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## Information for shareholders

### ANNUAL GENERAL MEETING

The Annual General Meeting of Lännen Tehtaat plc will be held on Thursday, April 4, 2002, at 2.00 p.m. in the Lännen Tehtaat plc staff restaurant in Säskylä.

Shareholders who are registered as shareholders no later than March 25, 2002 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 3.00 p.m. on Tuesday, April 2, 2002.

### DIVIDEND

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.60 per share be paid for 2001 in accordance with the company's dividend distribution policy. The Board will propose to the meeting that April 9, 2002 be set as the record date and April 16, 2002 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.

### FINANCIAL INFORMATION IN 2002

Lännen Tehtaat plc will issue the following information on the 2002 financial period:

Interim report for January-March May 14, 2002  
Interim report for January-June August 20, 2002  
Interim report for January-September November 14, 2002

The Annual Report and Interim Reports will be published in Finnish and English. A printed version of the Annual Report will be mailed to all shareholders with more than 100 shares. Interim Reports will not be printed. They will be published as stock exchange releases on the company web pages at [www.lannen.fi](http://www.lannen.fi). Mailed or e-mailed copies of Interim Reports can be ordered from Lännen Tehtaat plc, P.O. Box 100, FIN-27801 Säskylä, by telephone +358 2 83971, by telefax +358 2 8397 4022 or by e-mail from [arja.antikainen@lannen.fi](mailto:arja.antikainen@lannen.fi). You can also sign up for the publication mailing list via the company web pages.

### CHANGES OF NAME OR ADDRESS

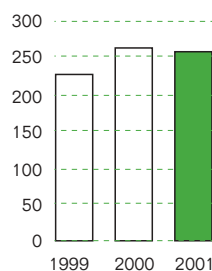
Shareholders are asked to notify the bank branch office or the brokerage in with which their book-entry accounts are handled of any changes in their name or address.

### KEY INDICATORS

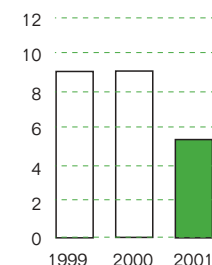
	2001	2000	1999
Net turnover	EUR mill. 254.1	261.7	225.6
International turnover	EUR mill. 79.3	79.1	48.5
Operating profit	EUR mill. 5.7	9.0	8.9
Profit before extraordinary items	EUR mill. 4.8	8.7	9.7
Profit before taxes and minority interest	EUR mill. 4.8	8.7	9.7
Return on investment (ROI)	% 6.4	7.9	8.9
Equity ratio	% 57.3	51.7	50.8
Earnings per share	EUR 0.84	1.34	1.32
Dividend per share	EUR 0.60 <sup>1)</sup>	0.84	0.84
Average number of personnel	1 010	1 073	997

<sup>1)</sup> Board of Directors' recommendation

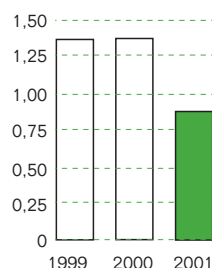
### CONSOLIDATED NET TURNOVER EUR million



### OPERATING PROFIT EUR million



### EARNINGS PER SHARE EUR





#### FOOD GROUP

- Apetit  
Frozen foods, jams and marmalades
- Tresko Fish Ltd  
Fish products
- Lännen Polska Sp.z o.o.  
Frozen foods, preserves
- Lännen Sugar  
Sugar



#### MACHINIUM

- Manufacture:** Lännen Engineering Oy  
Earthmoving machinery
- Sales and maintenance:** SMA Construction AB  
Earthmoving machinery  
SMA Maskin AB  
Forklift trucks and diesel engines  
AS Balti Ehitusmasin-Baltem  
Earthmoving machinery
- Sales:** Suomen Rakennuskone Oy  
Earthmoving machinery  
SIA BCM Baltijas Celtniecibas Masina  
Earthmoving machinery  
UAB Baltijos Statybines Masinos  
Earthmoving machinery
- Rental:** SMA Maskinuthyrning AB  
Forklift trucks



#### 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
- Harvia Oy  
Production of tree seedlings

## 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, jams, marmalades and fish products, all from pure, carefully selected raw materials and sells sugar.

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.



## *President's review*

The Group's net turnover reached EUR 254 million in the financial period now ended. Opposite trends characterized performance, however.

The Food Group's domestic units *Apetit*, *Lännen Sugar* and *Tresko Fish Ltd* showed a good profit. Our small company in Poland continued to show a loss, although profitability improved on the previous year. *Lännen Feed's* performance was good, exceeding the 2000 figure substantially. *Lännen Plant Systems*, the *Agricultural Department* and *Harviala Oy* achieved their targets. The adjustments made in the Swedish companies of the *Machinium Group* early in the year proved to be insufficient, and performance was in the red. Overall, *Lännen Tehtaat Group* performance weakened and was unsatisfactory. Earnings per share went down from EUR 1.34 to EUR 0.84.

Vigorous growth continued in the consumption of frozen foods, creating a good foundation for future development of business operations. *Apetit* and *Kesäpöytä* products reinforced their position on the frozen food market. Our well-known brands and the domestic origin of most of our products are strengths that we can continue to build on in the future. Growing demand is a continuous challenge for our R&D. Technically speaking, our production processes are in good shape,

allowing us to step up operations and introduce new products. The personnel's good motivation and exceptionally strong commitment will pave the way to better results. Close cooperation with various trade groupings ensures efficient distribution for our products.

Sugar business continues to hold a key position in corporate operations. *Lännen Tehtaat* is a minority shareholder in *Sucros Ltd*, which engages in sugar production in Finland and is part of the *Danisco Group*. Our relations with *Sucros* comprise much more than a mere ownership share. We are committed to the sugar business and to relations with this associated company. According to the division of labour agreed on between the two companies, *Lännen Tehtaat* handles beet contract farming in the *Säkylä* factory area. Sales of sugar on the retail market are also important to us.

The decision made by the EU concerning the sugar system was predominantly favourable to the sector, and sugar production conditions have now been safeguarded for the next few years. *Danisco* is one of the leading European sugar companies and a strong partner for *Lännen Tehtaat* and Finnish farmers. It is good for our operating conditions that it is in *Danisco's* interests, too, to defend Finland's sugar quotas. It is vital for the Finnish sugar industry that a price securing farmers a competitive income

level can be paid for beet in the future.

The problems encountered in European livestock production in recent years have shown how important every single link is in the chain. Mistakes made at the beginning of the production chain cannot be remedied later. Finnish family-based farming has excellent potential for producing good, healthy raw materials. The high quality of our own raw materials is guaranteed by the three-year training in Integrated Production given to all our vegetable farmers. Not even the best production plants can turn out good, healthy food if their raw material is not first-class in quality.

In view of our operations, availability of Finnish raw materials is essential. Our contract farmers supplied 25 million kilos of vegetable raw material, allowing us to meet market demand until the next crop season. Our contract farmers are extremely skilled, and cooperation benefits both parties. It is important for Finnish consumers that future EU decisions do not weaken farmers' potential for earning a living.

A number of strategic outlines were drawn up in 2001. On the basis of experience gained in Poland, the time is not yet ripe for expanding frozen food operations to the Baltic States. On the other hand, changes are taking place in the corporate environment within the Finnish food industry which will offer Lännen Tehtaat

opportunities for growth. The latter half of the 1990s was a period of particularly rapid expansion, and it continues to be our goal to grow and reinforce our status as a leading food company in Finland.

In accordance with our revised strategy, we are actively looking for food companies to purchase in Finland. Companies supporting our current business units will be given priority. One of the key criteria in looking for suitable companies for acquisition is to gain an important market position thereby. Expansion of frozen food and animal feed operations will support our overall concept best. We consider production of pure, healthy foods and concern for the environment to be important operating principles. 2002 will lay a foundation for future potential.

I should like to express my warm thanks for the past year to the entire Group personnel, our customers, our contract farmers and other partners. I also thank our shareholders for their trust in the company; it is our strategic goal to produce added value for them. I hope we shall be able to continue to work together in future.

Further, I should like to offer special thanks to Olli Karkkila for the support he has given me in my demanding new job as Lännen Tehtaat's President and CEO.

Säkylä, February 2002



Erkki Lepistö





## Food Group

Lännen 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. Lännen Tehtaat is Finland's market leader in frozen foods and jams and marmalades produced for retail.

The Food Group comprises the Apetit unit, Tresko Fish Ltd, Lannen Polska Sp.z o.o. and Lännen 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. Lännen Sugar sells sweeteners made by the associated company Sucros Ltd to Finnish retailers.



Food Group net turnover in 2001 totalled EUR 116.3 million (EURm 123.8), a fall of about 6 per cent on the previous year. This decrease was the result of rearrangements of the fish products business in the Apetit unit and a fall-off in Lännen Sugar sales.

The Food Group's operating profit, at EUR 7.1 million, was lower than the previous year (EURm 7.4), but still exceeded the budgeted target.



Food Group investments came to EUR 1.9 million, and primarily went into developing and maintaining production technology. The biggest single investment (EURm 0.8) was the

construction of a new freezing line for puréed vegetables at Apetit's Säskylä factory.

### APETIT

The value of frozen food retailing rose about 10 per cent in Finland in 2001.

Frozen foods accounted for EUR 42.3 million (EURm 45.1) of Food Group net turnover. The Apetit unit achieved a particularly large increase in sales of frozen foods and vegetables, but sales of frozen fish fell because of rearrangements in the fish products business. Sales of jams also decreased slightly.

Lännen Tehtaat is the Finnish market leader for frozen vegetables, ready meals and special potato products, and for retail jams and marmalades. According to a survey by I.R.O. Research Ltd, the company produces the two best-known frozen food brands in Finland – Apetit and Kesäpöytä.

Vegetable and special potato products are sold under the Kesäpöytä brand and frozen foods under the Apetit brand. There was a

Food Group, EUR million	2001	2000	Net turnover by business unit, EUR million	2001	2000
Net turnover	116.3	123.8	Apetit	52.2	56.7
Percentage of consolidated net turnover	46%	47%	Lännen Sugar	56.4	59.5
Operating profit	7.1	7.4	Tresko Fish Ltd	3.6	4.8
Investments	1.9	1.9	Lannen Polska Sp. z o.o.	4.6	4.7
Average personnel	449	507	Internal sales	-0.5	-2.0
				116.3	123.8



marked increase in the range and sales of trading group brands.

Lännen Tehtaat is the leading Finnish producer of jams (Dronningholm brand) and marmalades (Apetit brand). Its customers include domestic industry and institutional kitchens as well as retailers.



The good growth in sales of frozen foods derives from consumer needs. Consumers appreciate the ease and speed of frozen foods as the time spent on cooking continues to get less. The tastiness achieved using new production methods ensures products' continued success.

The first Apetit frozen fish products were launched during 2001. In spring, fish fingers and fillets were put onto the institutional kitchen market, and in autumn ready fish dishes with sauces. The first products offered to retail customers, in the autumn, were wok fish and paellas. Retail sales of Apetit frozen fish products got under way in early 2002 with



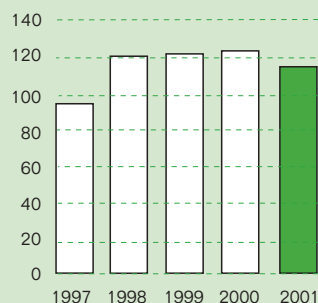
the introduction of salmon fish fingers, salmon fish cakes, saithe fillet and fish figures. The puréed vegetable freezing line was ready to start operating in the autumn and was used, for instance, to make easy-to-use puréed root vegetables for the Christmas market. New items (e.g. Scandinavian hash and pea soup) were added to the frozen foods range.

The Apetit unit produced a total of 22.7 million (23.9 million) kilos of frozen vegetables and 4.7 million kilos (3.9 million) of highly processed frozen foods. These products are made in Säskylä, Turku and Pudasjärvi. 5.9 million kilos of jam were made in Säskylä. Tresko Fish Ltd makes salmon trout products in Kustavi.

Apetit's particular objective during the financial year was to reduce the amount of capital tied up in operations by paying special attention to the volume and value of inventories. The goal set for 2001, of reducing value by 10 per cent, was exceeded.

Training for farmers supplying the Apetit

FOOD GROUP  
NET TURNOVER  
EUR million







## Food Group

unit with organic raw materials began in 2001. Subsequently all the domestic raw material used by *Apetit* will be grown in accordance with IP, organic or baby food requirements.

Work to develop *Lannen Polska Sp.z o.o.*'s operations continued during the year. The staff figure has been downsized to correspond to the present scale of operations. Prices have remained low on the Polish frozen food market, and the sales situation has not developed as hoped. Profitability has improved, but *Lannen Polska* still operates at a loss.

Development work on quality and environmental systems continued in *Apetit* in accordance with targets set by the *Lännen Tehtaat Group*. The units in *Säkylä* and *Turku* have already obtained both an ISO 9001 quality certificate and an ISO 14001 environmental certificate, and *Tresko Fish Ltd* was granted an ISO 9002 quality certificate in spring 2001.

Construction of an occupational health and safety system began in 2001 by carrying out workplace risk analyses and by setting work safety targets. On this basis an occupational safety action programme will be formulated during 2002.

*Apetit* is expected to develop well during 2002, because production during the autumn of 2001, the season of particular importance for operations, succeeded well. Net turnover is expected to rise compared with 2001, partly as a result of launching retail sales of frozen fish products. Result trends are also expected to be encouraging, as the focus of growth is on highly processed, easy-to-use frozen ready meals and semi-processed foods.



## LÄNNEN SUGAR

Sugar, which used to be the company's staple line of production, still plays a key role in operations. Lännen Tehtaat is a minority shareholder in the Finnish sugar company Sucros Ltd, a member of the Danisco Group. In the agreed division of labour between the two companies, Lännen Sugar is responsible for all sales of Sucros sugar products to Finnish retailers.

In 2001, household sugar consumption fell about 7 per cent on the previous year, partly because there was less home preserving on account of the poor berry and summer fruit crops. In the comparison year crops reached a record high and sugar consumption rose.

In 2001 households used an average 11 kilos of sugar per person. This continues to be above the EU average.

During 2001 the Danisco Group began to market its sugar products in the Nordic countries under the Dansukker trademark, also standardizing its consumer packaging. Most of the sugar used in Finland is still made here, and all the sugar cubes and jam sugar are also produced for the Nordic market.

The range of sugar products targeted at retail consumers grew because of the overall Nordic range available. New items introduced included organic white sugar, raw cane sugar cubes and candy sugar.

The overall sugar market is expected to remain at the 2001 level in 2002.



## 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.

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.

Group companies sell Lännen and Komatsu earthmoving machinery in Finland, Sweden and the Baltic States, and in addition to these, SMA companies sell Hyster forklift trucks, Bomag road construction machinery and Cummins diesel engines in Sweden. Side by side with sale of machinery, maintenance services constitute an important part of operations in Sweden and the Baltic States. Machinium is the market leader in earthmoving machinery in Finland and Estonia.

The Machinium Group's EUR 105.3 million net turnover nearly reached the 2000 level of EUR 106.4 million, but was below target. Demand for earthmoving machinery slackened and the Swedish

krona weakened, reducing net turnover in Sweden and in the Finnish manufacturing companies. Net turnover by the Finnish sales company also fell short of the previous year's level, but sales by the subsidiary in Estonia grew vigorously.

Financial performance by the Machinium Group showed a loss in 2001 and was substantially poorer than the previous year's and what had been budgeted. Swedish operations suffered the worst failures. Sales margins were reduced by the declining market, the weakening Swedish krona, problems with the realization of second-hand machinery stocks and low utilization of maintenance capacity. Volumes were also cut by a decrease in sales of Lännen backhoe loaders and concentration on a single make of wheeled excavator. Operations were adjusted to the changing environment, but the measures taken were insufficient. The companies in Finland and the Baltic States showed a profit, but in Finland performance was hampered by slackening demand and rationalization of second-hand machinery stocks.

Machinium Group, EUR million	2001	2000	Net turnover by business unit, EUR million	2001	2000
Net turnover	105.3	106.4	Machinium Ltd	0.2	0.1
Percentage of consolidated net turnover	41%	41%	Suomen Rakennuskone Oy	38.1	39.7
Operating profit	-2.7	0.2	Lännen Engineering Oy	14.9	16.8
Investments	0.5	1.5	SMA Maskin AB	28.2	64.1 <sup>1)</sup>
Average personnel	423	433	SMA Construction AB	36.4	-
			AS Balti Ehitusmasin-Baltem	4.4	3.1
			SIA BCM Baltijas Celtniecibas Masina	0.8	0.9
			UAB Baltijos Statybines Masinos	0.1	0.1
			Internal sales	-17.8	-18.4
				105.3	106.4

<sup>1)</sup> Includes also sales of earthmoving machinery.



### LÄNNEN ENGINEERING OY

The market share of backhoe loaders manufactured by Lännen Engineering remained at last year's level in Finland, but shrank somewhat in Sweden. The total market for backhoe loaders has decreased in the Nordic countries on account of the slow-down in construction and general economic uncertainty. This market has shrunk more than the heavy earthmoving machinery market on average. In Finland, Lännen backhoe loaders account for about half the market for new machines.

Net turnover and operating profit went down.

In spring 2001, Lännen Engineering put a new 880S backhoe loader onto the market. This versatile heavy-duty machine, which features innovative new technology, is aimed at the main market area in Finland and Sweden.

Power Test 2001, a large display and test run event for Komatsu and Lännen machinery organized by Suomen Rakennuskone Oy and Lännen Engineering Oy in Loimaa, Finland, in

September, gathered a record audience of 2,600 people in two days. The visitors were mostly from Finland, but a lot of people also came from the Baltic States and Sweden. The event was the biggest show of new earthmoving machinery in Finland in 2001.

In 2002, the Finnish backhoe loader market is expected to remain at the previous year's level. Lännen Engineering net turnover and profitability are also expected to be the same as in 2001.

## Lännen

### SUOMEN RAKENNUSKONE OY

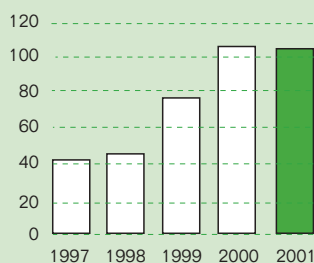
Demand for heavy earthmoving machinery in Finland fell by some 15 per cent, a greater decrease than expected. Suomen Rakennuskone held onto its position as market leader in an ever keener competitive situation and accounts for approximately one fifth of sales of new earthmoving machinery.

Net turnover and operating profit declined on the previous year.

Marketing of wheeled Komatsu excavators

## KOMATSU

NET TURNOVER  
MACHINIUM GROUP  
EUR million



HEAVY EARTHMOVING MACHINERY MARKET IN  
FINLAND 1990-2001  
units



Source: Association of Finnish Technical Trade





## Machinium

and the lighter Utility machinery was intensified and the range expanded in Finland. The first specially built backhoe loaders ordered by the Finnish Defence Forces were delivered in 2001; delivery of the series will be completed by the end of 2002. The machinery is designed and manufactured by Lännen Engineering.

In 2002, the Finnish earthmoving machinery market is expected to continue to decrease slightly on the 2001 level.

Net turnover by Suomen Rakennuskone in 2002 is expected to remain unchanged, but profit should exceed the 2001 level.

### SMA MASKIN AB

At the beginning of 2001, SMA Maskin AB was divided into SMA Construction AB, which deals with earthmoving machinery, and SMA Maskin AB, which focuses on materials handling machines. Apart from sale, rental and after-sales service related to materials handling machinery, SMA Maskin AB offers its customers after-sales service and leasing contracts covering the customer's entire

**HYSTER**



machinery stock.

The market for counterweight forklifts took a downward turn in Sweden in 2001. Sales volumes for warehouse equipment have been record high, but there, too, a slight downward turn was taken. SMA Maskin reinforced its position somewhat in both product lines.

In krona, net turnover by SMA Maskin Ab exceeded the previous year's level and budget targets, but financial performance fell short and showed a loss.

In order to improve profitability, the after-sales of forklifts has been made more efficient by simplifying processes and by concentrating and intensifying operations. The short-term rental of forklifts was separated into a new company, SMA Maskinuthyrning AB, as of the beginning of 2002.

In 2002, the market for materials handling machinery is expected to decrease slightly on the 2001 level.

### SMA CONSTRUCTION AB

Sales by SMA Construction AB focus on Lännen and Komatsu earthmoving machinery and

WAREHOUSE EQUIPMENT MARKET IN SWEDEN 1990-2001 units



Source: Maskinleverantörerna

COUNTERWEIGHT FORKLIFT MARKET IN SWEDEN 1990-2001 units



Source: Maskinleverantörerna



Bomag road construction equipment.

Sales of heavy-duty earthmoving machinery fell some 8 per cent in Sweden, or slightly less than in Finland, since the market showed signs of looking up towards the end of the year. The weakening of the Swedish krona caused pressure on prices, but it was not possible to make sufficient price adjustments because of competition.

Net turnover by SMA Construction AB fell short of target and remained below the 2000 level. The company showed a distinct loss.

In 2002, earthmoving machinery is expected to remain at the 2001 level.

#### THE BALTIC COMPANIES

The earthmoving machinery business developed favourably in the Baltic States. The subsidiary in Estonia, in particular, succeeded in increasing its net turnover and profits.

The favourable trend is expected to continue in 2002, partly thanks to continuing investments in the energy sector.

#### OUTLOOK FOR 2002

In 2002, the earthmoving business is expected to continue at the previous year's level in the main

market area. Investment decisions will be hampered by uncertainty concerning the cyclical trend. Demand for machinery is expected to fall slightly in Finland and to remain at the 2001 level in Sweden. In the Baltic States, lively investment activity will continue, especially in energy production. The decrease in the market for materials handling machinery is expected to come to a halt or at least to slow down. In spite of the decrease, the market is still at a good level.

In autumn 2001, a more extensive project was launched aimed at reorganizing and rationalizing the operations of the companies in Sweden. Implementation began at the beginning of 2002. Profit improvements will be achieved in 2002, but at the annual level the full benefits will be gained from the beginning of 2003. There will be one-off expense items related to restructuring, which means that the financial performance of the companies in Sweden will still be in the red in 2002. The Finnish companies in the Group will continue to show a profit at the 2001 level. The Machinium Group will not yet show a profit in 2002, but there will be an improvement on 2001. Net turnover by the Group is expected to remain slightly under the 2001 level.

HEAVY EARTHMOVING MACHINERY MARKET IN SWEDEN  
1990-2001  
units





## Other Business Units

### LÄNNEN FEED

Lännen Feed specializes in developing and producing cattle and pig feeds. It produces compound feeds as a subcontractor for trade and industry and sells feeds to farms through retailers under its own Lännen, Mella and Maitotilan labels. The most important raw materials for compound feeds are beet pulp, molasses, protein meal, grain produced in areas close to the factory and various mineral ingredients. Lännen Feed also provides other feed factories with processed sugar industry by-products.

The Finnish feed market grew by about 2 per cent in 2001, most significantly in poultry and pig feed. Lännen Feed's market share rose slightly, with cattle feed showing most growth.

Lännen Feed net turnover rose to EUR 17.6 million (EURm 16.1), an increase of about 10 per cent on the previous year. The amount of feed and compound feeds delivered to nearby farms increased especially. Unit profitability improved on the previous year, mainly thanks to the moderate energy price trend.

The Lännen Feed product range did not change much during the year. The focus was increasingly on the sale of feed in bulk. A new product launch introduced a milk and vegetable-based piglet feed with no additives. Customers also received undried Lännen pressed beet pulp for the first time.

The largest investments were made in the handling of beet pulp.

Use of Lännen Feed's electronic order system over the Internet increased. A whole 80 per cent or so of all orders were made electronically. The system is being made faster and easier to use, and to include a wider range of services. The unit's Internet pages were also overhauled and the content improved, to offer more advice and better customer service.

The total market for feeds in 2002 is expected to remain at the same level as in 2001. Lännen Feed net turnover should rise somewhat, thanks to higher sales to the surrounding area. Profitability is expected to remain at the 2001 level.

Other Business Units, EUR million	2001	2000
Net turnover	<b>32.5</b>	31.5
Percentage of consolidated net turnover	<b>13%</b>	12%
Operating profit	<b>1.3</b>	1.4
Investments	<b>1.5</b>	4.5
Average personnel <sup>1)</sup>	<b>138</b>	133

<sup>1)</sup> Includes corporate administration

Net turnover by business unit, EUR million	2001	2000
Lännen Feed	<b>17.6</b>	16.1
Lännen Plant Systems	<b>6.1</b>	6.5
Lännen Agricultural Department	<b>5.4</b>	5.7
Harviaala Oy	<b>2.6</b>	2.7
Other sales	<b>1.1</b>	0.9
Internal sales	<b>-0.3</b>	-0.3
	<b>32.5</b>	31.5



### LÄNNEN PLANT SYSTEMS

Lännen Plant Systems develops, produces and markets seedling and planting technology and complete seedling propagation 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.

Lännen Plant Systems is Finland's market leader in seedling trays and production systems for containerized seedlings.

Net turnover totalled EUR 6.1 million in 2001 (2000: EURm 6.5). Exports accounted for EUR 3.1 million (EURm 3.3). The key export areas were western Europe, the USA, Russia and China. Both net turnover and profit fell somewhat short of last year's figures because of the timing of project exports. Lännen Plant Systems exceeded its budget targets.

The focus in product development was on new seedling trays and automatic planting machines. Lännen Plant Systems introduced a forest seedling packaging line and a high-temperature disinfection unit for seedling trays. 2002 will see the first series of Plantek selective automatic transplanters, designed for seedling producers, vegetable

farmers and planting subcontractors. Automatic forest seedling planting machines are currently at the test phase.

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

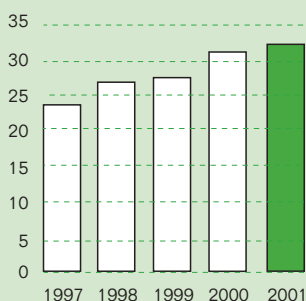
Prospects for Lännen Plant Systems are reasonably good. Global population growth, industrial food production, increasing commercial use of forests and more technological farming methods will create a greater demand for seedling and planting technology. The slow growth rate of the world economy will cause some uncertainty in the near future, however.

Lännen Plant Systems net turnover and operating profit are expected to reach the 2001 level in 2002.

**PLANTEK**

**HÄRVIALA**

OTHER BUSINESS UNITS  
NET TURNOVER  
EUR million





## Other Business Units

### THE AGRICULTURAL DEPARTMENT

Lännen Agricultural Department is responsible for contract farming for the **Apetit unit and the Sucros Ltd factory in Säskylä**. The aim is to conclude annual contracts that will ensure a supply of high-quality domestic raw material for the **Apetit unit in accordance with the quality systems for IP, organic and baby food farming**, and to supply the sugar factory with sufficient beet quantities to meet its targets.

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 training of farmers is done in cooperation with the Sugar Beet Research Centre, MTT Agrifood Research Finland and the Pyhäjärvi Institute.

The Agricultural Department buys the seeds and most important pesticides for the contracted plants and sells them to its contract farmers. It 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 and accounting concerning all raw materials used.

Farming contracts were made for 12 types of plant in 2001, covering almost 11,000 hectares. Vegetable contracts accounted for 1,600 hectares, equivalent to 25 million kilograms of raw material. Of the raw material delivered to Apetit's Säskylä factory, 23 million kilograms conformed with IP requirements and some 2 million kilograms with organic and baby food farming requirements.

On the whole, the vegetable harvest was good and of very high quality, except for peas, which suffered from the drought in early summer. Thus the volume delivered to the factory fell somewhat short of target. The crop yield for beet was good, but the rainy autumn meant the sugar content was below normal.

As a result of a division of labour between Lännen Tehtaat and Sucros Ltd, the Lännen Agricultural Department made some 800 beet farming contracts, covering 9,300 hectares. The volume of the beet harvest was good, at 33,681 kilograms per hectare, with a sugar content of 15.45 per cent.

From last year's beet harvest, the Sucros Ltd factories in Salo and Säskylä produced an amount of sugar almost equivalent to Finland's A and B quotas (146.1 million kilograms).

The prospects for the Agricultural Department are good, as the EU's sugar marketing system for the following five years was finalized in July 2001. The area used for contract farming of vegetables is increasing slightly.

## Personnel

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 according to jointly agreed values.

### IMPROVING WELL-BEING IN THE WORKPLACE

The company runs a programme to maintain employee well-being, aiming to promote the working capacity of employees and the whole work community, and to help staff to cope with their work. The following have been defined as long-term targets:

- a contented, competent personnel
- an open, interactive mode of working



- an encouraging and rewarding management style
- a healthy and safe working environment.

Two lectures were arranged for Apetit personnel on employee well-being. During the year, the 'working capacity' and 'coping at work' indexes were evaluated for employees of specific age and employees that attended special groups (56 employees altogether).

### IMPROVING KNOW-HOW AND COOPERATION

Personnel participated in training on the continuous development principle. The main topics were IT training, introduction of the euro, quality and environmental training, and new employment legislation. 531 employees participated in training,

totalling 992 days.

During the year, an on-the-job learning programme was started in cooperation with vocational institutions.

Lännen Tehtaat personnel were encouraged to put forward initiatives by arranging, for example, special competitions. In 2001, 37 initiatives were proposed per 100 employees (2000: 21/100).

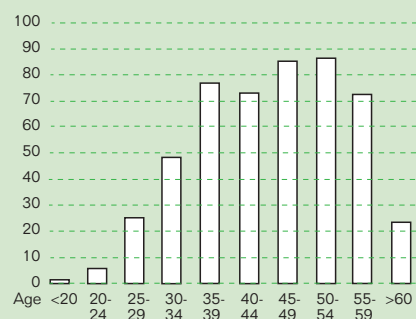
The company introduced an information system for human resources management which allows comprehensive personnel files to be maintained and utilized. Information on personnel was compiled in accordance with the Personal Data File Act and the Act on Data Protection in Working Life. The data protection ombudsman was notified about 40 employee files.

The recreation committee arranged exercise and cultural events and outings for personnel. 'Naisten kuntovitonon', a relaxed 5-kilometre women's jog in Turku, attracted several participants from Lännen Tehtaat. A Lännen team also participated in the Satakunnan Kansansoutu boat race using the Lännetär 'church boat'. The gym at the personnel's disposal was used 1,562 times during the first six months of operation.

### OUTLOOK FOR 2002

Employee well-being is one of the targets in the new operating policy. An occupational health and safety section will be incorporated into the company's management system in accordance with OHSAS 18001 specifications.

AGE DISTRIBUTION OF PERSONNEL IN THE LÄNNEN TEHTAAT GROUP IN FINLAND 31.12.2001  
Number of personnel



Average age 44,78

NUMBER OF PERSONNEL IN THE LÄNNEN TEHTAAT GROUP BY COUNTRY





## Environment

### REALIZATION OF ENVIRONMENTAL GOALS 1998—2001

Practically all Finnish frozen vegetable products and half of all beet sugar are manufactured in the Lännen Tehtaat industrial area, comprising the Lännen Tehtaat Apetit food factory and the Sucros beet sugar factory in Säkylä. During the processing season some 10,000 m<sup>3</sup> of wastewater is generated per day and approximately 900,000 m<sup>3</sup> per year.

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

#### Reducing the amount of wastewater 15% (m<sup>3</sup> per product tonne) and reducing the wastewater load on the water system

- The goal for reducing the volume of wastewater was reached in all areas.
- The wastewater treatment plant fulfilled the terms of its treatment permit and was below the required limit for load on the water system.

#### Reducing energy consumption 10% (MWh per product tonne)

- The overall target was reached in energy consumption for both production and real estate.

#### Reducing the amount of waste (kg per product tonne)

- The targets set for reducing waste were reached.
- The amount of waste taken to the disposal site was reduced by 65% (target 50%) and the amount of recyclables by 34% (target 15%) on the 1997 reference figures.

#### Planning our product range, packaging and investments on the sustainable development principle

- Water and energy consumption were reduced by developing frozen food manufacturing proc-

esses and producing individually quick frozen (IQF) foods.

- Recyclable materials are always used for packaging.
- Bulk delivery of feeds has been increased.
- Recyclability of parts has been taken into consideration in the design of machines involving components.

#### When selecting suppliers, we consider the quality and implementation of our partners' environmental systems

- The environmental standards of our raw material and packaging material suppliers and transport companies have been verified by auditing.
- Finnish vegetable raw materials are produced by contract farmers who follow IP, organic or baby food farming principles.

#### EVENTS IN 2001

Recycling of biogas generated in the anaerobic wastewater treatment plant began in the autumn, and during the processing season biogas was used to save fossil fuels.

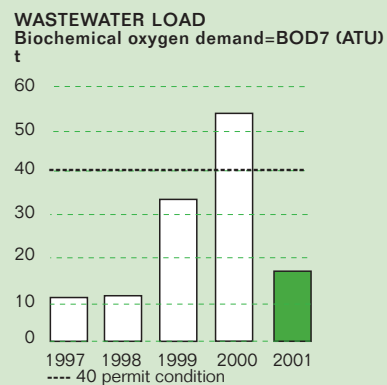
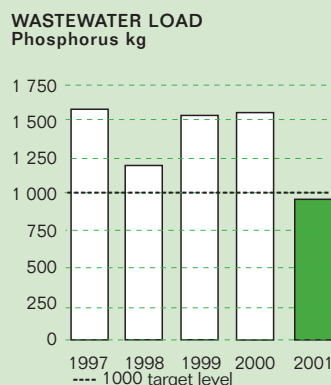
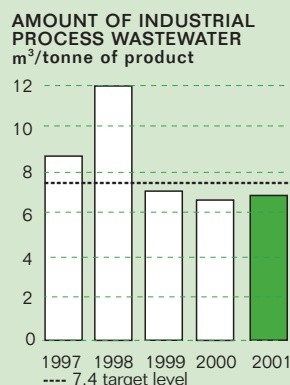
Plumbing work was completed to separate process waters from other wastewaters and ensure safe recycling of process waters. Work began on building a uniform environmental information system.

Lännen Tehtaat became a shareholder in the waste management company Jätehuolto Satakierto Oy. As a shareholder, we can ensure an alternative approach to industrial waste management than the current system of having our own disposal site.

The permits required by the Turku and Pudasjärvi plants under the new Environmental Protection Act were applied for.

The first Lännen Tehtaat environmental report was published in spring 2001.

Environmental targets were set for 2002–2005.



## OUTLOOK FOR 2002

Tresko Fish will apply for a new environmental permit required by the Environmental Protection Act and will also apply for an environmental certificate for its operations.

All sanitary wastewaters from the Säskylä industrial area will be conducted into the municipal sewage system.

A development plan will be made for the landfill in the Säskylä industrial area, taking new legislation and permit conditions into consideration.

Construction of the environmental information system will be completed.

The quality systems will be brought into line with the ISO 9001:2000 standard, and an EFQM self-assessment will begin.



## TARGETS FOR THE 2002-2005 PLANNING PERIOD

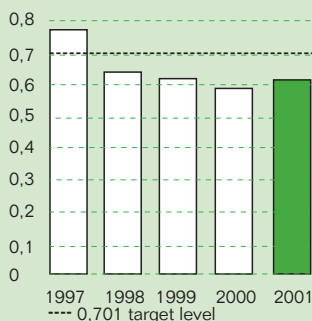
- to meet the conditions of environmental permits
- to reduce wastewater 10% (m<sup>3</sup> per product tonne)
- to reduce energy consumption 3% (MWh per product tonne)
- to reduce waste generated: total by 10% (kg per product tonne) and landfill waste by 5% (kg per product tonne)

## THE GROUP'S CERTIFIED QUALITY AND ENVIRONMENTAL SYSTEMS

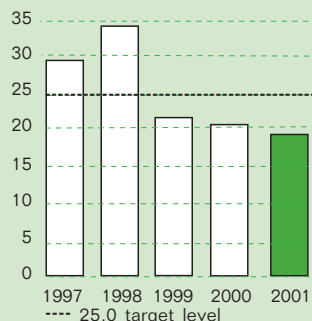
Unit	Location	Quality certificate granted/renewed	Environmental certificate granted
Lännen Feed	Säskylä	1998/2001	2000
Apetit	Säskylä	1999	1999
	Turku	2000	2000
Lännen Engineering Oy	Loimaa	1999	1999
Lännen Plant Systems	Säskylä	1999	1999
Agricultural Department	Säskylä	1999	1999
Lännen Sugar	Säskylä	2000	
Corporate management	Säskylä	2000	2000
Tresko Fish Ltd	Kustavi	2001	



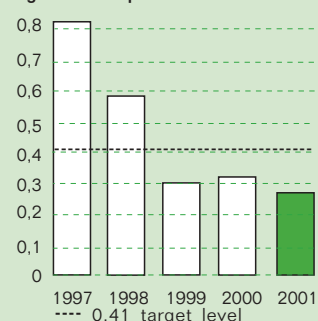
**ENERGY CONSUMPTION**  
Mwh/tonne of product



**KILOGRAMS OF WASTE**  
Recyclables kg/tonne of product



**KILOGRAMS OF WASTE**  
Waste taken to disposal site kg/tonne of product







## Board of Directors' report 2001

Esko Leela, Erkki Lepistö, Hannu Simula, Olli Karkkila, Tom v. Weymann and Juha Korkeaoja

### OPERATING ENVIRONMENT

Finland's industrial output has been growing for several years, but in 2001 this trend finally came to a halt. According to advance information released by Statistics Finland, output went down by approximately 1%. The decline is partly explained by the 2000 growth rate of 11%, one of the most vigorous in recent years. The decline was greatest in forestry output, while metal and engineering, and electronics remained at the previous year's level and energy production increased. The growth rate in the food industry continued to be approximately 1%, the same as in 2000. Retail sales of frozen foods increased by about 10%.

### CORPORATE STRUCTURE

The Lännen Tehtaat corporate structure remained unaltered. Business operations are divided into three groups.

The Food Group consists of the 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 the parent company of the sub-group, *Machinium Ltd*, its subsidiaries *Lännen Engineering Oy*, *Suomen Rakennuskone Oy*, *SMA Construction AB* and *SMA Maskin AB* with its subsidiary *SMA Maskinuthyrning AB* in Sweden, *AS Balti Ehitusmasin-Baltem* in Estonia, *SIA BCM Baltijas Celniecibas Masina* in Latvia and *UAB Baltijos*

*Statybines Masinos* in Lithuania. Lännen Tehtaat owns 58.6% of the Machinium Group.

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* operates under Other Business Units.

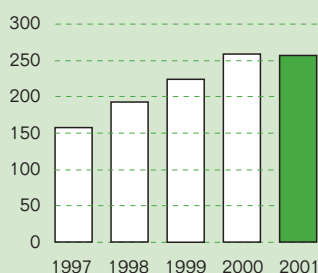
### NET TURNOVER

Consolidated net turnover totalled EUR 254.1 million (EURm 261.7 in 2000), down by some 3%. The Food Group accounted for 46% (47%), the Machinium Group for 41% (41%) and Other Business Units for 13% (12%) of the total.

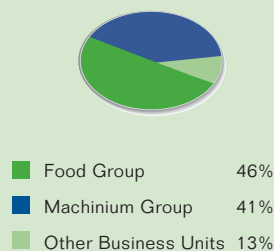
Net turnover by the Food Group came to EUR 116.3 million (EURm 123.8). The fall was expected, as a result of rearrangements in the fish products business and declining sales of sugar. *Apetit* and subsidiaries under the Food Group reached a net turnover of EUR 59.9 million (EURm 64.3), of which frozen foods accounted for EUR 42.3 million (EURm 45.1). Sales of frozen foods and vegetables increased. *Apetit* frozen fish products were introduced in 2001, but their impact was still modest. Sales of jams and marmalades decreased on 2000.

Net turnover by the Machinium Group totalled EUR 105.3 million, roughly the same as the EUR 106.4 million in 2000, in spite of the fact that the market

CONSOLIDATED NET TURNOVER  
EUR million



NET TURNOVER BY BUSINESS SEGMENT



for earthmoving machinery declined in both Finland and Sweden. In the Baltic States, particularly Estonia, demand continued to be good. Demand for warehouse and counterweight forklifts took a downward turn in Sweden in 2000.

Net turnover for Other Business Units rose to EUR 32.5 million (EURm 31.5). The growth was generated entirely by Lännen Feed.

International net turnover totalled EUR 79.3 million, thus remaining at the 2000 level (EURm 79.1). Lännen Tehtaat plc achieved a total net turnover of EUR 138.8 million (EURm 145.3).

#### PROFITS

The consolidated operating profit was EUR 5.7 million (EURm 9.0), and profit before extraordinary items EUR 4.8 million (EURm 8.7). Performance was weakened by the poor profitability of the Machinium Group.

Direct taxes totalled EUR 1.5 million (EURm 1.7). Profit for the financial year was EUR 5.1 million (EURm 8.2).

The operating profit for the Food Group totalled EUR 7.1 million (EURm 7.4) and remained at the 2000 level, thanks to an increase in Apetit's operating profit. Lännen Sugar's operating profit fell as a result of declining sales of sugar. Lännen Polska Sp. z o.o. showed a loss, but its operating profit was better than the year before.

The operating loss for the Machinium Group was EUR -2.7 million (EURm 0.2). Particularly in the

companies located in Sweden, performance was hampered by the declining market, the weakening Swedish krona, problems with the realization of second-hand machinery stocks and low utilization of maintenance capacity. The subsidiaries in Finland showed a profit, but in Finland, too, performance was weakened by slackening demand and some sales of slow-turnover second-hand machinery at a loss.

Operating profit for the Other Business Units was EUR 1.3 million (EURm 1.4).

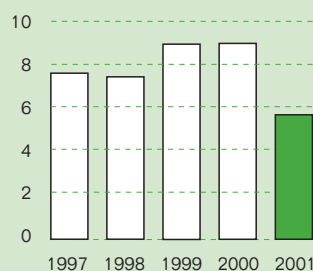
#### FINANCING

The Group's financial structure continued to be good. Interest-bearing liabilities totalled EUR 24.9 million (EURm 46.5) at the end of the financial period, and financial assets stood at EUR 20.8 million (EURm 38.0). The figures for interest-bearing liabilities and financial assets were reduced most by repayment of a bond loan of EUR 16.8 million, which fell due in November. Net financial expenses were EUR 0.9 million (EURm 0.4). The equity ratio stood at 57% (52%) at year end.

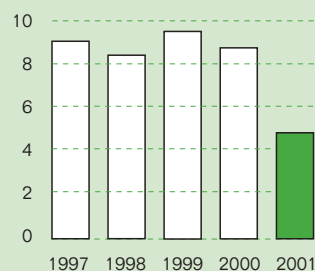
#### ANNUAL GENERAL MEETING, SHARE CAPITAL AND SHAREHOLDERS

Lännen Tehtaat plc's Annual General Meeting held on April 5, 2001 decided to pay a dividend of EUR 0.84 (EUR 0.84) per share.

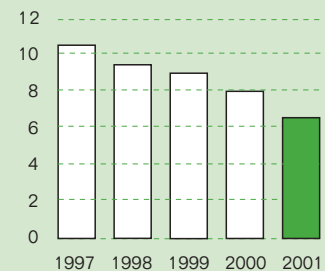
**OPERATING PROFIT**  
EUR million



**PROFIT BEFORE EXTRAORDINARY ITEMS**  
EUR million



**RETURN ON INVESTMENT**  
%



A decision was made to convert the Lännen Tehtaat plc share capital to euros and to raise it at the same time through a bonus issue, making the new amount of share capital EUR 12 245 152 and the nominal value of each share EUR 2. The changes were entered in the Trade Register on April 17, 2001. Before the raise, share capital was FIM 61 225 760 and the nominal value of shares FIM 10. The number of shares remained unchanged and continues to be 6 122 576.

The Annual General Meeting also 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. On April 18, 2001 the Board decided to acquire a maximum of 150 000 of its own shares.

Under a previous authorization, the company has acquired a total of 65 000 of its own shares, 42 600 of them in 2000 and 22 400 in early 2001, totalling FIM 650 000 in nominal value at the time and EUR 130 000 according to the new nominal value. The amount paid for the shares purchased in 2000 was EUR 778 475. A sum of EUR 275 735 was paid

for the shares acquired in 2001. The 65 000 shares held by the company at the end of the financial period represented 1.1% of the company's share capital and votes. No new shares in the company have been purchased since the end of the financial period up to February 20, 2002. The authorization to acquire or sell shares in the company has not been used.

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

#### INVESTMENTS

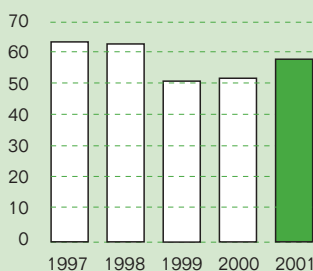
Gross investments in non-current assets totalled EUR 3.9 million (EURm 7.9) and went primarily into development and maintenance of production technology. The most significant investment was the new freezing line for puréed vegetables at Apetit's Säköylä unit, which cost EUR 0.8 million.

The Food Group spent a total of EUR 1.9 million (EURm 1.9) on investments, the Machinium Group EUR 0.5 million (EURm 1.5) and Other Business Units EUR 1.5 million (EURm 4.5).

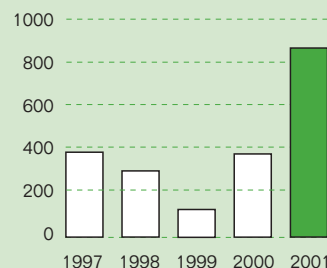
#### R&D

The Group's R&D expenses were 0.6% (0.6%) of net turnover. Most of this again focused on Apetit products. In spring 2001, the first frozen fish products, Apetit fishfingers and fillets, were introduced on the

**EQUITY RATIO**  
%



**FINANCIAL EXPENSES, NET**  
EUR 1 000



institutional kitchen market, while autumn saw the introduction of the first retail products: wok fish and paella. Some new frozen ready meals were also introduced. The retail range of frozen fish products was expanded considerably at the beginning of 2002.

#### EVENTS AFTER THE END OF THE FINANCIAL YEAR

At the end of 2001, negotiations began with the Ministry of Trade and Industry on the purchase of the State-owned Avena Group, which engages in business related to grain and animal nutrition. In January 2002, the Ministry restricted the sales arrangements so as to ensure the State a continuing majority holding in Avena Siilot Ltd, which specializes in handling and storing grain. Negotiations continue on this basis, and the spring will show if they lead to a deal.

#### OUTLOOK FOR 2002

The growing frozen products retail market and the successful autumn production season make a good foundation for Apetit to continue its favourable trend in 2002. Sales are expected to increase, thanks to expansion of the frozen fish product range and to the start-up of retail sales. The overall sugar market is expected to remain at the 2001 level, but the consumer product market will probably continue to decline, which means shrinking sales for Lännen

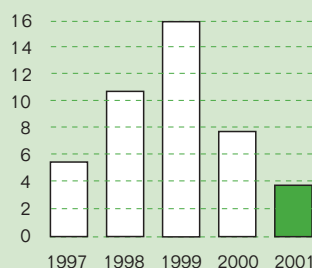
Sugar. As a whole, net turnover by the Food Group will reach the 2001 level, but profit is expected to exceed last year's figure.

Earthmoving is expected to remain at last year's level in the main market area in 2002. Investment decisions are hampered by uncertainty concerning the cyclical trend. Demand for machinery is expected to decrease slightly in Finland and to remain at the 2001 level in Sweden. In the Baltic States, energy production investments will continue to be particularly lively. In spite of a slight dip, the materials handling machinery market will remain at a good level. The Machinium Group's net turnover is expected to fall slightly short of the 2001 level.

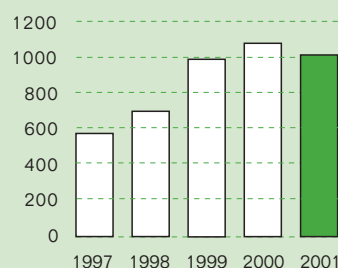
The measures taken at the beginning of 2001 to reduce costs at the units in Sweden proved insufficient. In autumn 2001, a new, more extensive project was launched to reorganize and rationalize operations. The savings and profit impacts of the project's action plan will begin to be seen in 2002, but full annual benefits will not be achieved until 2003. Financial performance by the Machinium Group will improve on 2001, but the one-off expenses incurred through the rearrangements in Sweden will prevent the Group from showing a profit.


Lännen Tehtaat Group's net turnover will go down on 2001. The accumulation of profits will increasingly take place towards the end of the year. Profit is expected to be higher than in 2001.

**GROSS INVESTMENTS**  
EUR million



**NUMBER OF PERSONNEL**





## PROFIT AND LOSS ACCOUNTS

EUR 1 000	Consolidated		Parent Company	
	2001	2000	2001	2000
<b>Net turnover</b>	(1) <b>254 118</b>	261 680	<b>138 848</b>	145 309
Variation in stocks of finished goods and in work in progress	<b>-7 374</b>	2 265	<b>-579</b>	419
Other operating income	(2) <b>1 246</b>	2 567	<b>893</b>	2 364
Raw materials and services	(3) <b>-181 158</b>	-194 520	<b>-101 487</b>	-109 138
Staff expenses	(4) <b>-34 338</b>	-35 087	<b>-14 685</b>	-14 257
Depreciation	(5) <b>-7 149</b>	-7 565	<b>-4 568</b>	-4 822
Other operating charges	<b>-22 489</b>	-23 320	<b>-12 361</b>	-12 334
Share of profits of associated undertakings	(6) <b>2 835</b>	3 006		
<b>Operating profit</b>	(7) <b>5 691</b>	9 026	<b>6 061</b>	7 541
Share of profits of associated undertakings	(6)	78		
Financial income and expenses	(8) <b>-861</b>	-376	<b>1 853</b>	2 155
<b>Profit before extraordinary items</b>	<b>4 830</b>	8 728	<b>7 914</b>	9 696
Extraordinary items	(9)			-951
<b>Profit before appropriations, taxes and minority interests</b>	<b>4 830</b>	8 728	<b>7 914</b>	8 745
Appropriations	(10)		<b>179</b>	861
Income taxes	(11) <b>-1 521</b>	-1 652	<b>-2 403</b>	-2 747
Minority interests	<b>1 758</b>	1 105		
<b>Profit for the financial year</b>	<b>5 067</b>	8 181	<b>5 690</b>	6 859



## BALANCE SHEETS

EUR 1 000	Consolidated		Parent Company		
	2001	2000	2001	2000	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	(12)	6 898	8 411	4 009	4 965
Tangible assets	(13)	39 414	42 017	29 205	29 902
Holdings in Group undertakings	(14,15)			6 393	6 719
Holdings in associated undertakings	(14,15)	18 090	16 895	11 874	11 874
Own shares	(14)	778	503	778	503
Other investments	(14,15)	1 646	2 344	2 026	2 721
		<b>66 826</b>	<b>70 170</b>	<b>54 285</b>	<b>56 683</b>
<b>Current assets</b>					
Stocks	(16)	41 161	49 581	13 938	15 094
Long-term receivables	(17)	72	334	3 518	2 107
Deferred tax receivable	(22)	233	60		
Current receivables	(18)	39 090	39 673	20 187	24 121
Marketable securities		6 532	6 571	6 532	6 571
Cash and cash equivalents		14 275	24 236	9 008	20 692
		<b>101 363</b>	<b>120 455</b>	<b>53 183</b>	<b>68 585</b>
		<b>168 189</b>	<b>190 625</b>	<b>107 468</b>	<b>125 268</b>
<b>LIABILITIES</b>					
<b>Capital and reserves</b> (19)					
Share capital		12 245	10 297	12 245	10 297
Share premium account		21 444	22 618	21 441	22 615
Revaluation reserve			774		774
Reserve for own shares		778	503	778	503
Capital reserve account		40	24		
Contingency reserve		7 232	7 232	7 232	7 232
Retained earnings		44 012	41 399	28 263	26 774
Profit for the financial year		5 067	8 181	5 690	6 859
Preferred capital loans		1 682	1 682		
		<b>92 500</b>	<b>92 710</b>	<b>75 649</b>	<b>75 053</b>
<b>Minority interests</b>		<b>5 525</b>	<b>7 454</b>		
<b>Accumulated appropriations</b>	(20)			<b>10 376</b>	<b>10 555</b>
<b>Provisions</b>	(21)	<b>140</b>	<b>127</b>		
<b>Liabilities</b>					
Deferred tax liability	(22)	3 106	3 175		
Long-term liabilities	(23)	20 037	21 915	7	20
Current liabilities	(23)	46 881	65 244	21 436	39 640
		<b>168 189</b>	<b>190 625</b>	<b>107 468</b>	<b>125 268</b>





## CASH FLOW STATEMENTS

EUR 1 000	Consolidated		Parent Company	
	2001	2000	2001	2000
<b>Operations</b>				
Operating profit	5 691	9 026	6 061	7 541
Adjustments:				
Share of profits of associated undertakings	-2 835	-3 084		
Depreciation according to plan	7 149	7 565	4 568	4 822
Other adjustments	2 827	3 585	-559	26
Financial income and expenses	-878	-298	2 226	4 308
Extraordinary items				-471
Direct taxes	-1 520	-1 652	-2 403	-2 747
Cash flow from operations	10 434	15 143	9 893	13 478
Change in working capital				
Change in current receivables	583	2 245	3 934	-1 096
Change in stocks	8 420	-1 372	1 156	-30
Change in non-interest-bearing current liabilities	708	-3 714	-1 334	-1 978
Change in long-term receivables	88	243	-1 411	713
	9 799	-2 599	2 345	-2 392
<b>Net cash flow from operations (A)</b>	<b>20 233</b>	<b>12 544</b>	<b>12 238</b>	<b>11 087</b>
<b>Investments</b>				
Investments in tangible and intangible assets	-3 680	-7 894	-3 061	-5 579
Proceeds from sales of tangible and intangible assets	1 222	851	704	753
Other investments	-8	-162	-72	-212
Proceeds from sales of other investments	733	5 353	721	5 353
<b>Net cash flow from investments (B)</b>	<b>-1 733</b>	<b>-1 853</b>	<b>-1 708</b>	<b>314</b>
<b>Financing</b>				
Purchase of own shares	-276	-1 767	-276	-1 767
Change in minority interests	-1 929	-1 206		
Change in current loans	-19 072	18 469	-16 870	16 450
Change in long-term loans	-1 947	-17 696	-13	-17 350
Dividends paid	-5 094	-5 149	-5 094	-5 149
Other changes in capital and reserves	-182	95		134
<b>Net cash flow from financing (C)</b>	<b>-28 500</b>	<b>-7 255</b>	<b>-22 253</b>	<b>-7 682</b>
<b>Changes in liquid assets (A+B+C)</b>	<b>-10 000</b>	<b>3 437</b>	<b>-11 723</b>	<b>3 719</b>
Liquid assets on Jan. 1	30 807	27 370	27 263	23 544
Liquid assets on Dec.31	20 807	30 807	15 540	27 263

# NOTES TO THE FINANCIAL STATEMENTS 2001

## ACCOUNTING PRINCIPLES

### EXTENT OF CONCOLIDATED 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 sub-group. This last includes the parent company Machinium Ltd and Lännen Engineering Oy, SMA Construction AB and SMA Maskin AB and its subsidiary SMA Maskinuthyrning AB in Sweden, Suomen Rakennuskone Oy and its subsidiaries AB Balti Ehitusmasin-Baltem in Estonia, SIA BCM Baltijas Celtniecibas Masina in Latvia and UAB Baltijos Statybinės 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) and Oy Potma Ltd.

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 2001, items allocated to buildings totalled EUR 1.4 million; these will be depreciated according to the depreciation plan for buildings. The depreciation period for consolidated goodwill is 5 years as a rule, but in the Machinium sub-group it is 10 years because of the long-term effect of acquisitions on income.

#### 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 and from the profit for the financial period.

#### Translation differences

The figures from the financial statements of foreign Group companies have been translated into euros at the European Central Bank 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 companies 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.

#### 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.

#### 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 payables denominated in foreign currencies have been translated into the local currency at the middle rate of the Central Bank in the country of each Group company on the date of closing, in Finnish companies into euros at the European Central Bank 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 forward currency contracts for partial hedging against the currency risks entailed in liabilities denominated in foreign currencies. The income or expenses from the contracts are recorded 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

EUR 1 000	Consolidated		Parent company	
	2001	2000	2001	2000

### 1. Net turnover by business segment and by market area

#### Net turnover by business segment

Food Group	116 279	123 773	108 645	116 250
Machinium Group	105 274	106 400		
Other Business Units	32 565	31 508	30 203	29 059
Total	254 118	261 680	138 848	145 309

Exports from Finland	13 627	15 617	4 904	4 907
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#### Net turnover by market area

Finland	174 813	182 616	133 939	140 402
European Union	64 562	66 348	2 598	2 120
Rest of Europe	13 408	10 665	1 165	1 185
Other	1 335	2 050	1 146	1 601
Total	254 118	261 680	138 848	145 309

### 2. Other operating income

Income from business sales		1 354		1 354
Gains from sales of non-current assets	604	462	566	404
Rental income	371	434	200	200
Payments received	190	239	108	381
Other	81	77	19	25
Total	1 246	2 567	893	2 364

### 3. Raw materials and services

Raw materials and consumables				
Purchases during the financial year	172 358	188 925	99 874	107 697
Variation in stocks	421	421	577	376
External services	8 379	5 174	1 036	1 066
Total	181 158	194 520	101 487	109 138

### 4. Staff expenses and the amount of the staff

#### Staff expenses

Wages and salaries	26 105	26 417	11 390	11 075
Pension expenses	4 919	4 826	2 225	2 103
Other social security expenses	3 314	3 843	1 070	1 079
Total	34 338	35 087	14 685	14 257

#### about which salaries and fees to the corporate management;

the members of the Supervisory Board and the Board of Directors and the Managing Directors	899	800	422	281
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#### Average staff

Food Group	449	507		
Machinium Group	423	433	295	313
Other Business Units	138	133		
Total	1 010	1 073	107	108

about which staff abroad	395	436	402	421
Average staff in associated undertakings	283	297		

#### 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				20-30 years
Other buildings and constructions				5 or 10 years
Machinery and equipment				5 or 10 years

EUR 1 000	Consolidated		Parent company	
	2001	2000	2001	2000

#### Depreciation according to plan

Formation expenses	7	7		
Intangible rights	474	485	469	480
Goodwill	735	749	633	633
Other capitalized long-term expenses	134	119	81	65
Buildings	1 420	1 312	1 104	1 014
Machinery and equipment	3 999	4 414	2 281	2 629
Total	6 769	7 087	4 568	4 822
Goodwill on consolidation	380	478		
Total	7 149	7 565		

### 6. Share of profits of associated undertaking

Performed before operating profit				
Sucros Group	2 850	2 965		
Other	-15	41		
Total	2 835	3 006		

#### Performed after operating profit

Oy Atraco Ab		78		
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### 7. Operating profit by business segment

Food Group	7 091	7 445		
Machinium Group	-2 700	168		
Other Business Units	1 300	1 413		
Total	5 691	9 026		

### 8. Financial income and expenses

#### Dividend income

From Group undertakings				190
From associated undertakings			1 640	2 542
From others	194	182	195	182
Avoir fiscal income	79	70	748	1 142
Total	273	252	2 583	4 056

#### Interest income from long-term investments

From Group undertakings			211	122
From others	52	62	52	62
Total	52	62	263	183



## NOTES TO THE FINANCIAL STATEMENTS

EUR 1 000	Consolidated		Parent company		EUR 1 000	Consolidated		Parent company	
	2001	2000	2001	2000		2001	2000	2001	2000
<b>Other interest and financial income</b>					<b>Intangible rights</b>				
From Group undertakings			117	135	Acquisition cost Jan.1	5 137	5 115	5 086	5 064
From others	2 523	2 292	1 486	1 190	Increases	9	22	9	22
Total	2 523	2 292	1 603	1 325	Decreases	-20		-20	
<b>Financial income, total</b>	<b>2 848</b>	<b>2 606</b>	<b>4 449</b>	<b>5 564</b>	<b>Acquisition cost Dec. 31</b>	<b>5 126</b>	<b>5 137</b>	<b>5 075</b>	<b>5 086</b>
<b>Reduction in value of investments</b>					Accumulated depreciation				
Reduction in value of holdings in					Accumulated depreciation on	-2 464	-1 979	-2 428	-1 948
Group undertakings			390	2 153	decreases	16		16	
Reduction in value of					Depreciation for the year	-474	-485	-468	-480
marketable securities	120	94	120	94	<b>Accumulated depreciation</b>				
Total	120	94	510	2 247	<b>Dec. 31</b>	<b>-2 922</b>	<b>-2 464</b>	<b>-2 880</b>	<b>-2 428</b>
<b>Interest expenses and other financial expenses</b>					<b>Book value Dec. 31</b>				
To Group undertakings			1 001	1		2 204	2 673	2 195	2 658
To others	3 589	2 888	1 084	1 161	<b>Goodwill</b>				
Total	3 589	2 888	2 085	1 162	Acquisition cost Jan.1	7 173	7 190	6 334	6 334
<b>Financial income and expenses, total</b>	<b>-861</b>	<b>-376</b>	<b>1 853</b>	<b>2 155</b>	Difference on translation	-28	-17		
<b>9. Extraordinary expenses</b>					<b>Acquisition cost Dec. 31</b>				
Group contributions				471		7 145	7 173	6 334	6 334
Loss of liquidated associated undertaking				481	Accumulated depreciation				
Total				951	Difference on translation	-4 779	-4 032	-4 283	-3 650
<b>10. Appropriations</b>					Depreciation for the year				
<b>Depreciation in excess of or less than plan</b>					<b>Accumulated depreciation</b>				
Intangible rights	4	7	4	7	<b>Dec. 31</b>	<b>-5 502</b>	<b>-4 779</b>	<b>-4 917</b>	<b>-4 283</b>
Other capitalized long-term expenses	-24	-19	-24	-14	<b>Book value Dec. 31</b>				
Buildings	221	273	212	279		1 642	2 393	1 417	2 051
Machinery and equipment	33	651	-13	590	<b>Goodwill on consolidation</b>				
Total	234	912	179	862	Acquisition cost Jan.1	4 268	4 253		
<b>11. Income taxes</b>					Increases				
For financial year	1 595	1 947	2 408	2 818	<b>Acquisition cost Dec. 31</b>	<b>4 268</b>	<b>4 268</b>		
For previous years	-7	-60	-5	-71	Accumulated depreciation				
Change in deferred tax receivable	-14	15				-1 587	-1 108		
Change in deferred tax liability	-53	-251			Depreciation for the year	-380	-479		
Total	1 521	1 652	2 403	2 747	<b>Accumulated depreciation</b>				
<b>12. Intangible assets</b>					<b>Dec. 31</b>				
<b>Formation expenses</b>					<b>Book value Dec. 31</b>				
Acquisition cost Jan. 1	37	37				2 301	2 681		
<b>Acquisition cost Dec. 31</b>	<b>37</b>	<b>37</b>			<b>Other capitalized long-term expenses</b>				
Accumulated depreciation	-11	-4			Acquisition cost Jan.1	1 086	929	448	335
Depreciation for the year	-8	-7			Difference on translation	6	4		
<b>Accumulated cost Dec. 31</b>	<b>-19</b>	<b>-11</b>			Increases	225	153	223	114
<b>Book value Dec. 31</b>	<b>18</b>	<b>26</b>			Decreases	-3			
					<b>Acquisition cost Dec. 31</b>				
					<b>Dec. 31</b>				
					Accumulated depreciation				
					Difference on translation				
					Depreciation for the year				
					<b>Accumulated depreciation</b>				
					<b>Dec. 31</b>				
					<b>Book value Dec. 31</b>				
					<b>Intangible assets, total</b>				
					<b>6 898 8 411 4 009 4 965</b>				

## NOTES TO THE FINANCIAL STATEMENTS

EUR 1 000	Consolidated		Parent company		EUR 1 000	Consolidated		Parent company	
	2001	2000	2001	2000		2001	2000	2001	2000
<b>13. Tangible assets</b>					<b>Revaluation</b>				
<b>Land and waters</b>					Land and waters Jan. 1 and Dec. 31	1 850	1 850	1 850	1 850
Acquisition cost Jan.1	3 129	3 260	2 497	2 662	Buildings Jan. 1 and Dec. 31	812	812	812	812
Decreases	-1	-131	-1	-165					
<b>Book value Dec. 31</b>	<b>3 128</b>	<b>3 129</b>	<b>2 496</b>	<b>2 497</b>					
<b>Buildings</b>					<b>14. Investments</b>				
Acquisition cost Jan.1	32 871	30 091	26 980	24 606	<b>Holdings in Group undertakings</b>				
Difference on translation	316	156			Acquisition cost Jan.1			6 719	8 872
Increases	914	3 429	913	3 232	Increases			64	
Decreases	68	-805	72	-858	Decreases			-390	-2 153
<b>Acquisition cost Dec. 31</b>	<b>34 169</b>	<b>32 871</b>	<b>27 965</b>	<b>26 980</b>	<b>Book value Dec. 31</b>			<b>6 393</b>	<b>6 719</b>
Accumulated depreciation	-9 908	-8 947	-8 808	-8 112	<b>Holdings in associated undertakings</b>				
Difference on translation	-31	51			Acquisition cost Jan.1	16 895	21 595	11 874	17 551
Accumulated depreciation on decreases	5	299	4	318	Increases	2 835	3 084		
Depreciation for the year	-1 421	-1 312	-1 104	-1 014	Decreases	-1 640	-7 784		-5 677
<b>Accumulated depreciation Dec. 31</b>	<b>-11 355</b>	<b>-9 908</b>	<b>-9 908</b>	<b>-8 808</b>	<b>Book value Dec. 31</b>	<b>18 090</b>	<b>16 895</b>	<b>11 874</b>	<b>11 874</b>
<b>Book value Dec. 31</b>	<b>22 814</b>	<b>22 963</b>	<b>18 057</b>	<b>18 172</b>	<b>Own shares</b>				
<b>Machinery and equipment</b>					Acquisition cost Jan.1	503	2 440	503	2 440
Acquisition cost Jan.1	36 420	33 567	25 381	23 493	Increases	275	1 767	275	1 767
Difference on translation	-6	12			Decreases		-3 705		-3 705
Increases	2 687	5 510	2 009	2 205	<b>Book value Dec. 31</b>	<b>778</b>	<b>503</b>	<b>778</b>	<b>503</b>
Decreases	-1 716	-2 669	-985	-316	<b>Other investments</b>				
<b>Acquisition cost Dec. 31</b>	<b>37 385</b>	<b>36 420</b>	<b>26 405</b>	<b>25 381</b>	<b>Receivables from Group undertakings</b>				
Accumulated depreciation	-20 620	-17 392	-16 275	-13 871	<b>Book value Jan 1. and Dec. 31</b>			420	420
Difference on translation	-32	-48			<b>Other shares and holdings</b>				
Accumulated depreciation on decreases	671	1 234	768	225	Acquisition cost Jan.1	1 263	1 250	1 220	1 203
Depreciation for the year	-3 998	-4 414	-2 281	-2 629	Increases	8	157	8	157
<b>Accumulated depreciation Dec. 31</b>	<b>-23 979</b>	<b>-20 620</b>	<b>-17 788</b>	<b>-16 275</b>	Decreases	-74	-145	-71	-140
<b>Book value Dec. 31</b>	<b>13 405</b>	<b>15 799</b>	<b>8 618</b>	<b>9 107</b>	<b>Book value Dec. 31</b>	<b>1 197</b>	<b>1 263</b>	<b>1 157</b>	<b>1 220</b>
Share of machinery and equipment in book value Dec.31	10 260	9 659	7 902	7 225	<b>Other receivables</b>				
<b>Advance payments and construction in progress</b>					Acquisition cost Jan.1	1 081	1 026	1 080	1 025
Acquisition cost Jan.1	126	275	126	120	Increases	19	56	19	56
Difference on translation		12			Decreases	-651		-651	
Increases	2 195	627	2 162	126	<b>Book value Dec. 31</b>	<b>449</b>	<b>1 081</b>	<b>448</b>	<b>1 080</b>
Decreases	-2 254	-788	-2 254	-120	<b>Other investments, total</b>	<b>1 646</b>	<b>2 344</b>	<b>2 026</b>	<b>2 721</b>
<b>Book value Dec. 31</b>	<b>67</b>	<b>126</b>	<b>34</b>	<b>126</b>					
<b>Tangible assets, total</b>	<b>39 414</b>	<b>42 017</b>	<b>29 205</b>	<b>29 902</b>					



## NOTES TO THE FINANCIAL STATEMENTS

15. Group and associated undertakings	Group holding %	Parent company holding %	EUR 1 000	Consolidated		Parent company		
				2001	2000	2001	2000	
<b>Group undertakings</b>								
<b>Owned by parent company</b>								
Machinium Ltd, Säkylä	58.64	58.64						
Tresko Fish Ltd, Kustavi	100.00	100.00						
Lannen Polska Sp. z o.o., Poland	50.00	50.00						
Harviala Oy, Janakkala	100.00	100.00						
Cibarius Oy, Turku	100.00	100.00						
7 non-operative companies, Säkylä	100.00	100.00						
<b>Owned by other Group undertakings</b>								
Lännen Engineering Oy, Loimaa municipality	57.80							
Suomen Rakennuskone Oy, Säkylä	58.64							
SMA Maskin AB, Sweden	58.64							
SMA Construction AB, Sweden	58.64							
SMA Maskinuthyrning AB, Sweden	58.64							
AS Balti Ehitusmasin-Baltem, Estonia	55.41							
SIA BCM Baltijas Celtniecibas Masina, Latvia	55.71							
UAB Baltijas Statybines Masinos, Lithuania	58.64							
<b>Associated undertakings</b>								
Sucros Oy, Salo	20.00	20.00						
Oy Potma Ltd, Pello	50.00	50.00						
	<b>Number of shares</b>	<b>Book value of shares EUR 1 000</b>	<b>Market value of shares EUR 1 000</b>					
<b>Other shares and holdings owned by parent company and connection charges</b>								
Quoted on Stock Exchange								
Kesko Corporation, B, Helsinki	100 000	708	1 026					
Raisio Group plc, K shares, Raisio	6 000	10	9					
Neomarkka plc, B, Helsinki	280	2	1					
Elisa Communications Corporation, A, Helsinki	450	1	6					
Other								
Shares and holdings		107						
Connection charges		329						
<b>Total</b>		<b>1 157</b>						
				<b>16. Stocks</b>				
				Raw materials and consumables	6 847	7 308	3 456	4 033
				Work in progress	2 703	3 151	426	347
				Finished products/Goods	31 599	39 118	10 056	10 714
				Advance payments	12	4		
				<b>Total</b>	<b>41 161</b>	<b>49 581</b>	<b>13 938</b>	<b>15 094</b>
				<b>17. Long-term receivables</b>				
				Accounts receivable	72	222		
				Loans receivable from Group undertakings			3 518	1 995
				Loans receivable from associated undertakings		112		112
				<b>Total</b>	<b>72</b>	<b>334</b>	<b>3 518</b>	<b>2 107</b>
				<b>18. Current receivables</b>				
				<b>Accounts receivable</b>	<b>33 351</b>	<b>32 324</b>	<b>14 819</b>	<b>16 266</b>
				<b>Amounts owed by Group undertakings</b>				
				Accounts receivable			785	531
				Loans receivable			2 357	4 067
							3 142	4 599
				<b>Amounts owed by associated undertakings</b>				
				Accounts receivable	595	1 216	595	1 216
				Prepayments and accrued income	161		161	
					<b>756</b>	<b>1 216</b>	<b>756</b>	<b>1 216</b>
				<b>Other receivables</b>	<b>1 222</b>	<b>1 684</b>	<b>111</b>	
				<b>Prepayments and accrued income</b>				
				Raw materials and services	1 568	1 114	259	
				Warranty indemnities	203	283		
				Pension assurance and other legal assurances	280	434	119	252
				Interest income and other financial income	84	206	57	206
				Tax compensation receivables	749	1 168	749	1 168
				Other	877	1 245	175	415
					<b>3 761</b>	<b>4 449</b>	<b>1 359</b>	<b>2 040</b>
				<b>Current receivables, total</b>	<b>39 090</b>	<b>39 673</b>	<b>20 187</b>	<b>24 121</b>



## NOTES TO THE FINANCIAL STATEMENTS

EUR 1 000	Consolidated		Parent company		EUR 1 000	Consolidated		Parent company	
	2001	2000	2001	2000		2001	2000	2001	2000
<b>19. Changes in capital and reserves</b>					<b>Distributable funds</b>				
Share capital Jan.1	10 297	10 839	10 297	10 839	Contingency reserve	7 232	7 232	7 232	7 232
Increase in share capital from share premium account and revaluation reserve	1 948		1 948		Retained earnings	44 012	41 399	28 263	26 774
Reduction of share capital to share premium account		-542		-542	Profit for the financial year	5 067	8 181	5 690	6 859
Share capital Dec.31	12 245	10 297	12 245	10 297	./.Activated formation expenses	-18	-25		
Share premium account Jan.1	22 618	21 942	22 615	21 939	./.Balance sheet provisions included in capital and reserves	-7 607	-7 776		
Transfer to share capital	-1 174		-1 174		./.Balance sheet provisions of associated undertakings included in capital and reserves	-705	-696		
Transfer from share capital		542		542	Distributable funds Dec.31	47 981	48 315	41 185	40 864
Reserves received from sold shares dishonoured in capitalization issues		134		134	<b>Preferred capital loan</b>				
Share premium account Dec.31	21 444	22 618	21 441	22 615	Group member Machinium Ltd has a EUR 1 681 879.26 preferred capital loan. The loan period is 5 years and it is to be repaid in two equal instalments on 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 points. The loan is a subordinated loan as referred to in chapter 5 of the Companies Act. The interest for the financial year is EUR 175 796.62 and has been entered under interest expenses in the consolidated profit and loss statement. The outstanding interest for the preferred capital loan entered under other long-term liabilities totals EUR 288 689.98. According to the loan terms, this sum cannot yet be paid because the Group has no distributable assets.				
Revaluation reserve Jan.1	774	774	774	774	<b>EUR 1 000</b>				
Transfer to share capital	-774		-774		<b>20. Accumulated appropriations</b>				
Revaluation reserve Dec.31		774		774	Accumulated depreciation in excess of plan				
Reserve for own shares Jan.1	503	2 440	503	2 440		10 712	10 950	10 376	10 555
Transfer from retained earnings	275	1 768	275	1 768	Share transferred to capital and reserves				
Cancellation of shares		-3 705		-3 705		7 606	7 776		
Reserve for own shares Dec.31	778	503	778	503	<b>21. Provisions</b>				
Capital reserve account Jan.1	24				Guarantee provision				
Transfer from retained earnings	27	41				140	127		
Transfer to minority interests	-11	-17			<b>22. Deferred tax receivables and deferred tax liability</b>				
Capital reserve account Dec.31	40	24			Deferred tax receivables				
Contingency reserve Jan.1	7 232	7 232	7 232	7 232	From accruals				
Contingency reserve Dec.31	7 232	7 232	7 232	7 232		233	60		
Retained earnings Jan.1	41 399	40 090	26 774	18 988	Deferred tax liability				
Transfer from previous year profit	8 181	8 289	6 858	14 703	From appropriations				
Dividends	-5 094	-5 149	-5 094	-5 149		3 106	3 175		
Transfer to reserve for own shares	-275	-1 768	-275	-1 768	<b>23. Liabilities</b>				
Transfer to capital reserve account	-27	-41			<b>Long-term liabilities</b>				
Changes and translation differences during elimination	-172	-22			Loans from credit institutions				
Retained earnings Dec.31	44 012	41 399	28 263	26 774		10 753	12 250		13
Profit for the financial year	5 067	8 181	5 690	6 859	Pension loans				
Preferred capital loans Jan.1	1 682	1 682				8 427	8 774		
Preferred capital loans Dec.31	1 682	1 682			Other liabilities				
Capital and reserves Dec.31	92 500	92 710	75 649	75 053		857	891	7	7
					<b>Total</b>	20 037	21 915	7	20



## NOTES TO THE FINANCIAL STATEMENTS

### Warrant bond

Lännen Tehtaat plc 1/1997

The EUR 7 400.27 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 EUR 168 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 EUR 11.77 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.

The maximum number of shares to be subscribed is 220 000, and subscriptions must not raise share capital by more than EUR 440 000. In the case of full subscription, the warrant subscriptions would account for 3.5% of the raised share capital and of votes.

EUR 1 000	Consolidated 2001	Consolidated 2000	Parent company 2001	Parent company 2000
<b>Current liabilities</b>				
<b>Bonds</b>		16 819		16 819
<b>Loans from credit institutions</b>	3 736	5 989	13	65
<b>Advances received</b>	532	569	128	488
<b>Accounts payable</b>	18 470	18 515	6 521	7 143
<b>Amounts owed to Group undertakings</b>				
Accounts payable			57	60
Other liabilities			14	12
Accruals and deferred income				471
			71	543
<b>Amounts owed to associated undertakings</b>				
Accounts payable	9 922	9 724	9 922	9 724
<b>Other current liabilities</b>	3 600	3 773	841	833
<b>Accruals and deferred income</b>				
Holiday pay reserve including social security expenses	3 732	3 829	1 659	1 722
Other salaries and fees including social security expenses	547	793	434	591
Raw materials and services	4 211	1 180	687	157
Interests of the loans	461	915	0	138
Income taxes	670	1 480	635	1 085
Other	1 000	1 659	525	333
	10 621	9 856	3 940	4 026
<b>Current liabilities, total</b>	46 881	65 244	21 436	39 640

EUR 1 000	Consolidated 2001	Consolidated 2000	Parent company 2001	Parent company 2000
<b>Contingent liabilities</b>				
<b>Debts against which mortgages have been given</b>				
Pension loans	8 428	8 774		
Loans from credit institutions	10 688	12 870	13	69
<b>Mortgages given for debts</b>				
Real estate mortgages	84	84	84	84
Corporate mortgages	13 170	13 639		
<b>Other securities given</b>				
Pledges	8	8	4	4
Real estate mortgages	1 716	1 716	77	1 367
Corporate mortgages	1 682	1 682	1 346	1 346
<b>Securities given on behalf of Group companies</b>				
Real estate mortgages			1 605	315
<b>Leasing liabilities</b>				
Falling due during the following year	267	278	191	226
Falling due at later date	218	417	155	346
<b>Contingent liabilities for own commitments</b>				
Repurchasing commitments	22 626	20 224	1 022	970
Other commitments	927	982		
<b>Contingent liabilities on behalf of Group companies</b>				
Guarantees			7 396	12 085
<b>Other contingent liabilities</b>				
Redemption liability of leased buildings	6 175	6 317	3 280	3 280
<b>Outstanding derivative instruments</b>				
Interest rate swaps		3 364		3 364
Forward currency contracts	5 100		5 100	



## KEY INDICATORS

Financial indicators	2001	2000	1999	1998	1997
<b>Scope of operations</b>					
Net turnover, EUR 1 000	<b>254 118</b>	261 680	225 607	192 048	161 143
Change, %	<b>-2.9</b>	16.0	17.5	19.2	10.6
Food Group, %	<b>45.8</b>	47.2	53.9	62.9	59.9
Machinium Group, %	<b>41.4</b>	40.7	33.9	23.3	25.2
Other Business Units, %	<b>12.8</b>	12.1	12.2	13.8	14.9
Exports from Finland, EUR 1 000	<b>13 627</b>	15 617	11 302	11 928	16 158
Exports' share of net turnover, %	<b>5.4</b>	6.0	5.0	6.2	10.0
Gross investments in non-current assets, EUR 1 000	<b>3 880</b>	7 888	16 009	10 734	5 347
% of net turnover	<b>1.5</b>	3.0	7.1	5.6	3.3
R & D expenses, EUR 1 000	<b>1 522</b>	1 428	1 450	1 306	1 139
% of net turnover	<b>0.6</b>	0.5	0.6	0.7	0.7
Investments in associated undertakings, EUR 1 000	<b>11 874</b>	11 874	17 551	17 551	17 622
Dividends received from associated undertakings, EUR 1 000	<b>1 640</b>	2 542	7 590	570	1 049
Average number of personnel	<b>1 010</b>	1 073	997	695	573
Net turnover/employee, EUR 1 000	<b>252</b>	244	226	276	281
Financial income/expenses(-), net, EUR 1 000	<b>-861</b>	-376	-127	-299	-389
<b>Profitability</b>					
Operating profit, EUR 1 000	<b>5 691</b>	9 026	8 929	7 397	7 727
% of net turnover	<b>2.2</b>	3.4	4.0	3.9	4.8
Profit before extraordinary items, EUR 1 000	<b>4 830</b>	8 728	9 660	8 362	9 116
% of net turnover	<b>1.9</b>	3.3	4.3	4.4	5.7
Profit before taxes and minority interests, EUR 1 000	<b>4 830</b>	8 728	9 660	8 362	9 116
% of net turnover	<b>1.9</b>	3.3	4.3	4.4	5.7
Profit for the financial year, EUR 1 000	<b>5 067</b>	8 181	8 288	6 557	6 498
% of net turnover	<b>2.0</b>	3.1	3.7	3.4	4.0
Return on equity, % (ROE)	<b>3.4</b>	7.2	8.2	7.7	8.3
Return on investment, % (ROI)	<b>6.4</b>	7.9	8.9	9.4	10.4
<b>Financial and economic status</b>					
Current ratio	<b>2.2</b>	1.9	2.3	2.3	2.5
Equity ratio, %	<b>57.3</b>	51.7	50.8	63.4	63.9
Net gearing, %	<b>4.0</b>	15.1	28.7	4.1	-2.0
Non-current assets, EUR 1 000	<b>66 826</b>	70 170	77 238	75 318	67 920
Current assets, EUR 1 000	<b>101 363</b>	120 455	118 134	65 395	61 490
Capital and reserves, EUR 1 000	<b>92 500</b>	92 710	93 287	85 774	81 806
Distributable funds, EUR 1 000	<b>47 981</b>	48 315	43 536	38 713	33 728
Liabilities, EUR 1 000	<b>70 024</b>	90 334	93 276	51 469	46 784
Interst-bearing liabilities, EUR 1 000	<b>24 887</b>	45 626	54 607	19 253	17 817
Balance sheet total, EUR 1 000	<b>168 189</b>	190 625	195 372	140 713	129 410

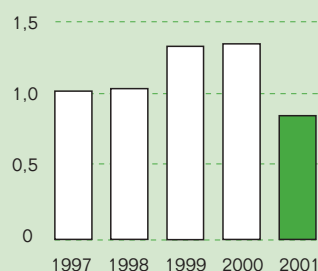


## KEY INDICATORS

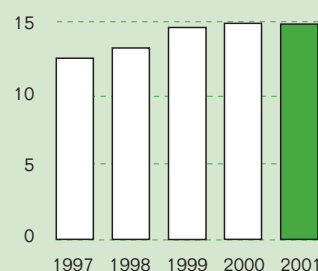
Share data	2001	2000	1999	1998	1997
<b>Earnings and dividend</b>					
Earnings per share, EUR	<b>0.84</b>	1.34	1.32	1.02	1.01
Earnings per share, incl. warrant bond, EUR	<b>0.81</b>	1.29	1.27	0.99	0.99
Nominal dividend per share, EUR	<sup>1)</sup> <b>0.60</b>	0.84	0.84	0.40	0.40
Adjusted dividend per share, EUR	<b>0.60</b>	0.84	0.84	0.40	0.40
Dividend per earnings, %	<b>71.8</b>	62.9	63.8	39.6	40.0
Effective dividend yield, %	<b>5.1</b>	6.6	8.2	3.7	3.2
P/E ratio	<b>14.0</b>	7.2	7.8	10.7	12.6
<b>Shareholders' equity per share, EUR</b>	<b>14.86</b>	14.89	14.31	13.32	12.69
<b>Share performance, EUR</b>					
Adjusted closing price	<b>11.70</b>	12.80	10.22	10.93	12.68
Lowest price in year	<b>9.66</b>	10.22	8.90	10.09	10.26
Highest price in year	<b>12.50</b>	13.50	13.20	14.63	13.96
Average price during year	<b>10.61</b>	11.93	10.64	13.24	12.28
<b>Shares traded</b>					
Shares traded on Stock Exchange, 1000 shares	<b>381</b>	347	2 749	1 146	1 671
% of average number of shares	<b>6.2</b>	5.4	42.7	17.8	25.9
<b>Share capital, EUR 1 000</b>					
Market capitalization, EUR 1 000	<b>71 634</b>	78 374	65 860	70 456	81 718
Dividends, EUR 1 000	<sup>1)</sup> <b>3 635</b>	5 113	5 149	2 568	2 601
<b>Number of shares</b>					
Number of shares	<b>6 122 576</b>	6 122 576	6 444 776	6 444 776	6 444 776
Average adjusted number of shares	<b>6 061 711</b>	6 121 061	6 288 062	6 429 650	6 444 776
Adjusted number of shares at the end of financial year	<b>6 057 576</b>	6 079 976	6 228 776	6 381 504	6 444 776

<sup>1)</sup> Board of Directors' recommendation

**EARNINGS PER SHARE  
EUR**



**SHAREHOLDERS' EQUITY PER SHARE  
EUR**



# CALCULATION OF FINANCIAL RATIOS

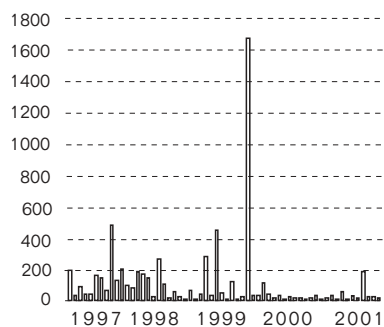
## FINANCIAL INDICATORS

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

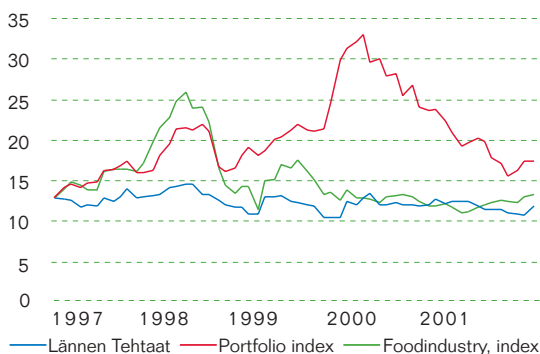
## SHARE DATA

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, %	=	$\frac{\text{Adjusted dividend}}{\text{Earnings per share}} \times 100$
Effective dividend yield, %	=	$\frac{\text{Adjusted dividend}}{\text{Adjusted share price}} \times 100$
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	=	$\frac{\text{Closing price on 31 Dec.}}{\text{Share issue coefficient}}$
Market capitalization	=	Number of shares x adjusted share price

## SHARE TRADING, 1 000 SHARES



## SHARE PERFORMANCE, EUR





## 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 EUR 10 000 000 and the maximum EUR 40 000 000. Share capital at the end of the financial year was EUR 12 245 152 and there were 6 122 576 shares. The shares have a nominal value of EUR 2 each.

### OWN SHARES

Under authorization from the Annual General Meeting held on April 13, 2000, 65 000 of the company's own shares were acquired. A total of EUR 778 475 was paid as remuneration for the shares. 22 400 of the shares were acquired between February 28 and March 8, 2001. The nominal value of these shares at the time of purchase was EUR 37 674 and the current nominal value EUR 44 800. EUR 275 735 was paid as remuneration for the 22 400 shares acquired during 2001, averaging EUR 12.31 per share. The lowest price was EUR 12.00 and the highest EUR 12.49 per share.

On April 5, 2001, the Annual General Meeting of Lännen Tehtaat plc 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 on Helsinki Exchanges, 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 authorizations are valid for one year, starting from the Annual General Meeting. The Board decided on April 18, 2001 to buy 150 000 of its own shares. The authorization to surrender shares has not been used.

At the end of the financial period, Lännen Tehtaat plc held 65 000 of its own shares, representing 1.1% of the company's share capital and votes. No company shares have been acquired between the end of the financial period and February 20, 2002. Shares owned by the company itself do not carry 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 trading lot is 50 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 is distributed as annual dividend.

### SHAREHOLDERS ON FEBRUARY 7, 2002

Major shareholders	Number of shares	%	Number of votes	%
Tapiola General Mutual Insurance				
Company	614 000	10.0	614 000	10.1
Sampo Life Insurance Company Ltd	522 800	8.5	522 800	8.6
Raisio Group plc	477 500	7.8	477 500	7.9
Esko Eela	387 348	6.3	387 348	6.4
Valio Ltd	327 912	5.4	327 912	5.4
Tapiola Mutual Life Assurance				
Company	204 600	3.3	204 600	3.4
Pohjola Non-Life Insurance Company	156 000	2.6	156 000	2.6
Ilmarinen Mutual Pension Insurance				
Company	153 800	2.5	153 800	2.5
Norvestia plc	139 750	2.3	139 750	2.3
Central Union of Agricultural Producers and Forest Owners (MTK)				
	125 485	2.0	125 485	2.1
Nominee-registered shares	21 430	0.4	21 430	0.4
Other shareholders	2 926 951	47.8	2 926 951	48.3
External ownership total	6 057 576	98.9	6 057 576	100.0
Owned by the company	65 000	1.1		
	6 122 576	100.0	6 057 576	100.0

### SHARES OWNED BY CORPORATE MANAGEMENT

Regular and deputy members of the Supervisory Board and members of the Board of Directors and the President owned a total of 411 363 shares on February 7, 2002. This corresponds to 6.7% of share capital and 6.8% of voting rights. Apart from this, the Chairman of the Board and the President hold EUR 2 018 26 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 32.

### DISTRIBUTION OF SHAREHOLDINGS ON FEBRUARY 7, 2002

Shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	3 930	46.2	175 094	2.9
101 - 1 000	4 169	49.1	1 347 144	22.0
1 001 - 10 000	373	4.4	791 597	12.9
10 001 - 40 000	11	0.1	192 506	3.1
40 001 -	18	0.2	3 549 372	58.0
Joint account			66 863	1.1
Total	8 501	100.0	6 122 576	100.0

### DISTRIBUTION OF OWNERSHIP ON FEBRUARY 7, 2002

	% of shareholders	% of shares
Companies	1.5	21.3
Financial and insurance institutions	0.4	27.3
Public organizations	0.6	8.9
Non-profit organizations	1.2	2.8
Private households	96.3	38.3
Foreign and nominee-registered		0.3
Joint account		1.1
Total	100.0	100.0

## *Proposal of the Board for the distribution of profit*

The Group's distributable funds totalled EUR 47 981 370.89 on December 31, 2001. The Parent company's distributable funds were EUR 41 184 547.40.

The Board of Directors proposes that Lännen Tehtaat plc pay a dividend of EUR 0.60 per share, a total of EUR 3 634 545.60.

Säkylä, February 20, 2002

Olli Karkkila

Juha Korkeaoja

Esko Eela

Hannu Simula

Tom v. Weymarn

Erkki Lepistö

## 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 2001. The financial statements prepared by the Board of Directors and the President, contain the Board's 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 Supervisory Board, 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 Supervisory Board 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 4, 2002

Kauko Lehtonen  
Authorized Public Accountant

Pekka Nikula  
Authorized Public Accountant

## Supervisory Board statement

The Supervisory Board of Lännen Tehtaat plc has today examined the parent company and consolidated financial statements for 2001 and studied the Auditors' report. The Supervisory Board has no comments on the financial statements for 2001.

The following members of the Supervisory Board are in turn for retirement; Heikki Ellilä, Esa Härmälä, Mari Kiviniemi, Vesa Lammela, Hannu Lamminen, Juha Nevavuori and Helena Walldén.

Säkylä, March 11, 2002

For the Supervisory Board

Tom Liljeström  
Chairman

Jarkko Sillanpää  
Secretary

## 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 any meeting.

### SUPERVISORY BOARD

The Board of Directors and the President are in charge of corporate management, under the supervision of the Supervisory Board. The Supervisory Board 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 Supervisory Board 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 end each year. Apart from this, the permanent corporate personnel may elect a maximum of four members, with personal deputies, from among themselves. The Supervisory Board has currently 20 members elected by the shareholders' meeting and 4 personnel representatives.

The function of the Supervisory Board 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 there.

The other duties of the Supervisory Board are prescribed in the Companies Act.

Normally the Supervisory Board meets three times a year. In 2001, the Supervisory Board met five 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 Supervisory Board, 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 six members.

The Board members are elected for one year. The term of a Board member comes to an end at the close of the Supervisory Board meeting convened following the AGM that follows the election.

The Board usually meets monthly. In 2001, the Board met 15 times.

Olli Karkkila was appointed full-time Chairman of the Board on April 1, 2001.

### PRESIDENT

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

Olli Karkkila was President until March 31, 2001 and Erkki Lepistö from April 1, 2001 onwards. The key conditions of the President's terms of service are defined in his contract.

### 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.

### SALARIES AND REMUNERATIONS

The Annual General Meeting decides on the fees paid to the Supervisory Board.

The Supervisory Board decides on the fees for Board meetings and other remunerations, including the President's salary and other benefits.

### INSIDER REGULATIONS

Lännen Tehtaat plc adopted insider trading regulations on November 16, 1999. The regulations are based on the Guidelines for Insider Trading approved on October 28, 1999 by the Board of Directors of Helsinki Exchanges, following and in some respects surpassing the requirements and instructions laid down there.

Statutory insiders, as determined on the basis of their positions, are the members of the Board of Directors, members of the Supervisory Board and their personnel representatives, the President and the auditors. Specified insiders, as determined on the basis of their duties, are the members of the Corporate Management, persons responsible for personnel, financing and accounting, and the executive secretaries. The company has about 50 permanent insiders in all.

## Board of Directors



OLLI KARKKILA b. 1942  
Member since 1993 and Chairman  
since 2001

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, 6 000 warrants  
entitling the holders to subscribe  
30 000 shares



JUHA KORKEAOJA b. 1950  
Member of Parliament  
Member since 1983 and Deputy  
Chairman since 1991

Chairman of the Board: 4H Satakun-  
ta District  
Member of the Board: Federation  
of Finnish Fisheries Associations,  
Köyliön Kalanviljely Oy  
Member of the Supervisory Board:  
Finnair Oyj, Pori Jazz Oy, Pori  
Diakonialaitos  
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: Suomen Metsästäjäliitto  
Chairman of the Board: Porin Prikaatin  
tukisäätiö  
Vice Chairman of the Board: Köyliön-  
Säkylän Sähkö Oy  
Member of the Board: Dan. Joh.  
Wadenin rahasto  
Vice Chairman of the Supervisory  
Board: Satapirkkan Sähkö Oy  
Holding: 387 348 shares



ERKKI LEPISTÖ b. 1955  
President and CEO,  
Lännen Tehtaat plc  
Member since 2001

Member of the Board: Finnish Food  
and Drink Industries' Federation,  
Pemamek Oy, Pyhäjärvi-  
instituuttisäätiö  
Holding: 400 shares, 6 000 warrants  
entitling the holders to subscribe  
30 000 shares



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

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



## Supervisory Board

### MEMBERS ELECTED BY THE SHAREHOLDERS' MEETING:

Tom Liljeström, b. 1959  
Group Director of Tapiola Insurance Group  
Member since 1994 and Chairman since 1996  
Vice Chairman of the Board: Tapiola Mutual Pension Insurance Company  
Member of the Board: Tapiola General Mutual Insurance Company, Tapiola Mutual Life Assurance Company, Tapiola Asset Management Ltd, Tapiola Corporate Life Insurance Company Ltd  
Holding: -

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

Antti Bärlund, b. 1945  
Member since 1995

Heikki Ellilä, b. 1945  
Member since 1996  
In turn to resign

Matti Eskola, b. 1950  
Member since 1991

Heikki Halkilahti, b. 1947  
Member since 1990

Jussi Hantula, b. 1955  
Member since 1995

Hannu Harjunmaa, b. 1941  
Member since 1988

Börje Helenelund, b. 1951  
Member since 1998

Esa Härmälä, b. 1954  
Member since 1995  
In turn to resign

Pasi Jaakkola, b. 1941  
Member since 1982

Jouni Kaitila, b. 1963  
Member since 1991

Mari Kiviniemi, b. 1968  
Member since 1996  
In turn to resign

Vesa Lammela, b. 1941  
Member since 1993  
In turn to resign

Hannu Lamminen, b. 1951  
Member since 1996  
In turn to resign

Juha Nevavuori, b. 1942  
Member since 1973  
In turn to resign

Samu Pere, b. 1968  
Member since 1998

Esa Ruohola, b. 1946  
Member since 1998

Mikko Soro, b. 1950  
Member since 1998

Helena Walldén, b. 1953  
Member since 1996  
In turn to resign

### 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

Antti Kerttula, Riitta Jaakkola, Ilkka Jaskari, Erkki Lepistö, Pekka Kurri, Jukka Haikonen and Markku Routasalo.

### ERKKI LEPISTÖ

b. 1955

President and CEO since 2001

Holding: 6 000 warrants entitling the holders to subscribe 30 000 shares

### JUKKA HAIKONEN

b. 1955

Director of Lännen Feed since 1996

Holding: 3 000 warrants entitling the holders to subscribe 15 000 shares

### RIITTA JAAKKOLA

b. 1950

Financial Director since 1998

Holding: 3 000 warrants entitling the holders to subscribe 15 000 shares

### ILKKA JASKARI

b. 1947

Director of Lännen Sugar since 1988

Holding: 3 000 warrants entitling the holders to subscribe 15 000 shares

### ANTTI KERTTULA

b. 1956

Director since 1994

Director of Apetit since 1997

Holding: 3 000 warrants entitling the holders to subscribe 15 000 shares

### PEKKA KURRI

b. 1943

Director of Lännen Plant Systems and Agricultural Department since 1992

Holding: 3 000 warrants entitling the holders to subscribe 15 000 shares

### MARKKU ROUTASALO

b. 1952

Director of Machinium Group since 1993

Holding: 3 000 warrants entitling the holders to subscribe 15 000 shares

## Addresses

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Tel. +358 2 8397 411  
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Internet [www.lannen.fi](http://www.lannen.fi)  
E-mail [firstname.surname@lannen.fi](mailto:firstname.surname@lannen.fi)  
Domicile: Säkyä  
Business ID: 0197395-5

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Fax +48 55 231 6188  
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### ASSOCIATED UNDERTAKINGS

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