated.

Minority interest

Minority interest is shown separately from consolidated shareholders' equity, from voluntary provisions and the accumulated depreciation difference less deferred tax liabilities, and from the profit for the financial period.

Translation differences

The figures from the financial statements of foreign Group companies have been translated into Finnish markkas at the Bank of Finland middle rate on the closing day. The translation difference arising from the elimination of these companies' shareholders' equity has been recorded under retained earnings.

Associated undertakings

The associated undertakings have been consolidated according to the equity method. The Group's share of the profits for the

financial period of the associated undertakings Sucros Group and Oy Potma Ltd have been entered before operating profit because the production of these companies is directly related to the business of the parent company. In the case of Oy Atraco Ab, which was dissolved at the end of the year, figures after operating profit are presented. The Group's share of profits includes a share of the change in voluntary provisions and the depreciation difference less the change in the deferred tax liability.

VALUATION OF FIXED ASSETS

Fixed assets have been capitalized at their acquisition cost. Fixed assets have been depreciated on a straight line basis according to plan, based on useful economic life. Publicly quoted fixed asset shares have been valued at historical cost. A write-down of FIM 12.8 million has been made on Lannen Polska Sp. z o.o. shares in the parent company, equivalent to the accrued proportion of the loss.

VALUATION OF INVENTORIES

The balance sheet value of inventories is the lowest of variable acquisition cost, repurchase price or probable market value.

FOREIGN CURRENCY ITEMS

Receivables and liabilities, other than those tied to the euro, have been translated into Finnish markkas at the Bank of Finland middle rate on the closing day. Exchange rate differences caused by current receivables and liabilities have been charged to the profit and loss account. Likewise, unrealised exchange rate losses of long-term receivables and liabilities have also been charged to the profit and loss account. Unrealised exchange rate gains have been charged to the profit and loss account, but only up to the amount of loss from the same currency.

USE OF DERIVATIVE INSTRUMENTS

Derivative contracts are used for hedging. The Group used an interest rate swap for partial hedging against the interest rate risks entailed in long-term fixed-rate liabilities. The interest rate difference for the contract is recorded on an accrual basis under other financial income or expenses.

PENSION ARRANGEMENTS

Statutory pension coverage for corporate personnel is covered by pension insurance. Special pension insurance policies provide additional pension coverage under the Trust rules for former employees and retired staff previously covered by the Lännen Staff Pension Trust.

The retirement age for the parent company's President has been set at 60 years.

Notes to the financial statements

FIM 000	Consolidated		Parent company	
	2000	1999	2000	1999

1 Net turnover by business segment and by market area

Net turnover by business segment

Food Group	735 919	723 316	691 194	679 899
Machinium Group	632 624	454 041		
Other Business Units	187 337	164 041	172 774	151 238
Total	1 555 880	1 341 398	863 968	831 137

Exports from Finland	92 856	67 199	29 173	19 362
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Net turnover by market area

Finland	1 085 788	1 052 951	834 795	811 775
European Union	394 489	231 464	12 604	10 163
Rest of Europe	63 413	49 475	7 047	4 647
Other	12 190	7 508	9 522	4 552
Total	1 555 880	1 341 398	863 968	831 137

2 Other operating income

Income from business sales	8 050		8 050	
Gains from sales of non-current assets	2 749	6 785	2 400	1 932
Rental income	2 580	2 485	1 191	2 986
Payments received	1 423	2 329	2 266	1 925
Other	459		151	16
Total	15 261	11 599	14 058	6 859

3 Raw materials and services

Raw materials and consumables

Purchases during the financial year	1 123 296	962 064	640 335	621 709
Variation in stocks	2 499	810	2 233	-1 501
External services	30 763	20 843	6 337	5 590
Total	1 156 558	983 717	648 905	625 798

4 Staff expenses and the amount of the staff

Staff expenses

Wages and salaries	157 071	129 790	65 846	61 183
Pension expenses	28 697	22 945	12 505	11 130
Other social security expenses	22 849	18 152	6 417	6 798
Total	208 617	170 887	84 768	79 111

about which salaries and fees to the corporate management;

the members of the Administrative Council

and the Board of Directors and the

Managing Directors	4 755	3 617	1 672	1 655
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Average staff

Food Group	507	568	313	282
Machinium Group	433	296		
Other Business Units	133	133	108	104
Total	1 073	997	421	386

about which staff abroad

	436	379		
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Average staff in associated undertakings

	297	308		
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The commitments of the retirement for the members of Board of Directors and the President

The retirement age for the parent company's President has been set at 60 years.

5 Depreciation

Depreciation according to plan has been calculated from the original acquisition cost on a straight line basis based on the probable economic life of the asset as follows:

Formation expenses			5 years	
Intangible rights			5 or 10 years	
Goodwill			10 years	
Goodwill on consolidation			5 or 10 years	

Other capitalized long-term expenses			5 or 10 years	
Buildings, made of stone and wood			22-30 years	
Other buildings and constructions			5 or 10 years	
Machinery and equipment			5 or 10 years	

FIM 000	Consolidated		Parent company	
	2000	1999	2000	1999

Depreciation according to plan

Formation expenses	44	22		
Intangible rights	2 885	2 727	2 855	2 695
Goodwill	4 455	4 128	3 766	3 505
Other capitalized long-term expenses	710	634	388	288
Buildings	7 798	8 108	6 030	6 544
Machinery and equipment	26 245	21 087	15 630	14 679
Total	42 137	36 706	28 669	27 711

Goodwill on consolidation	2 845	2 228		
Total	44 982	38 934		

6 Share of profits of associated undertakings

Performed before operating profit

Sucros Group	17 627	12 906		
Other	244	160		
Total	17 871	13 066		

Performed after operating profit

Oy Atraco Ab	464	5 098		
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7 Operating profit by business segment

Food Group	44 265	34 990		
Machinium Group	1 000	9 500		
Other Business Units	8 400	8 600		
Total	53 665	53 090		

8 Financial income and expenses

Dividend income

From Group undertakings			1 130	1 192
From associated undertakings			15 113	45 129
From others	1 082	511	1 082	511
Avoir fiscal income	418	199	6 789	18 213
Total	1 500	710	24 114	65 045

Interest income from long-term investments

From Group undertakings			723	1 071
From others	366	300	366	300
Total	366	300	1 089	1 371

Other interest and financial income

From Group undertakings			801	1 111
From others	13 629	9 465	7 077	6 342
Total	13 629	9 465	7 878	7 453

Financial income, total	15 495	10 475	33 081	73 869
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Reduction in value of investments

Reduction in value of holdings in				
Group undertakings			12 800	
Reduction in value of marketable securities	559		559	
Total	559		13 359	

Interest expenses and other financial expenses

To Group undertakings			6	6
To others	17 173	11 228	6 903	6 330
Total	17 173	11 228	6 909	6 336

Financial income and expenses, total	-2 237	-753	12 812	67 533
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Notes to the financial statements

FIM 000	Consolidated		Parent company		FIM 000	Consolidated		Parent company				
	2000	1999	2000	1999		2000	1999	2000	1999			
9	Extraordinary expenses											
	Group contributions		2 800	1 500		Goodwill on consolidation						
	Loss of merger			4 073		Acquisition cost Jan.1		25 287	8 235			
	Loss of liquidated associated undertaking		2 857			Increases		88	17 052			
	Total		5 657	5 573		Acquisition cost Dec. 31		25 375	25 287			
10	Appropriations					Accumulated depreciation		-6 587	-4 359			
	Depreciation in excess of or less than plan					Depreciation for the year		-2 845	-2 229			
	Formation expenses		22			Accumulated depreciation Dec. 31		-9 432	-6 588			
	Intangible rights		42	229	42	Book value Dec. 31		15 943	18 699			
	Other capitalized long-term expenses		-111	65	-85	Other capitalized long-term expenses						
	Buildings		1 622	-19 627	1 658	-19 731	Acquisition cost Jan.1		5 525	3 690	1 990	1 497
	Machinery and equipment		3 872	-2 945	3 508	-3 711	Difference on translation		24	-10		
	Total		5 425	-22 256	5 123	-23 163	Increases		910	1 845	676	493
11	Income taxes					Acquisition cost Dec. 31		6 459	5 525	2 666	1 990	
	For financial year		11 577	20 419	16 754	34 836	Accumulated depreciation		-1 956	-1 322	-760	-471
	For previous years		-354	-2 371	-419	-2 366	Depreciation for the year		-710	-633	-388	-289
	Change in deferred tax receivable		91	-254			Accumulated depreciation Dec. 31		-2 665	-1 955	-1 148	-760
	Change in deferred tax liability		-1 493	-5 532			Book value Dec. 31		3 794	3 570	1 518	1 230
	Total		9 821	12 262	16 335	32 470	Intangible assets, total		50 009	59 887	29 518	35 719
12	Intangible assets					13		Tangible assets				
	Formation expenses					Land and waters						
	Acquisition cost Jan.1		219			Acquisition cost Jan.1		19 384	19 647	15 828	15 828	
	Increases			219		Decreases		-781	-263	-982		
	Acquisition cost Dec. 31		219	219		Book value Dec. 31		18 603	19 384	14 846	15 828	
	Accumulated depreciation		-22			Buildings						
	Depreciation for the year		-44	-22		Acquisition cost Jan.1		178 911	192 861	146 298	157 074	
	Accumulated depreciation Dec. 31		-66	-22		Difference on translation		927	-275			
	Book value Dec. 31		153	197		Increases		20 390	3 005	19 217	12 375	
	Intangible rights					Decreases		-4 785	-16 680	-5 099	-23 151	
	Acquisition cost Jan.1		30 409	20 157	30 109	19 824	Acquisition cost Dec. 31		195 443	178 911	160 416	146 298
	Increases		132	10 252	132	10 285	Accumulated depreciation		-53 197	-49 290	-48 231	-48 001
	Acquisition cost Dec. 31		30 541	30 409	30 241	30 109	Difference on translation		304	-349		
	Accumulated depreciation		-11 766	-9 039	-11 581	-8 885	Accumulated depreciation on decreases		1 780	4 549	1 893	6 315
	Depreciation for the year		-2 885	-2 727	-2 855	-2 695	Depreciation for the year		-7 798	-8 107	-6 031	-6 545
	Accumulated depreciation Dec. 31		-14 651	-11 766	-14 436	-11 580	Accumulated depreciation Dec. 31		-58 911	-53 197	-52 369	-48 231
	Book value Dec. 31		15 890	18 643	15 805	18 529	Book value Dec. 31		136 532	125 714	108 047	98 067
	Goodwill					Machinery and equipment						
	Acquisition cost Jan.1		42 749	39 572	37 662	35 044	Acquisition cost Jan.1		199 580	157 497	139 683	121 730
	Difference on translation		-103				Difference on translation		72	-60		
	Increases			3 177		2 618	Increases		32 758	45 204	13 109	19 993
	Acquisition cost Dec. 31		42 646	42 749	37 662	37 662	Decreases		-15 868	-3 061	-1 881	-2 040
	Accumulated depreciation		-23 971	-19 843	-21 702	-18 198	Acquisition cost Dec. 31		216 542	199 580	150 911	139 683
	Difference on translation		9				Book value Dec. 31					
	Depreciation for the year		-4 455	-4 128	-3 766	-3 504	Book value Dec. 31		14 229	18 778	12 194	15 960
	Accumulated depreciation Dec. 31		-28 417	-23 971	-25 468	-21 702						

Notes to the financial statements

FIM 1 000	Consolidated		Parent company		FIM 1 000	Consolidated		Parent company	
	2000	1999	2000	1999		2000	1999	2000	1999
Accumulated depreciation	-103 408	-83 912	-82 472	-68 982	Other receivables				
Difference on translation	-286	-148			Acquisition cost Jan.1	6 098	5 698	6 092	5 692
Accumulated depreciation on decreases	7 336	1 739	1 336	1 188	Increases	330	400	330	400
Depreciation for the year	-26 245	-21 087	-15 630	-14 679	Book value Dec. 31	6 428	6 098	6 422	6 092
Accumulated depreciation Dec. 31	-122 603	-103 408	-96 766	-82 473	Other investments, total	13 936	13 533	16 176	15 745
Book value Dec. 31	93 939	96 172	54 145	57 210	15 Group and associated undertakings		Group holding %	Parent company holding %	
Share of machinery and equipment in book value Dec. 31	53 964	57 213	42 955	47 808	Group undertakings				
Advance payments and construction in progress					Owned by parent company				
Acquisition cost Jan.1	1 637	487	711	233	Machinium Ltd, Säkylä		58.25	58.25	
Difference on translation	70				Tresko Fish Ltd, Kustavi		100.00	100.00	
Increases	3 727	4 103	750	711	Lannen Polska Sp. z o.o., Puola		50.00	50.00	
Decreases	-4 684	-2 953	-711	-233	Harviala Oy, Janakkala		100.00	100.00	
Book value Dec. 31	750	1 637	750	711	Cibarius Oy, Turku		100.00	100.00	
Tangible assets, total	249 824	242 907	177 788	171 815	7 non-operative companies, Säkylä		100.00	100.00	
Revaluation					Owned by other Group undertakings				
Land and waters Jan.1 and Dec. 31	10 999	10 999	10 999	10 999	Lännen Engineering Oy, Loimaa municipality		57.41		
Buildings Jan.1 and Dec. 31	4 827	4 827	4 827	4 827	Suomen Rakennuskone Oy, Säkylä		58.25		
14 Investments					SMA Maskin AB, Sweden		58.25		
Holdings in Group undertakings					Lännen Maskin AB, Sweden		58.25		
Acquisition cost Jan.1			52 752	61 609	AS Balti Ehitusmasin-Baltem, Estonia		55.05		
Increases				302	SIA BCM Baltijas Celniecibas Masina, Latvia		55.34		
Decreases			-12 800	-9 159	UAB Baltijos Statybinės Masinos, Lithuania		58.25		
Book value Dec. 31			39 952	52 752	Associated undertakings				
Holdings in associated undertakings					Sucros Oy, Salo		20.00	20.00	
Acquisition cost Jan.1	128 400	155 426	104 352	104 352	Oy Potma Ltd, Pello		50.00	50.00	
Increases	18 335	18 164			Other shares and holdings owned by parent company and connection charges	Number of shares	Book value of shares FIM 1000	Market value of shares FIM 1000	
Decreases	-46 279	-45 190	-33 752		Quoted on Stock Exchange				
Book value Dec. 31	100 456	128 400	70 600	104 352	Kesko Corporation, B, Helsinki	100 000	4 214	6 302	
Own shares					Raisio Group plc, K shares, Raisio	6 000	58	80	
Acquisition cost Jan.1	14 510	4 462	14 510	4 462	Neomarkka plc, Helsinki	280	14	6	
Increases	10 509	10 048	10 509	10 048	Elisa Communications Corporation, A, Helsinki	450	5	61	
Decreases	-22 030		-22 030		Other				
Book value Dec. 31	2 989	14 510	2 989	14 510	Shares and holdings		1 008		
Other investments					Connection charges		1 955		
Receivables from Group undertakings			2 500	2 500	Total		7 254		
Book value Jan. 1 and Dec. 31									
Other shares and holdings									
Acquisition cost Jan.1	7 435	7 856	7 153	7 307					
Increases	933	3	933	265					
Decreases	-860	-424	-832	-419					
Book value Dec. 31	7 508	7 435	7 254	7 153					

Notes to the financial statements

FIM 000	Consolidated		Parent company		FIM 000	Consolidated		Parent company	
	2000	1999	2000	1999		2000	1999	2000	1999
16 Stocks									
Raw materials and consumables	43 453	45 185	23 978	26 210	Contingency reserve Jan. 1	43 000	43 000	43 000	43 000
Work in progress	18 735	22 388	2 066	1 562	Contingency reserve Dec. 31	43 000	43 000	43 000	43 000
Finished products/Goods	232 585	218 998	63 700	61 714	Retained earnings Jan. 1	238 365	224 031	112 893	110 019
Advance payments	25	72		79	Transfer from the previous				
Total	294 798	286 643	89 744	89 565	year profit	49 281	38 989	87 417	27 982
					Dividends	-30 613	-15 059	-30 613	-15 059
17 Long-term receivables					Transfer to reserve				
Accounts receivable	1 318	2 197			for own shares	-10 509	-10 048	-10 509	-10 048
Loans receivable from					Transfer to capital reserve account	-244			
Group undertakings			11 860	15 431	Changes and translation differences				
Loans receivable from					during elimination	-130	452		
associated undertakings	667	1 333	667	1 334	Retained earnings Dec. 31	246 150	238 365	159 188	112 893
Total	1 985	3 530	12 527	16 765	Profit for the financial year	48 643	49 281	40 780	87 417
18 Current receivables					Preferred capital loans Jan. 1	10 000			
Accounts receivable	192 187	202 794	96 714	88 521	Increase		10 000		
Amounts owed by Group undertakings					Preferred capital loans Dec. 31	10 000	10 000		
Accounts receivable			3 160	3 503	Capital and reserves Dec. 31	551 228	554 661	446 244	457 308
Loans receivable			24 182	19 631	Distributable funds				
			27 342	23 134	Contingency reserve	43 000	43 000	43 000	43 000
Amounts owed by associated undertakings					Retained earnings	246 150	238 365	159 188	112 893
Accounts receivable	7 229	1 470	7 229	1 470	Profit for the financial year	48 643	49 281	40 780	87 417
Other receivables	10 013	4 612		1 826	./Activated formation expenses	-153	-196		
Prepayments and accrued income					./Balance sheet provisions included in				
Raw materials and services	6 625	11 229			capital and reserves	-46 233	-50 100		
Warranty indemnities	1 685	2 162			./Balance sheet provisions of				
Pension assurance and other					associated undertakings included				
legal assurances	2 581	2 538	1 497	1 446	in capital and reserves	-4 137	-21 499		
Interest income and other					Distributable funds Dec. 31	287 270	258 851	242 968	243 310
financial income	1 222	1 661	1 222	1 229	Preferred capital loan				
Tax compensation receivables	6 942	19 379	6 942	18 213	Group member Machinium Ltd has a FIM 10 000 000 preferred capital loan.				
Other	7 400	3 384	2 469	1 060	The loan period is 5 years and it is to be repaid in two equal instalments on				
Total	26 455	40 353	12 130	21 948	April 30, 2003 and April 30, 2004. Throughout the three-year period the				
					interest will be the reference rate for employee pension loans + 6.55 percentage				
19 Changes in capital and reserves					points. The loan is a subordinated loan as referred to in chapter 5 of the				
Share capital Jan. 1	64 448	64 448	64 488	64 488	Companies Act. The interest for the financial year is FIM 1 000 493.98 and				
Reduction of share capital to					has been entered under interest expenses in the consolidated profit and loss				
share premium account	-3 222		-3 222		statement. FIM 671 232.88 of this amount accrued between May 1 and				
Share capital Dec. 31	61 226	64 448	61 226	64 448	December 31, 2000, after payment of the previous interest instalment.				
					According to the loan terms, this sum cannot yet be paid because the Machinium				
Share premium account Jan. 1	130 458	130 458	130 441	130 441	subgroup has no distributable assets. The outstanding interest has been entered				
Transfer from share capital	3 222		3 222		under other long-term liabilities.				
Reserves received from sold shares									
dishonoured in capitalization issues	799		799						
Share premium account Dec. 31	134 479	130 458	134 462	130 441					
Revaluation reserve Jan. 1	4 599	4 599	4 599	4 599	20 Accumulated appropriations				
Revaluation reserve Dec. 31	4 599	4 599	4 599	4 599	Accumulated depreciation				
Reserve for own shares Jan. 1	14 510	4 462	14 510	4 462	in excess of plan	65 109	70 554	62 755	67 878
Transfer from retained earnings	10 509	10 048	10 509	10 048	Share transferred to capital and				
Cancellation of shares	-22 030		-22 030		reserves	46 233	50 100		
Reserve for own shares Dec. 31	2 989	14 510	2 989	14 510	21 Provisions				
Capital reserve account Jan. 1					Guarantee provision	757	884		
Transfer from retained earnings	244				22 Deferred tax receivables and deferred tax liability				
Transfer to minority interests	-102				Deferred tax receivables				
Capital reserve account Dec. 31	142				From accruals	357	254		
					Deferred tax liability				
					From appropriations	18 875	20 454		

Notes to the financial statements

FIM 1 000	Consolidated		Parent company		FIM 1 000	Consolidated		Parent company	
	2000	1999	2000	1999		2000	1999	2000	1999
23 Liabilities									
Long-term liabilities					Amounts owed to associated undertakings				
Bonds		100 000		100 000	Payments on account	57 816	54 944	57 816	54 944
Loans from credit institutions	72 835	81 388	75	2 379	Other current liabilities	22 437	24 348	4 955	4 026
Pension loans	52 167	51 654			Accruals and deferred income				
Other liabilities	5 298	896	44	896	Holiday pay reserve including				
Total	130 300	233 938	119	103 275	social security expenses	22 767	21 075	10 240	9 922
					Other salaries and fees including				
Bond					social security expenses	4 716	6 841	3 511	4 450
Lännen Tehtaat plc I/1996					Raw materials and services	7 015	9 584	933	660
Reg.n:o 102/271/96.					Interests of the loans	5 438	2 513	822	873
The amount of the loan FIM 100 million.					Income taxes	8 797	27 447	6 453	25 171
Maturity 5 years, interest 6%.					Other	9 865	12 119	1 977	2 865
Loan is unsecured and matures on November 11, 2001.						58 598	79 579	23 936	43 941
					Current liabilities, total	387 926	300 199	235 691	149 648
Warrant bond					Contingent liabilities				
Lännen Tehtaat plc I/1997					Debts against which mortgages have been given				
The FIM 44 000 warrant bond issued to corporate and unit management in May 1997 is included in other long-term liabilities. The bond is non-interest-bearing and will mature in total on April 30, 2002. Each FIM 1 000 bond carries 1 000 warrants. Each warrant entitles its holder to subscribe a maximum of five Lännen Tehtaat plc shares during the 1998-2004 period as follows: one share as from May 1, 1998 and one additional share each year as from May 1 during subsequent years up to the maximum five. The subscription price was FIM 70 in 1998, after which it will rise by 4% per year up to the subscription to be made in 2004. At the end of the year, 21 people were covered by the warrant bond programme.					Pension loans	52 168	51 653		
The maximum number of shares to be subscribed is 220 000, and subscriptions must not raise share capital by more than FIM 2 200 000. In the case of full subscription, the warrant subscriptions would account for 3.5% of the raised share capital and of votes.					Loans from credit institutions	76 520	87 145	410	4 567
					Mortgages given for debts				
					Real estate mortgages	500	5 750	500	5 750
					Corporate mortgages	81 096	86 594		
					Other securities given				
					Pledges	47	25	25	
					Real estate mortgages	10 200	8 950	8 126	6 876
					Corporate mortgages	10 000	13 000	8 000	8 000
					Securities given on behalf of Group companies				
					Real estate mortgages			1 874	1 874
					Corporate mortgages				3 000
					Leasing liabilities				
					Falling due during the following year	324	281	145	130
					Falling due at later date	310	777	89	219
					Contingent liabilities for own commitments				
					Repurchasing commitments	120 249	149 833	5 770	5 407
					Other commitments	5 836	1 033		1 033
					Contingent liabilities on behalf of Group companies				
					Guarantees			71 853	52 445
					Other contingent liabilities				
					Redemption liability of				
					leased buildings	37 557	38 397	19 500	19 500
					Outstanding derivative instruments				
					Interest rate swap	20 000	20 000	20 000	20 000

Key indicators

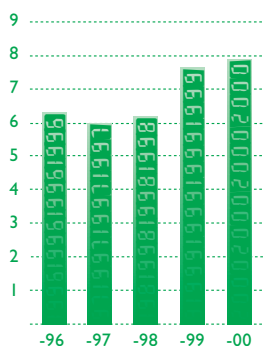
Financial indicators	2000	1999	1998	1997	1996
Scope of operations					
Net turnover, FIM 1000	1 555 880	1 341 398	1 141 866	958 112	866 571
Change, %	16.0	17.5	19.2	10.6	10.7
Food Group, %	47.2	53.9	62.9	59.9	64.4
Machinium Group, %	40.7	33.9	23.3	25.2	21.6
Other Business Units, %	12.1	12.2	13.8	14.9	14.0
Exports from Finland, FIM 1000	92 856	67 199	70 923	96 070	87 278
Exports' share of net turnover, %	6.0	5.0	6.2	10.0	10.1
Gross investments in non-current assets, FIM 1000					
	46 900	95 188	63 821	31 789	46 977
% of net turnover	3.0	7.1	5.6	3.3	5.4
R & D expenses, FIM 1000					
	8 489	8 619	7 768	6 771	4 765
% of net turnover	0.5	0.6	0.7	0.7	0.5
Investments in associated undertakings, FIM 1000					
	70 600	104 352	104 352	104 776	93 476
Dividends received from associated undertakings, FIM 1000					
	15 113	45 129	3 391	6 236	72
Average number of personnel					
	1 073	997	695	573	530
Net turnover/employee, FIM 1000					
	1 450	1 345	1 643	1 672	1 635
Financial income/expenses(-), net, FIM 1000					
	-2 237	-753	-1 780	-2 311	5 377
Profitability					
Operating profit, FIM 1000	53 665	53 090	43 981	45 945	40 207
% of net turnover	3.4	4.0	3.9	4.8	4.6
Profit before extraordinary items, FIM 1000	51 892	57 435	49 719	54 199	48 465
% of net turnover	3.3	4.3	4.4	5.7	5.6
Profit before taxes and minority interest, FIM 1000	51 892	57 435	49 719	54 199	48 465
% of net turnover	3.3	4.3	4.4	5.7	5.6
Profit for the financial year, FIM 1000	48 643	49 281	38 989	38 637	39 237
% of net turnover	3.1	3.7	3.4	4.0	4.5
Return on equity, % (ROE)					
	7.2	8.2	7.7	8.3	9.0
Return on investment, % (ROI)					
	7.9	8.9	9.4	10.4	10.0
Financial and economic status					
Current ratio					
	1.9	2.3	2.3	2.5	2.2
Equity ratio, %					
	51.7	50.8	63.4	63.9	58.1
Net gearing, %					
	15.1	28.7	4.1	-2.0	1.3
Non-current assets, FIM 1000					
	417 214	459 238	447 822	403 833	401 617
Current assets, FIM 1000					
	716 192	702 390	388 820	365 603	404 556
Capital and reserves, FIM 1000					
	551 228	554 661	509 987	486 395	462 540
Distributable funds, FIM 1000					
	287 270	258 851	230 178	200 536	164 082
Liabilities, FIM 1000					
	537 101	554 591	306 023	278 164	339 028
Interest-bearing liabilities, FIM 1000					
	271 281	324 679	114 474	105 937	172 838
Balance sheet total, FIM 1000					
	1 133 406	1 161 627	836 643	769 436	806 173

Key indicators

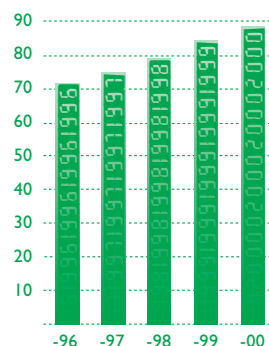
Share data	2000	1999	1998	1997	1996
Earnings and dividend					
Earnings per share, FIM	7.95	7.84	6.06	6.00	6.19
Earnings per share, incl. warrant bond, FIM	7.67	7.57	5.86	5.88	
Nominal dividend per share, FIM	¹⁾ 5.00	5.00	2.40	2.40	2.20
Adjusted dividend per share, FIM	5.00	5.00	2.40	2.40	2.20
Dividend per earnings, %	62.9	63.8	39.6	40.0	35.5
Effective dividend yield, %	6.6	8.2	3.7	3.2	3.6
P/E ratio	7.2	7.8	10.7	12.6	10.0
Shareholders' equity per share, FIM	88.53	85.11	79.22	75.47	71.77
Share performance, FIM					
Adjusted closing price	76.11	60.76	65.00	75.39	62.00
Lowest price in year	60.76	52.92	60.00	61.00	36.10
Highest price in year	80.27	78.48	87.00	83.00	63.00
Average price during year	70.93	63.27	78.75	73.04	53.18
Shares traded					
Shares traded on Stock Exchange, 1000 shares	347	2 749	1 146	1 671	2 276
% of average number of shares	5.4	42.7	17.8	25.9	35.9
Share capital, FIM 1000	61 226	64 448	64 448	64 448	64 448
Market capitalization, FIM 1000	465 989	391 585	418 910	485 872	399 576
Dividends, FIM 1000	¹⁾ 30 400	30 613	15 271	15 467	14 178
Share issues, FIM 1000					
Directed issue					3 870
Share premium					11 610
Number of shares					
Number of shares	6 122 576	6 444 776	6 444 776	6 444 776	6 444 776
Average adjusted number of shares	6 121 061	6 288 062	6 429 650	6 444 776	6 336 201
Adjusted number of shares at end of financial year	6 079 976	6 228 776	6 381 504	6 444 776	6 444 776

¹⁾ Board of Directors' recommendation

**Earnings per share,
FIM**



**Shareholders' equity per
share, FIM**



Calculation of financial ratios

FINANCIAL INDICATORS

Return on equity, % (ROE)	=	$\frac{\text{Profit/loss before extraordinary items less taxes} + \text{tax on extraordinary items}}{(\text{Shareholders' equity} - \text{own shares} - \text{preferred capital loans} + \text{minority interest}) \text{ average}}$	x 100
Return on investment, % (ROI)	=	$\frac{\text{Profit/loss before extraordinary items} + \text{interest paid and other financial expenses}}{\text{Capital employed (average)}}$	x 100
Capital employed	=	Balance sheet total - own shares - interest-free accounts payable and accrued liabilities, advance payments received, deferred tax liability, obligatory provisions	
Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$	
Equity ratio, %	=	$\frac{\text{Shareholders' equity} - \text{own shares} - \text{preferred capital loans} + \text{minority interest}}{\text{Balance sheet total} - \text{own shares} - \text{advance payments received}}$	x 100
Net gearing ratio, %	=	$\frac{\text{Interest-bearing net liabilities}}{\text{Shareholders' equity} - \text{own shares} - \text{preferred capital loans}}$	x 100
Interest-bearing net liabilities	=	Interest-bearing liabilities - interest-bearing deposits and receivables	

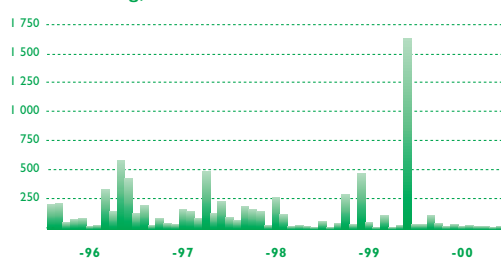
SHARE DATA

Earnings per share	=	$\frac{\text{Profit/loss before extraordinary items less taxes} + \text{tax on extraordinary items} + \text{minority interest}}{\text{Average number of shares (adjusted for share issues)}}$	
Adjusted dividend per share	=	$\frac{\text{Dividend for the financial year}}{\text{Share issue coefficient}}$	
Dividend per earnings, %	=	$\frac{\text{Adjusted dividend}}{\text{Earnings per share}}$	x 100
Effective dividend yield, %	=	$\frac{\text{Adjusted dividend}}{\text{Adjusted share price}}$	x 100
Price/earnings ratio (P/E)	=	$\frac{\text{Adjusted share price}}{\text{Earnings per share}}$	
Shareholders' equity per share	=	$\frac{\text{Shareholders' equity} - \text{own shares} - \text{preferred capital loans}}{\text{Number of shares on Dec. 31, adjusted for share issues}}$	
Adjusted share price	=	$\frac{\text{Closing price on Dec. 31}}{\text{Share issue coefficient}}$	
Market capitalization	=	Number of shares x adjusted share price	

Share performance, EUR



Share trading, 1 000 shares



Shares and shareholders

SHARES AND VOTING RIGHTS

The shares of Lännen Tehtaat plc are all in one series. All shares carry the same voting and dividend rights. The Articles of Association prescribe that the number of votes a shareholder is entitled to exercise cannot exceed one tenth of the votes represented at a shareholders' meeting.

The minimum share capital is FIM 60 000 000 and the maximum 240 000 000. Share capital at the end of the financial year was FIM 61 225 760 and there were 6 122 576 shares. The shares have a nominal value of FIM 10 each.

OWN SHARES

On April 2, 1998 and April 15, 1999, the Annual General Meeting of Lännen Tehtaat plc authorized the Board of Directors to decide on the acquisition of a maximum of 322 238 of the company's own shares by April 15, 2000. By the Annual General Meeting held on April 13, 2000, 322 200 of the company's own shares were acquired, totalling FIM 3 222 000 in nominal value. FIM 22 029 871 was paid for these. In 2000, 106 200 company's own shares were acquired. FIM 7 520 194 was paid for these. These shares were acquired, in accordance with the AGM decision, in public trade arranged by Helsinki Exchanges at the current market price at the time of purchase. The AGM decided on April 13, 2000 to lower share capital by FIM 3 220 000 by cancelling without remuneration the company's own 322 200 shares.

The AGM authorized the Board of Directors to decide again on the acquisition and surrender of the company's own shares. Under this authorization, the Board can acquire a maximum of 306 128 shares, and, likewise, surrender 306 128 shares. Shares can be surrendered in connection with company acquisitions or for some similar purpose, or in public trade on Helsinki Exchanges. The authorization is valid for one year, starting from the Annual General Meeting. Under this authorization, the Board decided on May 15, 2000 to buy a maximum of 150 000 of its own shares.

Between June 22 and December 18, 2000, 42 600 company's own shares were acquired, totalling FIM 426 000 in nominal value. FIM 2 989 156 was paid for these shares, averaging at FIM 70.17 (€11.80) per share. The lowest price was FIM 66.59 (€11.20) and the highest FIM 73.73 (€12.40). At the end of the financial period, the company owned 0.7% of its share capital and votes. Between the end of the financial period and February 23, 2001, no more shares were acquired. Shares owned by the company itself do not carry any dividend or voting rights.

REGISTRATION AND SHARE QUOTATION

Lännen Tehtaat plc's shares are in the book-entry system and have been quoted on Helsinki Exchanges since 1989. The symbol for the shares is LTE1S and the trading lot is 50 shares (until January 15, 2001 200 shares).

DIVIDEND POLICY

The aim of the Lännen Tehtaat plc Board is to ensure that the share generates a good return and retains its value. Dividend policy supports this goal. At least half of earnings per share (EPS) is distributed as annual dividend.

SHAREHOLDERS ON FEBRUARY 19, 2001

Major shareholders	Number of shares	Number of votes	%	
		614 000		
Tapiola General Mutual Insurance Company	614 000	10.0	477 500	10.1
Raisio Group plc	477 500	7.8	387 348	7.8
Esko Eela	387 348	6.3	342 400	6.4
Sampo Life Insurance Company Ltd	342 400	5.6	327 912	5.6
Valio Ltd	327 912	5.4	270 600	5.4
Norvestia plc	270 600	4.4	204 600	4.4
Tapiola Mutual Life Assurance Company	204 600	3.3		3.4
Varma-Sampo Mutual Pension			181 566	
Insurance Company	181 566	3.0	156 000	3.0
Pohjola Non-Life Insurance Company	156 000	2.5	153 800	2.6
Ilmarinen Mutual Pension Insurance Company	153 800	2.5	21 430	2.5
Nominee-registered shares	21 430	0.4	2 942 820	0.4
Other shareholders	2 942 820	48.1	6 079 976	48.4
External ownership total	6 079 976	99.3		100.0
Owned by the company	42 600	0.7	6 079 976	
	6 122 576	100.0		100.0

SHARES OWNED BY CORPORATE MANAGEMENT

Members of the Administrative Council and the Board of Directors and the President owned a total of 412 198 shares on February 19, 2001. This corresponds to 6.7% of the company's share capital and 6.8% of the voting rights. Apart from this, the President holds FIM 6 000 of the capital value of a warrant bond issued by the company in 1997. A breakdown of the management's warrant bonds is given in the notes to the financial statements on page 31.

DISTRIBUTION OF SHAREHOLDINGS

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	3 953	46.6	175 652	2.9
101 - 1 000	4 152	48.9	1 308 487	21.4
1 001 - 10 000	357	4.2	747 077	12.2
10 001 - 40 000	11	0.1	192 506	3.1
40 001 -	19	0.2	3 629 438	59.3
Joint account			69 416	1.1
Total	8 492	100.0	6 122 576	100.0

DISTRIBUTION OF OWNERSHIP

	% of shareholders	% of shares
Companies	1.5	20.9
Financial and insurance institutions	0.4	23.6
Public organizations	0.6	12.0
Non-profit organizations	1.2	4.7
Private households	96.3	37.3
Foreign and nominee-registered		0.4
Join account		1.1
Total	100.0	100.0

CHANGES IN OWNERSHIP REPORTED

The following notifications were made during the financial period under chapter 2, section 9, of the Securities Markets Act:

February 9, 2000: The 4.8% owned by Norvestia plc was less than one twentieth of Lännen Tehtaat plc's votes and share capital.

June 7, 2000: 13.3% of the shares were owned jointly by Tapiola General Mutual Insurance Company and Tapiola Mutual Life Assurance Company. The 10.03% owned by Tapiola General Mutual Insurance Company exceeded one tenth of Lännen Tehtaat plc's votes and share capital.

Proposal of the Board for the distribution of profit

The Group's distributable funds totalled FIM 287 269 567.43 on December 31, 2000. The parent company's distributable funds were FIM 242 968 626.44.

The Board of Directors proposes that Lännen Tehtaat plc pay a dividend of FIM 5.00 per share, a total of FIM 30 399 880.

Vantaa, February 23, 2001

Heikki Harjuvaara

Juha Korkeaoja

Esko Eela

Tapio Reponen

Hannu Simula

Tom von Weymarn

Olli Karkkila

Auditors' report

TO THE SHAREHOLDERS OF LÄNNEN TEHTAAT PLC

We have audited the accounting records, financial statements and administration of Lännen Tehtaat plc for the financial year 1 January - 31 December 2000. The financial statements prepared by the Board of Directors and the President, contain the Board of Directors' report, and the consolidated and parent company profit and loss accounts, balance sheets and notes to the financial statements. Based on our audit we express an opinion on these financial statements and administration.

We have conducted our audit in accordance with generally accepted auditing standards in Finland. These standards require that we conduct a sufficient examination of the annual accounts, as well as the accounting principles, disclosures and presentation of the financial statements, to obtain reasonable assurance that the financial statements are free of material misstatement. The purpose of our audit of the administration is to establish that the Administrative Council, the Board of Directors and the President have complied with the rules of the Finnish Companies' Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations and financial position. The financial statements, including the consolidated statements, may be adopted, and the members of the Administrative Council and the Board of Directors, and the President, may be discharged from liability for the financial period audited by us. The proposal of the Board of Directors concerning the disposal of the distributable funds is in compliance with the Finnish Companies' Act.

Säkylä, March 12, 2001

Kauko Lehtonen
Authorized Public Accountant

Pekka Nikula
Authorized Public Accountant

Administrative Council statement

The Administrative Council of Lännen Tehtaat plc has today examined the parent company and consolidated financial statements for 2000 and studied the Auditors' report. The Administrative Council has no comments on the financial statements for 2000.

The following members of the Administrative Council are in turn for retirement; Antti Bärilund, Heikki Halkilahti, Jussi Hantula, Börje Helenelund, Tom Liljeström, Samu Pere, Esa Ruohola and Mikko Soro.

Säkylä, March 14, 2001

For the Administrative Council

Tom Liljesteröm
Chairman

Jarkko Sillanpää
Secretary

Profit and loss accounts

EUR 1 000	Consolidated		Parent company	
	2000	1999	2000	1999
Net turnover	(1) 261 680	225 607	145 309	139 787
Variation in stocks of finished goods and in work in progress	2 265	309	419	-453
Other operating income	(2) 2 567	1 951	2 364	1 154
Raw materials and services	(3) -194 519	-165 449	-109 138	-105 252
Staff expenses	(4) -35 087	-28 741	-14 257	-13 306
Depreciation	(5) -7 565	-6 548	-4 822	-4 661
Other operating charges	-23 320	-20 397	-12 335	-11 423
Share of profits of associated undertakings	(6) 3 006	2 198		
Operating profit	(7) 9 026	8 929	7 541	5 847
Share of profits of associated undertakings	(6) 78	857		
Financial income and expenses	(8) -376	-127	2 155	11 358
Profit before extraordinary items	8 728	9 660	9 696	17 205
Extraordinary items	(9)		-951	-937
Profit before appropriations, taxes and minority interests	8 728	9 660	8 744	16 268
Appropriations	(10)		862	3 896
Income taxes	(11) -1 652	-2 062	-2 747	-5 461
Minority interests	1 105	691		
Profit for the financial year	8 181	8 288	6 859	14 702

Cash flow statements

EUR 000	Consolidated		Parent company	
	2000	1999	2000	1999
Operations				
Operating profit	9 026	8 929	7 541	5 847
Adjustments:				
Share of profits of associated undertakings	-3 084	-3 055		
Depreciation according to plan	7 565	6 548	4 822	4 661
Other adjustments	3 585	8 017	26	-169
Financial income and expenses	- 298	643	4 308	11 271
Extraordinary items			-471	-252
Direct taxes	-1 652	-2 062	-2 747	-5 461
Cash flow from operations	15 143	19 020	13 478	15 896
Change in working capital				
Change in current receivables	2 245	-21 936	-1 096	-4 459
Change in stocks	-1 372	-17 930	-30	154
Change in non-interest-bearing current liabilities	-3 714	18 278	-1 978	5 439
Change in long-term receivables	243	-300	713	1 628
	-2 599	-21 887	-2 392	2 763
Net cash flow from operations (A)	12 544	-2 867	11 087	18 659
Investments				
Investments in tangible and intangible assets	-7 894	-15 098	-5 579	-6 803
Proceeds from sales of tangible and intangible assets	851	4 084	753	3 300
Other investments	-162	-54	-212	-158
Proceeds from sales of other investments	5 353	154	5 353	1 007
Net cash flow from investments (B)	-1 853	-10 914	314	-2 654
Financing				
Purchase of own shares	-1 767	-1 690	-1 767	-1 690
Change in preferred capital loans		1 682		
Change in minority interests	-1 206	5 291		
Change in current loans	18 469	3 245	16 450	223
Change in long-term loans	-17 696	20 283	-17 350	197
Dividends paid	-5 149	-2 533	-5 149	-2 533
Other changes in capital and reserves	95	76	134	
Net cash flow from financing (C)	-7 255	26 354	-7 682	-3 802
Changes in liquid assets (A+B+C)	3 437	12 573	3 719	12 203
Liquid assets on Jan. 1	27 370	14 797	23 544	11 341
Liquid assets on Dec. 31	30 807	27 370	27 263	23 544

Notes to the financial statements

EUR 000	Consolidated		Parent company		EUR 000	Consolidated		Parent company	
	2000	1999	2000	1999		2000	1999	2000	1999
9 Extraordinary expenses					Goodwill on consolidation				
Group contributions			471	252	Acquisition cost Jan.1	4 253	1 385		
Loss of merger				685	Increases	15	2 868		
Loss of liquidated associated undertaking			480		Acquisition cost Dec. 31	4 268	4 253		
Total			951	937	Accumulated depreciation	-1 108	-733		
					Depreciation for the year	-478	-375		
10 Appropriations					Accumulated depreciation Dec. 31	-1 586	-1 108		
Depreciation in excess of or less than plan					Book value Dec. 31	2 681	3 145		
Formation expenses		4			Other capitalized long-term expenses				
Intangible rights	7	39	7	39	Acquisition cost Jan.1	929	621	335	252
Other capitalized long-term expenses	-19	11	-14	8	Difference on translation	4	-2		
Buildings	273	-3 301	279	-3 319	Increases	153	310	114	83
Machinery and equipment	651	-495	590	-624	Acquisition cost Dec. 31	1 086	929	448	335
Total	912	-3 743	862	-3 896	Accumulated depreciation	-329	-222	-128	-79
					Depreciation for the year	-119	-106	-65	-49
11 Income taxes					Accumulated depreciation Dec. 31	-448	-329	-193	-128
For financial year	1 947	3 434	2 818	5 859	Book value Dec. 31	638	600	255	207
For previous years	-60	-399	-70	-398	Intangible assets, total	8 411	10 072	4 964	6 008
Change in deferred tax receivable	15	-43			13 Tangible assets				
Change in deferred tax liability	-251	-930			Land and waters				
Total	1 652	2 062	2 747	5 461	Acquisition cost Jan.1	3 260	3 304	2 662	2 662
					Decreases	-131	-44	-165	
12 Intangible assets					Book value Dec. 31	3 129	3 260	2 497	2 662
Formation expenses					Buildings				
Acquisition cost Jan.1	37				Acquisition cost Jan.1	30 091	32 437	24 606	26 418
Increases		37			Difference on translation	156	-46		
Acquisition cost Dec. 31	37	37			Increases	3 429	505	3 232	2 081
Accumulated depreciation	-4				Decreases	-805	-2 805	-858	-3 894
Depreciation for the year	-7	-4			Acquisition cost Dec. 31	32 871	30 091	26 980	24 606
Accumulated depreciation Dec. 31	-11	-4			Accumulated depreciation	-8 947	-8 290	-8 112	-8 073
Book value Dec. 31	26	33			Difference on translation	51	-59		
Intangible rights					Accumulated depreciation on decreases	299	765	318	1 062
Acquisition cost Jan.1	5 114	3 390	5 064	3 334	Depreciation for the year	-1 312	-1 363	-1 014	-1 101
Increases	22	1 724	22	1 730	Accumulated depreciation Dec. 31	-9 908	-8 947	-8 808	-8 112
Acquisition cost Dec. 31	5 137	5 114	5 086	5 064	Book value Dec. 31	22 963	21 144	18 172	16 494
Accumulated depreciation	-1 979	-1 520	-1 948	-1 494	Machinery and equipment				
Depreciation for the year	-485	-459	-480	-453	Acquisition cost Jan.1	33 567	26 489	23 493	20 474
Accumulated depreciation Dec. 31	-2 464	-1 979	-2 428	-1 948	Difference on translation	12	-10		
Book value Dec. 31	2 673	3 136	2 658	3 116	Increases	5 510	7 603	2 205	3 363
Goodwill					Decreases	-2 669	-515	-316	-343
Acquisition cost Jan.1	7 190	6 656	6 334	5 894	Acquisition cost Dec. 31	36 420	33 567	25 381	23 493
Difference on translation	-17								
Increases		534		440					
Acquisition cost Dec. 31	7 173	7 190	6 334	6 334					
Accumulated depreciation	-4 032	-3 337	-3 650	-3 061					
Difference on translation	2								
Depreciation for the year	-749	-694	-633	-589					
Accumulated depreciation Dec. 31	-4 779	-4 032	-4 283	-3 650					
Book value Dec. 31	2 393	3 158	2 051	2 684					

Notes to the financial statements

EUR 000	Consolidated		Parent company		EUR 000	Consolidated		Parent company	
	2000	1999	2000	1999		2000	1999	2000	1999
16 Stocks									
Raw materials and consumables	7 308	7 600	4 033	4 408	Contingency reserve Jan. 1	7 232	7 232	7 232	7 232
Work in progress	3 151	3 765	347	263	Contingency reserve Dec. 31	7 232	7 232	7 232	7 232
Finished products/Goods	39 118	36 833	10 714	10 380	Retained earnings Jan. 1	40 090	37 679	18 987	18 504
Advance payments	4	12		13	Transferred from the previous				
Total	49 581	48 210	15 094	15 064	year profit	8 288	6 557	14 702	4 706
					Dividends	-5 149	-2 533	-5 149	-2 533
17 Long-term receivables					Transfer to reserve				
Accounts receivable	222	370			for own shares	-1 767	-1 690	-1 767	-1 690
Loans receivable from					Transfer to capital reserve account	-41			
Group undertakings			1 995	2 595	Changes and translation differences				
Loans receivable from					during elimination	-22	76		
associated undertakings	112	224	112	224	Retained earnings Dec. 31	41 399	40 090	26 773	18 987
Total	334	594	2 107	2 820	Profit for the financial year	8 181	8 288	6 859	14 702
18 Current receivables					Preferred capital loans Jan. 1	1 682			
Accounts receivable	32 324	34 108	16 266	14 888	Increase		1 682		
					Preferred capital loans Dec. 31	1 682	1 682		
Amounts owed by Group undertakings					Capital and reserves Dec. 31	92 710	93 287	75 053	76 914
Accounts receivable			531	589	Distributable funds				
Loans receivable			4 067	3 302	Contingency reserve	7 232	7 232	7 232	7 232
			4 599	3 891	Retained earnings	41 399	40 090	26 773	18 987
Amounts owed by associated undertakings					Profit for the financial year	8 181	8 288	6 859	14 702
Accounts receivable	1 216	247	1 216	247	./.Activated formation expenses	-26	-33		
Other receivables	1 684	776		307	./.Balance sheet provisions included in				
Prepayments and accrued income					capital and reserves	-7 776	-8 426		
Raw materials and services	1 114	1 889			./.Balance sheet provisions of				
Warranty indemnities	283	364			associated undertakings included				
Pension assurance and other					in capital and reserves	-696	-3 616		
legal assurances	434	427	252	243	Distributable funds Dec. 31	48 315	43 536	40 864	40 922
Interest income and other					Preferred capital loan				
financial income	206	279	206	207	Group member Machinium Ltd has a EUR 1 681 879 preferred capital loan.				
Tax compensation receivables	1 168	3 259	1 168	3 063	The loan period is 5 years and it is to be repaid in two equal instalments on				
Other	1 245	569	415	178	April 30, 2003 and April 30, 2004. Throughout the three-year period the				
	4 449	6 787	2 040	3 691	interest will be the reference rate for employee pension loans + 6.55 percentage				
Total	39 673	41 917	24 121	23 025	points. The loan is a subordinated loan as referred to in chapter 5 of the				
19 Changes in capital and reserves					Companies Act. The interest for the financial year is EUR 168 271 and has				
Share capital Jan. 1	10 839	10 839	10 839	10 839	been entered under interest expenses in the consolidated profit and loss				
Reduction of share capital to					statement. EUR 112 893 of this amount accrued between May 1 and				
share premium account	-542		-542		December 31, 2000, after payment of the previous interest instalment.				
Share capital Dec. 31	10 297	10 839	10 297	10 839	According to the loan terms, this sum cannot yet be paid because the Machinium				
					subgroup has no distributable assets. The outstanding interest has been entered				
Share premium account Jan. 1	21 941	21 941	21 939	21 939	under other long-term liabilities.				
Transfer from share capital	542		542						
Reserves received from sold shares									
dishonoured in capitalization issues	134		134						
Share premium account Dec. 31	22 618	21 941	22 615	21 939					
Revaluation reserve Jan. 1	773	773	773	773					
Revaluation reserve Dec. 31	773	773	773	773					
Reserve for own shares Jan. 1	2 440	750	2 440	750					
Transfer from retained earnings	1 767	1 690	1 767	1 690					
Cancellation of shares	-3 705		-3 705						
Reserve for own shares Dec. 31	503	2 440	503	2 440					
Capital reserve account Jan. 1									
Transfer from retained earnings	41								
Transfer to minority interests	-17								
Capital reserve account Dec. 31	24								

Key indicators

Financial indicators	2000	1999	1998	1997	1996
Scope of operations					
Net turnover, EUR 1000	261 680	225 607	192 048	161 143	145 747
Change, %	16.0	17.5	19.2	10.6	10.7
Food Group, %	47.2	53.9	62.9	59.9	64.4
Machinium Group, %	40.7	33.9	23.3	25.2	21.6
Other Business Units, %	12.1	12.2	13.8	14.9	14.0
Exports from Finland, EUR 1000	15 617	11 302	11 928	16 158	14 679
Exports' share of net turnover, %	6.0	5.0	6.2	10.0	10.1
Gross investments in non-current assets, EUR 1000					
	7 888	16 009	10 734	5 347	7 901
% of net turnover	3.0	7.1	5.6	3.3	5.4
R & D expenses, EUR 1000					
	1 428	1 450	1 306	1 139	801
% of net turnover	0.5	0.6	0.7	0.7	0.5
Investments in associated undertakings, EUR 1000					
	11 874	17 551	17 551	17 622	15 722
Dividends received from associated undertakings, EUR 1000					
	2 542	7 590	570	1 049	12
Average number of personnel					
	1 073	997	695	573	530
Net turnover/employee, EUR 1000					
	244	226	276	281	275
Financial income/expenses(-), net, EUR 1000					
	-376	-127	-299	-389	904
Profitability					
Operating profit, EUR 1000	9 026	8 929	7 397	7 727	6 762
% of net turnover	3.4	4.0	3.9	4.8	4.6
Profit before extraordinary items, EUR 1000	8 728	9 660	8 362	9 116	8 151
% of net turnover	3.3	4.3	4.4	5.7	5.6
Profit before taxes and minority interest, EUR 1000	8 728	9 660	8 362	9 116	8 151
% of net turnover	3.3	4.3	4.4	5.7	5.6
Profit for the financial year, EUR 1000	8 181	8 288	6 557	6 498	6 599
% of net turnover	3.1	3.7	3.4	4.0	4.5
Return on equity, % (ROE)					
	7.2	8.2	7.7	8.3	9.0
Return on investment, % (ROI)					
	7.9	8.9	9.4	10.4	10.0
Financial and economic status					
Current ratio					
	1.9	2.3	2.3	2.5	2.2
Equity ratio, %					
	51.7	50.8	63.4	63.9	58.1
Net gearing, %					
	15.1	28.7	4.1	-2.0	1.3
Non-current assets, EUR 1000					
	70 170	77 238	75 318	67 920	67 547
Current assets, EUR 1000					
	120 455	118 134	65 395	61 490	68 041
Capital and reserves, EUR 1000					
	92 710	93 287	85 774	81 806	77 794
Distributable funds, EUR 1000					
	48 315	43 536	38 713	33 728	27 597
Liabilities, EUR 1000					
	90 334	93 276	51 469	46 784	57 020
Interest-bearing liabilities, EUR 1000					
	45 626	54 607	19 253	17 817	29 069
Balance sheet total, EUR 1000					
	190 625	195 372	140 713	129 410	135 589

Corporate governance

SHAREHOLDERS' MEETING

The shareholders' meeting is the company's highest decision-making organ. The Annual General Meeting is held by the end of May each year.

Lännen Tehtaat plc has one series of shares carrying one vote each at shareholders' meetings. The Articles of Association, however, limit the right of a single shareholder to exercise voting powers representing more than one tenth of the votes at the meeting.

ADMINISTRATIVE COUNCIL

The Board of Directors and the President are in charge of corporate management, under the supervision of the Administrative Council. The Administrative Council comprises a minimum of 15 and a maximum of 20 members elected by the shareholders' meeting. Persons 65 years of age or older are no longer eligible. The term of the members of the Administrative Council is three years and ends at the close of the third AGM following election. The terms of one third (or the number nearest to it) must come to an end each year. Apart from this, the permanent corporate personnel may elect a maximum of four members, with personal deputies, from among themselves. The Administrative Council has currently 20 members elected by the shareholders' meeting and 4 personnel representatives.

The function of the Administrative Council is:

- to supervise corporate management by the Board of Directors and the President,
- to decide on the number of members of the Board, to elect the members of the Board and to fix the fees and other remunerations payable to the members of the Board,
- to elect a chairman and deputy chairman from among the members of the Board,
- to elect the President and to decide his/her salary and other benefits,
- to decide on any substantial changes in the company's business,
- to issue an opinion on the financial statements and the auditors' report,
- to convene shareholders' meetings and to prepare the issues to be dealt with at them.

The other duties of the Administrative Council are prescribed in the Companies Act.

Normally the Administrative Council meets three times a year. In 2000, the Administrative Council met four times.

BOARD OF DIRECTORS

The Board of Directors bears the general responsibility for corporate management in keeping with the law and the

Lännen Tehtaat plc Articles of Association. In accordance with a decision made by the Administrative Council, the Board comprises a minimum of four and a maximum of seven members, one of them the President. A member must not be 65 or older at the time of election. The current Board has seven members.

The Board members are elected for one year. The term of a Board member comes to an end at the close of the Administrative Council meeting convened following the AGM that follows the election. The Board usually meets monthly. In 2000, the Board met 16 times.

PRESIDENT

The President is elected by the Administrative Council. The President may have one or more deputies appointed by the Board of Directors.

Olli Karkkila has been President since 1994. As of April 1, 2001, Erkki Lepistö (Bachelor of Science in Economics and Business Administration; Master of Laws) will be President.

AUDITORS

In accordance with the Articles of Association, Lännen Tehtaat plc has a minimum of two and a maximum of three auditors, who must be Authorized Public Accountants or Accounting Companies.

Lännen Tehtaat plc's auditors are Kauko Lehtonen, APA, and Pekka Nikula, APA, with Kauko Lehtonen acting as the supervisory auditor nominated by the shareholders' meeting.

SALARIES AND REMUNERATIONS

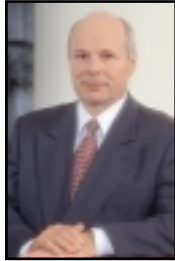
The Annual General Meeting decides on the fees paid to the Administrative Council. The Administrative Council decides on the fees for Board meetings and other remunerations, including the President's salary and other benefits.

INSIDER REGULATIONS

General insider trading guidelines prepared by Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers were approved by the Board of Helsinki Exchanges on October 28, 1999.

The Lännen Tehtaat plc Board approved new insider trading regulations for the company on November 15, 1999. The regulations, which have been in force since November 16, 1999, are based on the Guidelines for Insider Trading approved by Helsinki Exchanges, following and in some respects surpassing the requirements and instructions laid down there.

Board of Directors



Heikki Harjuvaara, b. 1942
Deputy Managing Director, Åkerlund & Rausing Group
Member since 1990 and Chairman since 1994

Chairman of the Board: Servisec Oy
Member of the Board: Machinium Ltd, Oy Teampac Ab, Technojolly S.p.a.,
Åkerlund & Rausing S.A., ZAO Åkerlund & Rausing
Holding: 2 000 shares



Juha Korkeaoja, b. 1950
Member of Parliament
Member since 1983 and Deputy Chairman since 1991

Member of the Board: Federation of Finnish Fisheries Associations, Köyliön Kalanviljely Oy
Member of the Supervisory Board: Finnair Oy
Member of the Investment Council: Finnish Industry Investment Ltd
Chairman of the Council: Satakunta Rural Advisory Centre
Holding: 3 156 shares



Esko Eela, b. 1936
Member since 1996

Chairman of the Board: Suomen Metsästäjäliitto
Member of the Board: Köyliön-Säkylän Sähkö Oy
Member of the Supervisory Board: Satapirkan Sähkö Oy
Holding: 387 348 shares



Olli Karkkila, b. 1942
President, Lännen Tehtaat plc
Member since 1993

Chairman of the Board: Machinium Ltd
Member of the Board: Finnish Food and Drink Industries' Federation
Member of the Supervisory Board: Tapiola Mutual Pension Insurance Company, Lännen Puhelin Oy
Vice President: FAFPAS Federation of the Associations of the E.U. Frozen Food Producers
Holding: 1 000 shares



Tapio Reponen, b. 1947
Professor, Rector of Turku School of Economics and Business Administration
Member since 1995

Member of the Board: Hansaprint Oy
Holding: -



Hannu Simula, b. 1947
Head of section, Central Union of Agricultural Producers and Forest Owners (MTK)
Member since 1998

Member of the Board: Sucros Ltd, Sugarbeet Research Centre
Holding: 850 shares



Tom v. Weymarn, b. 1944
President and CEO, Oy Rettig Ab
Member since 1999

Chairman of the Board: CPS Color Group Oy, Noviant Oy
Member of the Board: Oy Rettig Ab, Oy Sinebrychoff Ab, Oy Telko Ab
Holding: -

Administrative Council

Members elected by the shareholders' meeting:

Tom Liljeström, b. 1959
Managing Director, Tapiola Mutual Pension Insurance Company
Member since 1994, Chairman since 1996
Member of the Board: Tapiola General Mutual Insurance Company, Tapiola Mutual Life Assurance Company
Deputy Member of the Board: Tapiola Mutual Pension Insurance Company
Holding: -
In turn to resign

Rainer Fallila, b. 1937
Member since 1978,
Deputy Chairman since 1996
Holding: 1 631 shares

Antti Bärlund, b. 1945
member since 1995
In turn to resign

Heikki Ellilä, b. 1945
member since 1996

Matti Eskola, b. 1950
member since 1991

Heikki Halkilahti, b. 1947
member since 1990
In turn to resign

Jussi Hantula, b. 1955
member since 1995
In turn to resign

Hannu Harjunmaa, b. 1941
member since 1988

Börje Helenelund, b. 1951
member since 1998
In turn to resign

Esa Härmälä, b. 1954
member since 1995

Pasi Jaakkola, b. 1941
member since 1982

Jouni Kaitila, b. 1963
member since 1991

Mari Kiviniemi, b. 1968
member since 1996

Vesa Lammela, b. 1941
member since 1993

Hannu Lamminen, b. 1951
member since 1996

Juha Nevavuori, b. 1942
member since 1973

Samu Pere, b. 1968
member since 1998
In turn to resign

Esa Ruohola, b. 1946
member since 1998
In turn to resign

Mikko Soro, b. 1950
member since 1998
In turn to resign

Helena Walldén, b. 1953
member since 1996

Personnel representatives:

Aila Koivuniemi, b. 1944
member since 2000
(personal deputy member Timo Kaila)

Matti Laakso, b. 1945
member since 1997
(personal deputy member Marja Rusi)

Esa Paganus, b. 1963
member since 1997
(personal deputy member Yrjö Rajamäki)

Pekka Sihvonen, b. 1954
member since 2000
(personal deputy member Seppo Siivonen)

Auditors

Kauko Lehtonen
Authorized Public Accountant

Pekka Nikula
Authorized Public Accountant

Corporate Management



Olli Karkkila, b. 1942
President since 1994



Antti Kerttula, b. 1956
Director since 1994,
Director of Apetit since 1997



Ilkka Jaskari, b. 1947
Director of Lännen Sugar since 1988



Markku Routasalo, b. 1952
Director of Machinium Group since 1993



Jukka Haikonen, b. 1955
Director of Lännen Feed since 1996



Pekka Kurri, b. 1943
Director of Lännen Plant Systems
and Agricultural Department since 1992




Riitta Jaakkola, b. 1950
Director of Finance since 1998

50 Years of Growth

- 1950 Länsi-Suomen Sokeritehdas Oy sugar factory founded
- 1953 Sugar production begins
- 1956 Feed factory founded
- 1959 Engineering workshop founded
- 1960 Frozen food and preservatives factory founded
- 1967 Lännen Plant Systems founded
- 1988 Lännen Agricultural Department founded
- 1989 The Lännen Tehtaat share listed on Helsinki Exchanges
- 1990 Sucros Ltd founded
- 1995 Apetit brand and its frozen food business purchased
- 1996 Tresko Food Oy purchased
- 1998 Lannen Polska Sp. z o.o founded
- 1999 Machinium Group founded
- 2000** Lännen Tehtaat plc 50 years



50 Lännen Tehtaat plc was established 50 years ago, on March 17, 1950. No festivities were held on the actual day in 2000, but many events were arranged during the year.

 In February/March, seminars were held for IP farmers and beet growers under contract to the Lännen Agricultural Department, and a seminar on frozen food for Apetit stakeholders. *Lännen Makasiini*, a publication to commemorate the 50th anniversary, was distributed to the personnel and partners, explaining the different branches of Lännen Tehtaat operations and underlining the company's versatility, down-to-earth approach and growth, and the Finnish mode of operation. Shareholders were given a bonus dividend.

The main event was a summer party on June 9, 2000. Present personnel, retired Lännen employees and both current and former members of the Board and the Administrative Council were invited, as were the current and all former Presidents. The Lännen spirit and sense of togetherness brought us all together to reminisce about the past and look forward to the future.



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Trade register number: 122.439

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