HUHTAMAKI
TAKING PACKAGING FURTHER

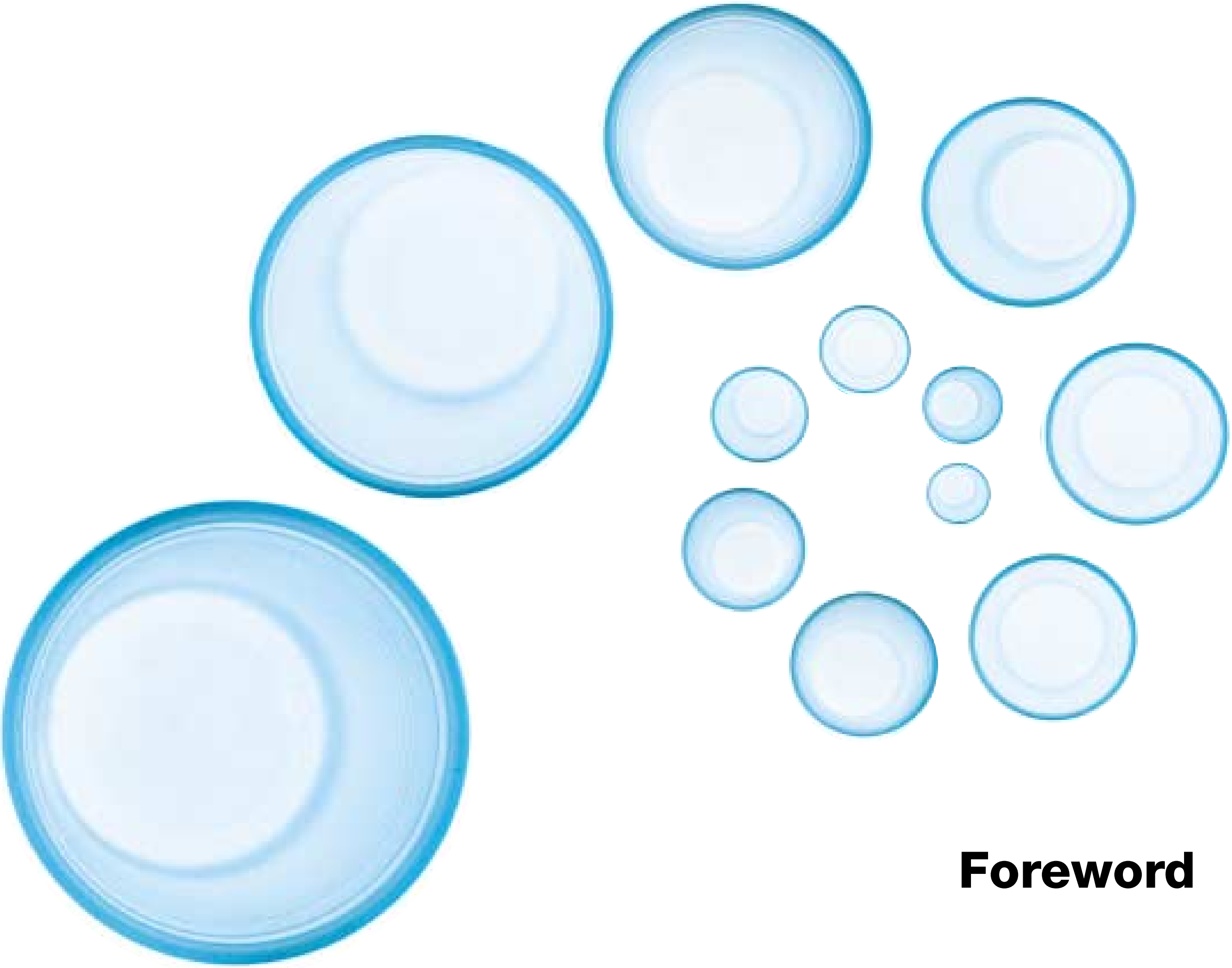
Annual Report
2002

"...we now focus on accelerating growth."

Contents

Front cover:

Huhtamaki is a leader in high-performance flexible packaging such as retortable stand-up pouches. Overall, flexible packaging and films were in strong demand in 2002.



Foreword

Further – a single word that captures our aspirations. As one of the world's premier providers of rigid and flexible packaging solutions for consumer products, we take packaging further: in functional and technical properties, as vehicles for branding and marketing, as comprehensive packaging systems, within the environmental dimension, to new markets...

Apart from its original task – protecting perishable products and ensuring their safe journey from producer to end-user – packaging today has many other roles. One of them is becoming more important all the time: brand-building. With the power of traditional advertising waning, the buying decisions for foods and other fast-moving consumer goods are increasingly taken on impulse. As the first handshake between the product and the consumer, packaging is the most powerful tool for instant brand identification, product differentiation and in-store promotion. Our background as a consumer products company has given us deep insight into branding and consumer behavior, and we take it further through our own research activity.

Already the world leader in rigid, thin-walled plastic and paper packaging as well as in molded fiber products, we also want to go further as a company and as the 16,000 motivated Huhtamaki employees behind it.

Established in 1920, Huhtamaki has become a pure packaging company through a process of strategic change and corporate transactions, starting twenty years ago and culminating towards the end of the 1990s. We combine a long industry experience and innovation track record with an unrivalled range of rigid and flexible packaging technologies as well as a truly global network comprising more than 70 factories and additional sales units in 36 countries.

In 2002, Huhtamaki's net sales amounted to EUR 2.2 billion, with half of that from Europe, a third from the Americas and the rest from Asia-Oceania-Africa.

Huhtamäki Oyj has its head office in Espoo, Finland, and is listed on the Helsinki Exchanges (HEX Symbol: HUHIV) since 1960. The company produced its best-ever financial results in 2002, the year under review in this Annual Report.

Financial highlights for 2002

Key figures

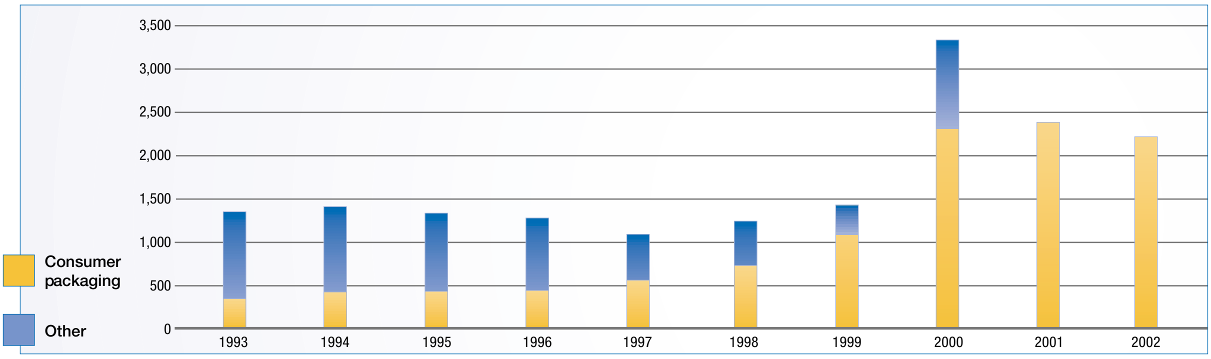
EUR million	2002	2001	Change %
Net sales	2,239	2,382	-6.0
EBITDA	327	334	-2.3
% of net sales	14.6	14.0	
Operating profit (EBITA)	218	222	-1.8
% of net sales	9.7	9.3	
EBIT	175	178	-1.8
% of net sales	7.8	7.5	
Profit before exceptional items, minority interest and taxes	131	130	0.6
Net income	88	87	1.4
EPS before amortization (EUR)	1.30	1.11	17.1
EPS after amortization (EUR)	0.88	0.74	18.9
Dividend* (EUR)	0.38*	0.31	21.6
Personnel at year-end	15,909	16,417	-3.1

* Board's proposal

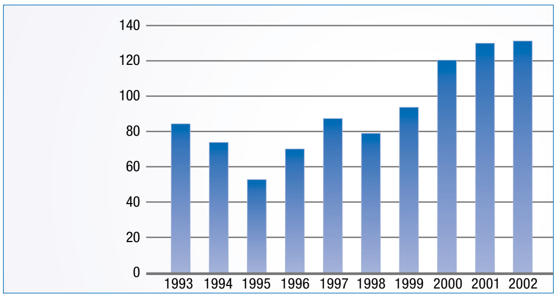
Highlights

+ Earnings per share at new record
+ European streamlining completed
+ Strong growth in flexibles and films
+ Significant improvements in Asia and Africa

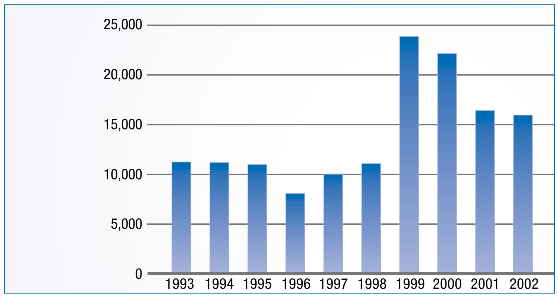
Net sales — EUR million



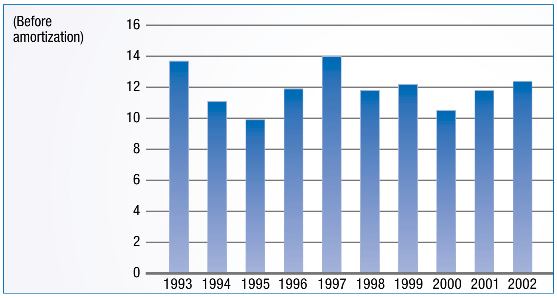
Profit before exceptional items — EUR million



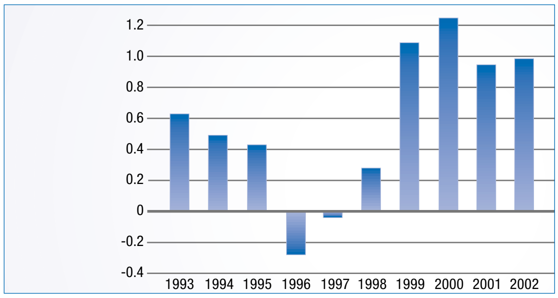
Personnel at year-end



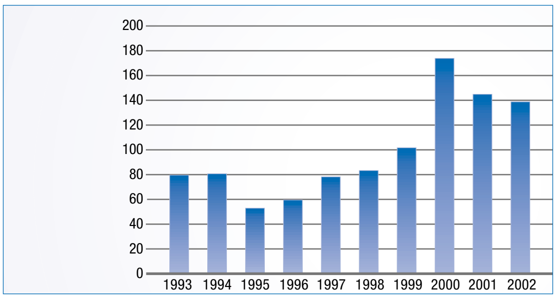
Return on investment (ROI) — %



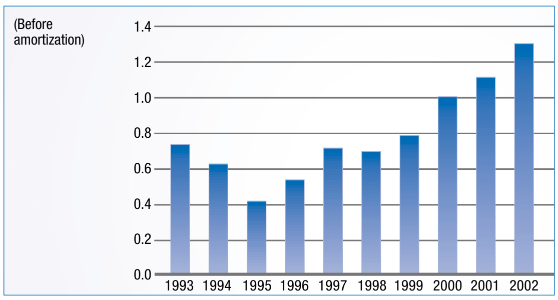
Net debt to equity



Capital expenditure — EUR million

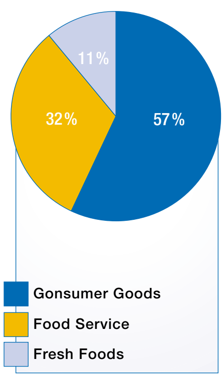


Earnings per share — EUR

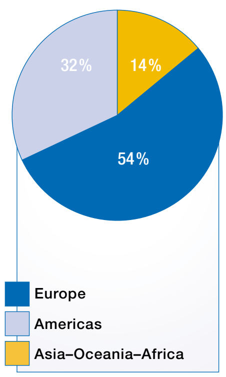


1993-2001 figures adjusted to the 3:1 bonus issue which quadrupled the number of shares in issue in 2002

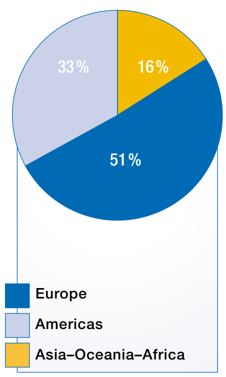
Sales by category



Net sales by region



EBITA by region



"Huhtamaki aspires to be a proactive company, contributing to its customers' success by helping them sell more."

A word from the CEO

Huhtamaki entered the year 2002 confident of delivering the results of the extensive streamlining and rationalization program launched three years ago.

On the whole, we can be pleased with the outcome. We completed our European and North American streamlining measures on schedule, gaining targeted efficiencies in most concerned operations. Despite a hesitant world economy, the company's comparable sales remained on the previous year's level. Our flexible packaging, films and molded fiber products saw significant volume growth.

Reflecting improving efficiency, our operating margins strengthened across the board. Earnings per share improved by 17% from the previous record in 2001, and we came very close to most of our financial targets.

We also made progress in such areas as innovation management, new product launches, organizational development and building the Huhtamaki brand. These are the foundations for our long-term progress – for maintaining and strengthening our leadership in the global arena.

However appealing it might be to stop here and enjoy the picture, the truth is that 2002 had two distinct halves. The full-year results materialized largely on the strength of the first half. In the second, softening markets and several short-term issues combined to bring our long succession of quarterly profit improvements to a halt in the final quarter.

No matter how you look at it, the world economy did not recover in 2002 – rather the opposite. Even in our relatively stable industry, this meant slow volume growth, intensified price competition and a shift to lower value added products.

It is safe to expect a hesitant business environment to prevail through much of 2003. New business wins and efficient production nevertheless place us in a good position to deliver a stronger second half of the year. To an extent, this scenario is contingent on how the present confrontation in the Middle East will be resolved.

World politics aside, Huhtamaki will continue to vigorously implement the strategy laid out two years ago. After improvements in operating margin, return on capital and balance sheet structure, we now focus on accelerating growth. To this effect, we have changed our organization in both Europe and North America. We have an array of new products soon reaching the market, and will address identified growth opportunities in eastern Europe, Asia and the Americas through capital expenditure.

The current year has started off according to expectations. On the whole, I look forward to another year of structural stability and customer focus, with accelerating growth and further efficiency improvements ensuring good financial results again.

Huhtamaki aspires to be a proactive company, contributing to its customers' success by helping them sell more. We are privileged and grateful to serve and support some of the best-known and most demanding brands in consumer products, food service and food trade. The role of packaging in the marketing mix is clearly becoming stronger. I see exciting opportunities to go further together.

Timo Peltola
CEO

"Local new product development activity and dedicated Technology & Development Centers ensure a steady flow of new, innovative products."

Strategy and capabilities

As a specialty consumer packaging group, Huhtamaki ranks among the very largest in the world. More than 70% of its sales are derived from product categories and manufacturing technologies where the company is the world leader. Most of the company's competitors are much smaller, local enterprises with fewer technologies, customer segments or geographical markets. Huhtamaki does not directly compete with the even larger packaging companies active in the broad metal, glass and corrugated carton categories.

Huhtamaki's strategy rests on two pillars: a global network enabling the company to provide its customers high quality products wherever they operate, and extensive technological capabilities permitting the company to offer alternatives and combine materials for innovative solutions.

Consumer Goods

The Consumer Goods business area serves primarily the food industry but also, increasingly, the pet food, personal care and detergent sectors. Huhtamaki is the world leader in rigid, thin-walled cups, tubs, containers and lids made from plastic and paper, and a front-runner in complex, high-performance flexible packaging. The latter area currently presents the highest growth rates.

Advanced barrier packaging solutions, innovative applications for Huhtamaki's system packaging technology, new market segments such as confectionery or non-food products, as well as emerging market areas and the consolidation and globalization of the customer base offer major opportunities in rigid packaging as well.

Huhtamaki is also engaged in the manufacture of siliconized films and papers for different purposes, serving a worldwide customer base.

Main market segments:
Ice cream, edible fats, dairy, personal care and detergents, pet food, confectionery, soups and ready meals, coffee and tea
Main customers (alphabetically):
Arla, Colgate-Palmolive, Danone, Dreyer's, Heinz, Kraft Foods, Mars/Masterfoods, Nestlé, Procter & Gamble, Raisio, Unilever, Valio

Food Service

The Food Service customers include virtually all leading international quick service and beverage companies, many rapidly growing coffee and casual dining restaurant chains, as well as successful local operators. Food Service products are also sold to contract caterers and vending operators, mainly through major specialized distributors. Branded single-use tableware for the retail channel is another important product category.

Huhtamaki is the world leader in plastic and paper cups and plates. Molded fiber products play an important role in the category as well. The Food Service business has for two decades presented opportunities for rapid growth. Although several factors have combined to slow down the growth in 2001–02, the business area remains dynamic and eager to adopt value-added packaging innovations.

Main market segments:
Quick service restaurants and beverage, catering, vending, retailers
Main customers (alphabetically):
Bunzl, Burger King, Coca-Cola, Costco, McDonald's, PapStar, PepsiCo, Sam's, Sodexho, Sysco, Wal-Mart, Yum! Brands

Fresh Foods

A clear trend from highly processed to fresh foods has created the need for ranges of special packaging that promote the integrity, freshness and appearance of over-the-counter foods. New packaging solutions feature functional benefits such as pressure cooking. At the same time, the portioning and packing of fresh food ingredients, such as meat, poultry, seafood, fruits and vegetables, has largely moved from retail trade into efficient, industrial-scale operations. Sophisticated solutions, including modified atmosphere packaging, modular concepts and active packaging, prolong shelf life and facilitate logistics through the supply chain.

Huhtamaki is the world leader in molded fiber packaging, which is the primary packaging material for eggs and many other types of farm produce. Overall, few if any competitors can offer such a comprehensive range of materials, technologies and packaging varieties suitable for the dynamic fresh foods business area, which also includes the rapidly growing home meal replacement segment.

Main market segments:
Industrial packers and food industry:
Fruits and vegetables, meat and poultry, eggs, chilled and frozen ready meals
Food retailers:
Fresh produce, home meal replacement

Technology and development

Huhtamaki deploys six main packaging technologies:

- Paper forming
- Rigid plastic extrusion, co-extrusion and thermoforming
- Foam plastic extrusion and thermoforming
- Plastic injection molding; in-mold labeling
- Flexible plastic, metal foil and paper converting and lamination
- Smooth and rough molded fiber

While most of the processes employ commonly available equipment, Huhtamaki has considerable experience in optimizing their use and developing proprietary multi-technology applications.

The Group also possesses considerable engineering skills for developing and supplying customer-operated equipment and complete packaging solutions. These include molded fiber machinery as well as in-plant paperboard container forming and filling machines for frozen desserts and other food and non-food products.

A major investment has been made to introduce state-of-the-art graphics technology all the way from product design and prototyping to high-speed, high-resolution printing lines. The printing technologies include dry offset, offset/litho, flexo, rotogravure and – still in its infancy – digital printing.

Local new product development activity and dedicated Technology & Development Centers ensure a steady flow of new, innovative products.

Our values in action

In 2001, we took a first serious look at our branding strategy after a series of company acquisitions and divestments from 1997 to 2000, which transformed Huhtamaki into a pure consumer packaging company. We then decided to concentrate everything except our retail tableware business under one business-to-business brand – Huhtamaki. In 2002, we spent considerable time and effort to define the Huhtamaki brand in a systematic way. In this process, we addressed and articulated all the key factors that set one brand apart from the rest.

As an important part of this exercise, we revisited our corporate values. First put in writing in 1990, Huhtamaki's values have been subject to minor editorial changes until now. This time, a more fundamental redrafting was necessary in order to align the vocabulary and style with those used in the other branding tenets: Core Purpose, Brand Essence and Brand Attributes.

We treat our world with respect

- We care about our people, place and planet
- We welcome diversity and recognize it as a source of innovation
- We encourage people to speak up, question and progress new ideas

We know our business

- We seek to understand our customers and consumers
- We strive for open and active communications, honest feedback and a world view
- We learn from everything we do

We like to get it done

- We have high aspirations
- We trust and empower individuals to get on with their job
- We are inspired by the entrepreneurial spirit of our founder Heikki Huhtamäki

On the following pages, you will not find the customary account of what went up and what went down in 2002. Instead, we want to highlight a few cases around the world, which underline our professionalism, proactiveness and sense of responsibility. In other words, they demonstrate our values in action.

“The company also introduced an unprecedented number of new molded fiber products, including Ecom® and Multi-K Plus egg packaging...”

Europe

The year 2002 was one of stability and improving financial performance for Huhtamaki's European operations. Comparable sales, excluding structural changes and currency translations, increased year-on-year, and organic growth accelerated in the final quarter. Reported annual sales nevertheless declined by 3% to EUR 1,202 million. The region's operating profit (EBITA) advanced by 3% to EUR 99 million or 8.3% of net sales. RONA (return on net assets) was virtually stable at 14.6%.

In Europe, flexible packaging saw a 7% sales growth and the films business also had an excellent year. Molded fiber operations performed solidly, and most rigid packaging units met their targets. A further decline in rigid packaging sales reflects, in part, the company's voluntary retreat from stagnating, low margin product areas. Consumer Goods as a whole fared well, quick service was resilient within Food Service, and Fresh Food sales began to respond to the efforts to develop a dedicated product range and sales network across Europe. The Polish and Russian operations returned to business as usual after extensive facility reconstruction.

New flexible packaging applications included a resealable chocolate wrapper for Kraft Foods and a tear-proof, high-barrier aluminum foil replacement for Valio's Aura blue cheese. Laminates for retortable stand-up pouches were in strong demand.

The Films operation introduced surface films for the building and construction industry, digitally printable films, an innovative method of adding a stamping foil to reel-to-reel printed films, as well as new biodegradable films and bags.

In rigid packaging, the company's capabilities in barrier and multimaterial technology led to promising new solutions, such as second-generation DuoSmart™ (Desto) plastic/paper combination container. Demanding thermoforming applications, such as Unilever's Chupster impulse ice cream concept and Procter & Gamble's detergent containers, were developed in record time and to full customer satisfaction. A tamper-evident, reclosable hinged-lid container was well received in consumer trials.

Proprietary open-cell technology scored another success with the introduction of TopBox® liquid-absorbing foam plastic deep tray for poultry and larger volumes of packed meat. The company also introduced an unprecedented number of new molded fiber products, including Ecom® and Multi-K Plus egg packaging, as well as protective packaging solutions for printers and other electronic appliances.

The European business was reorganized at the beginning of 2003 in order to accelerate growth. The good momentum of the flexibles and films businesses is expected to continue. Molded fiber looks solid, with a new manufacturing unit planned for Russia. Newly introduced rigid packaging products will reach projected sales levels, contributing to overall growth. Further efficiency improvements are expected.

Delivering value: Swiffer Wet (Procter & Gamble)

Procter & Gamble's Swiffer Wet cleaning system was successfully launched in Europe in 2002. The product required a custom-designed container with exceptionally high functional and visual demands. Consisting of a thermoformed plastic tub in two sizes and a thermoformed lid with a self-adhesive label, it was realized by Huhtamaki's Alf unit in Germany. The challenge was to meet the customer's stringent specifications and quality requirements, which are normally only reached with more expensive injection molding technology. Not only is the tub quite large for thermoforming, the tolerances for dimensional accuracy, sealing rim flatness and lid fit and tightness are unusually narrow as well. Hence, significant R&D, quality assurance, key account management and manufacturing resources were put behind this project, which was completed on time and to full customer satisfaction.

"Substantial volumes of new Food Service business have been secured."

Americas

2002 was a challenging year in North America, especially for the Food Service business, which suffered from general market softness and customer-specific volume shortfalls. The Consumer Goods business was solid, and Chinet® Retail products again had an excellent year in the U.S. and Mexico. The South American rigid and molded fiber operations strengthened their positions in volatile market conditions.

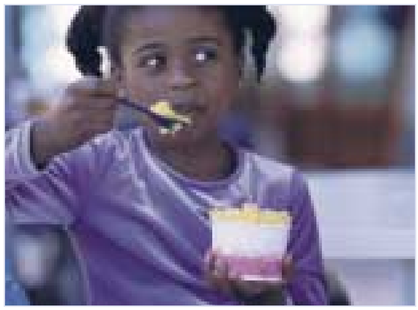
The region's net sales declined by 13% to EUR 715 million. The weakening of the U.S. dollar against the Euro accounts for a major part of the drop. The operating profit (EBITA) declined by 15% to EUR 64 million, still a healthy 8.9% of net sales. RONA declined from 15.8% to 14.9%.

In the U.S., new container sizes and shapes were developed in record short throughput times for major ice cream customers, such as Dreyer's and Schwan's. The versatile, high speed HSF 150 container forming machine was perfected to match filling speeds up to 150 per minute for a broad range of frozen dessert containers.

In Food Service, the trend is towards diversity, notably ethnic and upscale take-out food as well as casual restaurant dining. A major customer's needs were met with a technically challenging molded fiber bowl combining a laminated, smooth molded interior with a rough molded outside. The Chinet® range of single-use tableware for the retail channel again improved its market share in the United States and Mexico.

In South America, the rigid packaging business strengthened its market clout and did well in adverse conditions. The molded fiber operation held its positions under heavy price competition.

The outlook for 2003 is one of continued softness in North America in the early months, followed by a stronger second half. Substantial volumes of new Food Service business have been secured. The newly established Business Units will vigorously pursue growth opportunities within and outside traditionally strong segments. A new Films line within the Malvern (Pennsylvania) flexibles unit will absorb significant capital expenditure. A Brazilian joint venture for the manufacture of dentifrice tube laminate is under construction.



Delivering value: 56oz. Convocan, (Dreyer's Grand Ice Cream)

Dreyer's Grand Ice Cream, our largest customer in the Americas, asked Huhtamaki to work with them to develop a new container that would maintain the current consumer base while enhancing retailing opportunities. The new 56 ounce Convocan® ice cream container has improved production, increased shelf facings, and has allowed Dreyer's to maintain its market leader position. But even more so, it is a prime example of a true collaborative relationship. According to Tom McAlone, Director of Materials at Dreyer's, the project "was a great example of how a supply partnership can drive world-class performance." Working on an accelerated schedule, "Dreyer's and Huhtamaki were able to develop, test market, and convert an entire U.S. marketplace to the new package within a record time frame," McAlone added. "This is no small feat as this involved three different Huhtamaki plants, five of our own facilities, and a host of marketing and sales people," he said.

*"This vast geographical area...
showed the strongest growth,
highest operating margin and best
return on capital..."*

Asia-Oceania-Africa

This vast geographical area did not make uniform progress, but as a whole showed the strongest growth, highest operating margin and best return on capital among Huhtamaki's reporting regions. While Oceania again performed reliably, most of the growth and profit improvement came from Asia and Africa. The Asian flexibles operations, for example, posted very good growth rates whilst Africa benefited from the flow through of recent restructuring efforts.

At EUR 323 million, reported Euro sales were unchanged from 2001, masking a brisk growth in original currencies. The operating profit (EBITA) improved by 16% to EUR 32 million, with the corresponding margin jumping from 8.5% to 9.9%. RONA improved from 12.6% to 15.7%.

In Oceania, rigid packaging and molded fiber were solid, but the flexibles business still faced challenges. The stagnant Australian egg market responded positively to Huhtamaki's initiative to revitalize the supermarket channel, optimizing all aspects of the supply chain. Food Service once again delivered a strong peformance.

In Asia, Huhtamaki India helped Unilever launch Knorr Cooking Base, a new concept, as well as the premium Axe brand of shaving products. The Thai flexibles business served its expanding multinational customer base flawlessly.

The South African rigid packaging, flexibles and molded fiber operations all improved their performance significantly, both in customer service and financially.

In 2003, the region is expected to show further growth. Approaching capacity constraint in flexible packaging will be alleviated through the establishment of a new manufacturing unit in Vietnam, a high-growth market with a population of 80 million and a rapidly developing food industry.

Delivering value: Knorr Cooking Base in Stand Up Pouch (Unilever)

To expand its Knorr brand in India, Unilever went through a series of cooking mix launches. As part of the effort they introduced Knorr Cooking Base, which is a ready-to-use gravy base. This is a unique concept in India where cooking is done from base ingredients. Hence, the new product needed to stand out in the retail shop environment, and Huhtamaki was invited to develop a creative, cost-effective packaging solution replacing a glass bottle. After going through various pack options, the customer settled on a stand up pouch that is bottle shaped. This was a major technical innovation utilizing the synergies of in-house flexible packaging and machine building technologies. The key areas of development were resealing a standard pouch and further accurate die cutting to give it the desired shape. This pack has the advantage of offering a convenient one-time use at a significantly reduced cost when compared with the traditional glass bottle. The package created a solid impact and has been well accepted by the upper end target consumer.

Corporate responsibility

Any major company interacts with a number of key stakeholders with different needs and expectations. Through its products and environmental impact, it may affect a much broader sphere of people. We recognize Huhtamaki's corporate responsibility and have taken steps to address it in a more systematic and measurable way.

The company has always adhered to strict business ethics and expected the highest integrity from its employees. Beyond this, corporate responsibility is largely about choices, action and practice.

Managing and reporting corporate responsibility in an integrated way has become possible only after the return of stability in corporate structure after years of extensive change. Nevertheless, our work has already been recognized with the inclusion of the Huhtamaki share into the 2003 Dow Jones Sustainability Index STOXX, which monitors the development of European listed companies deemed to be the leaders in sustainability in their respective industries.

Completed Work and Future Targets

The following key steps were taken in 2002:

- Established a working committee to manage and coordinate corporate responsibility work within Huhtamaki
- Implemented pilot projects with business partners
- Issued binding Ethical Guidelines to our global suppliers
- Integrated environmental key performance indicators (eKPI's) into our operations monitoring systems

During 2003, we will develop a Code of Conduct for Huhtamaki describing the key ethical principles that steer our everyday work. As well, we will integrate environmental considerations into our new product development process.

Quality, environment, hygiene and safety

Quality, environment, hygiene and safety (QEHS) considerations are of primary concern for Huhtamaki. As a producer of packaging to the world's leading consumer products companies, we actively seek to improve our own performance in this field.

Our approach starts from prevention. Our packaging products are designed and manufactured to the strictest standards of product safety and hygiene relevant to the application. Our internal quality, hygiene and safety management systems are built focusing on the critical control points of our own operations as well as identifying those relevant in the whole supply chain.

By the end of 2002, a total of 44 Huhtamaki sites had established management systems aligned with international recognized QEHS standards such as ISO 9001, ISO 14001, OHSAS 18001 and HACCP.

Environment

In 2002, we significantly deepened our environmental programs and operating principles. Environmental management systems are integrated into our day-to-day management. As well, environmental considerations constitute a major driver for the company's new product development activities.

Monitoring environmental key performance indicators (eKPI) will form an essential part of our corporate responsibility strategy. Our first set of aggregate eKPI data appears in the attached table. These figures will serve as the reference point for our long-term monitoring of environmental performance as a Group.

The figures are a representative average from 85% of Huhtamaki's manufacturing sites, which employ several different plastic, paper and recycled fibre conversion and printing technologies. CO_2 emissions relate mainly to energy generation. Water is used principally for cooling and in the molded fiber manufacturing process.

Our environmental planning horizon currently extends to the end of 2005. By that time, we will have developed site-specific plans to minimize the environmental impact for each manufacturing unit and introduced group-wide monitoring of safety issues, fully integrated our QEHS systems and launched new biodegradable product ranges.

Environmental KPI	Amount per product ton (PPT)	
Energy	11.6	GJ
Chemical use	52.0	kg
of which solvents	20.9	kg
Waste to landfill	44.5	kg
Waste to recovery	116.2	kg
Hazardous waste	3.7	kg
CO_2 emission	708.4	kg
VOC[1] emission	12.2	kg
Water use	11.8	m^3
Wastewater	11.6	m^3
Environmental investments	7,762,000	EUR

[1] VOC = Volatile Organic Compounds

Delivering value: producer responsibility sparks off cooperation with Finnair

Requiring significant volumes of single-use packaging, in-flight catering is subject to constant environmental attention. Finland's leading airline Finnair has partnered with Huhtamaki to create a waste reclamation system. The primary objective is to return the fiber content of waste to an economical secondary use. The principle of the recycling project is simple: in-flight waste is separated into plastic and fibre-based fractions, eventually ending up as raw material for other purposes.

The project is off to a promising start according both parties. Pre-sorting of waste by cabin personnel is a prerequisite for success. The passengers have been extremely supportive. Huhtamaki's interest is primarily driven by producer responsibility. As well, recycling packaging waste often makes both economical and ecological sense, which is why plans exist to expand the project further at Helsinki-Vantaa Airport.

Human resources

In 2002, the Human Resources function reached significant milestones. The global HR systems platform, GRIP, was taken into full use. Hence, management's performance reviews and personal development plans now follow the same principles and employ the same electronic system company-wide.

The company's own management training programs continued with regular intensity, with of 103 managers attending a total of 870 training days. The top-level program, ILP, was organized for the tenth time. Local programs were running normally.

The European Works Council (EWC) held its annual meeting with top management in March in Göttingen, Germany. Its Steering Committee met in December to prepare the next annual meeting and to review the new European organization.

Systems development, ongoing streamlining projects as well as management relocation and recruitment all placed demands on HR services and counsel during the year. The function cooperated closely with other support functions, e.g. Group Information Systems and Group Marketing and Communications, and participated actively in Corporate Responsibility issues, Intranet development and internal marketing projects.

During 2002, Huhtamaki's core purpose, vision and values were reformulated. An internal communication and marketing program, Taking You Further, will expose these to all employees in the course of 2003, with the ultimate aim of creating a uniform corporate culture and an open, positive and empowering working atmosphere.

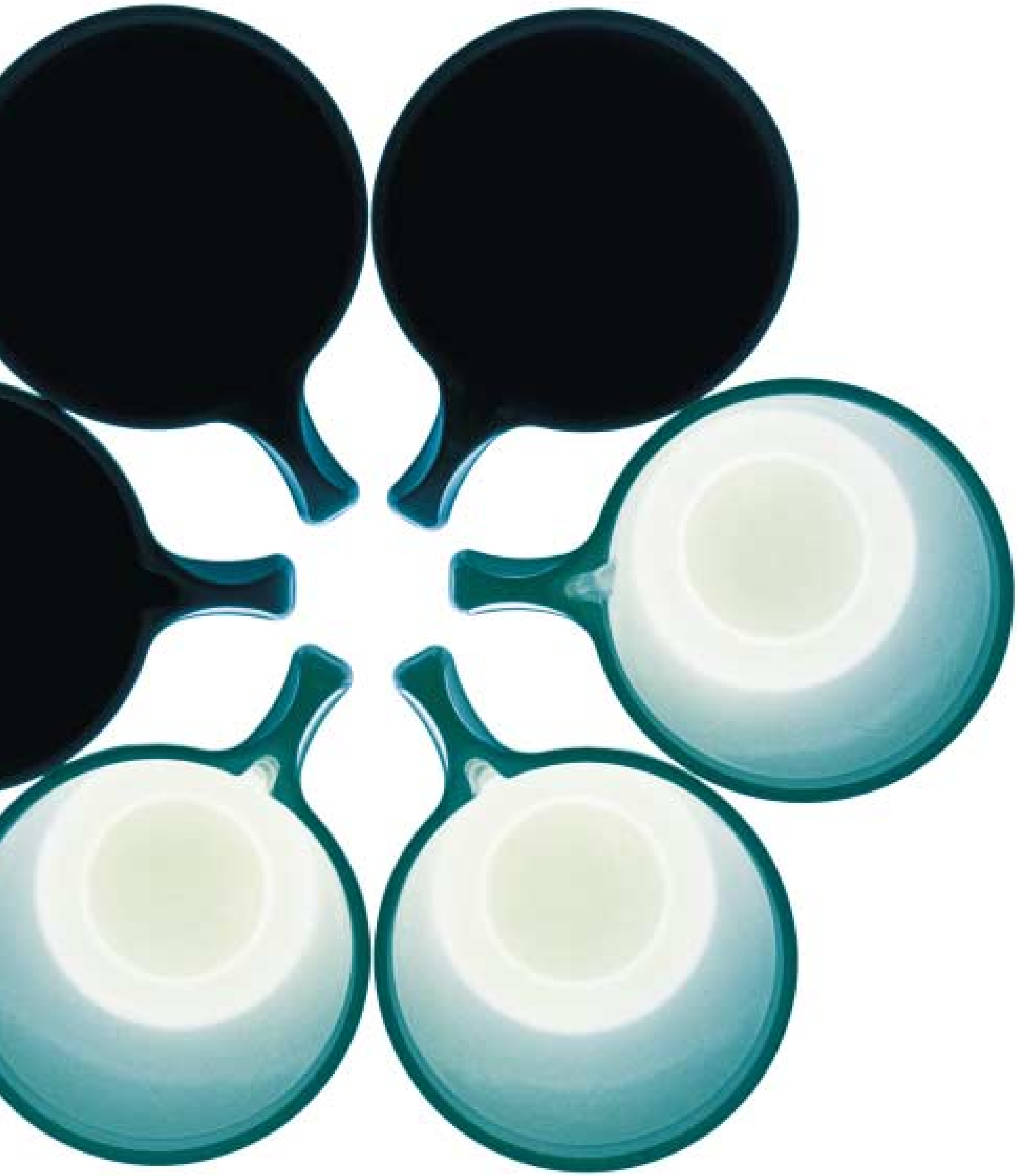
Corporate governance

Huhtamäki Oyj is incorporated in Finland, and its Articles of Association reflect the Finnish Companies Act. As a publicly listed company with a broad and international shareholder base, Huhtamaki has aligned its governance system with widely accepted principles and recommendations.

A Board of Directors, consisting of 6 to 9 predominantly non-executive members, governs the company. The Annual General Meeting (AGM) elects the Board annually for a one-year term. The Board elects its Chairman and Vice-Chairman from among its members.

The Board is vested with the powers specified in Finnish Companies Act and the company's Articles of Association. It sets the company's financial and strategic objectives and decides on main policies, strategic and business plans, significant acquisitions and divestments as well as capital expenditure projects exceeding EUR 25 million. The Board also appoints the Chief Executive Officer (CEO) and other Executive Committee members, decides on executive compensation, allocates stock options to management and annually reviews the management performance. The Board meets at least six times per year, with one session entirely dedicated to corporate strategy. In 2002, the Board held seven regular and three teleconference meetings.

The Board currently has three committees. Nomination Committee, Human Resources Committee and Audit Committee. Each Committee has a brief charter summarizing its tasks.



Corporate governance (continued)

The Nomination Committee prepares proposals to the AGM concerning Board members and their remuneration principles. The Committee also discusses the appointment of Executive Committee members. The Committee meets once a year, prior to the AGM.

The Human Resources Committee prepares and discusses organizational and human resource issues, as well as principles of remuneration of senior executives.

The Audit Committee reviews the annual accounts as well as accounting principles and policies, monitors the audit and control mechanisms, ensures a transparent internal reporting system and discusses and reviews policies and procedures with respect to risk assessment and risk management. The Chief Financial Officer and, for the discussion of the annual accounts and interim reports, the external auditiors participate the Committee's meetings.

The Committee memberships of Board members in 2002 are indicated in the biographical section of this report.

The company's day-to-day operation is the responsibility of the CEO, who is also Chairman of the Executive Committee (EC). The EC convenes at least once a month and additionally on specific topics such as strategy and annual business plans.

Each EC member has a clear operative responsibility, either for a geographical region (Europe, Americas, Asia-Oceania-Africa), or a key function (Finance, Marketing and Development). The EC members are the CEO's direct reports; additionally, the CEO supervises the Human Resources function. The individual responsibility areas of EC members appear in the biographical section of this report.

The company's internal management principles and procedures are documented in policies and guidelines subject to review by the EC from time to time. These govern such areas as reporting, finance and treasury, capital expenditure, insurance, contracts, information systems, sourcing, human resources, quality, environment, health and safety, insider regulations and communications.

Remuneration and benefits

The AGM held on March 25, 2002, maintained the remuneration of the Board of Directors as follows: Chairman EUR 75,685, Vice-Chairman EUR 43,730 and other members EUR 33,638 annually. In 2002, a total of 40% of the Board's remuneration was paid in Huhtamaki shares purchased from the market. The CEO does not receive remuneration for his Board membership.

A major emphasis is placed on the recruitment, training and career progression of management and specialist resources. The compensation and benefits for all managers follow local law and practice, based on an internationally recognized job grading system and an annual review of individual performance against set objectives. Performance-related bonus schemes are widespread, extending to junior managers and specialists.

For senior management, the annual bonus is is linked to both corporate performance and personal objectives. Additionally, stock options are issued from time to time as a long-term incentive.

The EC members are entitled to retirement upon reaching sixty years of age and a severance pay exceeding the legal minimum in their respective countries of operation. The company has a customary directors' and officers' liability insurance policy.

In 2002, the CEO's total compensation amounted to EUR 681,996. The aggregate compensation to other EC members was EUR 1,568,205.

The Executive Committee members have an aggregate of 240,000 stock options under schemes adopted in 1997 and 2000. In 2002, a total of 70,000 new stock options were allocated to them. Their current holdings of Huhtamaki shares and stock options appear in the biographical section.

Stock option schemes extend to more than 120 executives and managers across the company and its subsidiaries. A total of 5,400,000 new shares (corresponding to 5.3% of the shares outstanding) may be issued in 2003-2006 assuming full use of the stock option schemes of 1997 and 2000.

The Huhtamaki share

In 2002, the Huhtamaki share ranked 16th among the most actively traded equities on the Helsinki Exchanges (HEX). Although entirely focused on packaging, Huhtamaki is still classified as a food company, because approx. 70% of its products are used for foods and food service.

The share had a strong first half of the year, clearly overperforming the relevant HEX indexes, and a more moderate second half, when it more closely followed the overall market trend.

The share's turnover more than doubled from 2001, to EUR 699 million or 72% of the company's market capitalization at year-end. Shareholding by non-Finnish entities increased from approx. 20% to 29.4% at year-end, having reached an even higher figure during the autumn.

The number of shares in issue quadrupled in August 2002 following a bonus issue, in which three new shares were issued free of charge against every existing share. Correspondingly, the share price declined to a quarter of the previous level. The share price information below refers to the situation after the bonus issue; the corresponding pre-issue prices appear in brackets.

The company's stock option rights 1997 A and B as well as 2000 A were listed on the HEX in the spring of 2002. Trading was lively at times but total volume remained modest compared to share turnover.

Shares and share capital

- One share class
- No physical share certificates
- Original nominal value FIM 20 abolished in 1999; accounting counter value EUR 3.40
- Shares in issue on December 31, 2002: 101,222,792, including the 3,675,500 shares repurchased during 2002. Net figure 97,547,792·
- Average number of shares in issue in 2002: 100,769,970 (adjusted for the bonus issue and excluding repurchased shares)
- Share capital on December 31, 2002: EUR 344.15 million

Quotations

- HEX (Helsinki Exchanges) main list since 1960
- Standard lot 50 shares
- Classification: Food Industry
- AEX (EuroNext Amsterdam) from October 1999 until de-listing in February 2001
- Over the counter trading at the Frankfurt, Munich and Berlin exchanges
- Rule 144A ADR program in the U.S. from 1990; formally terminated in 2002

Symbols

HEX: HUH1V
Reuters: HUH1V.HE
Bloomberg: HUH1V.FH

Authorizations

AGM on March 25, 2002 granted the Board an authorization for one year to launch a new share repurchase program covering up to 5% of the shares in issue. The authorization extends to March 2003; it was virtually fully used by the end of February 2003.

Trading developments in 2002

- Jan 2: Opening EUR 8.88 (35.80)
- Apr 18: High EUR 12.38 (49.50)
- Oct 24: Low EUR 8.22 (32.88)
- Dec 30: Closing EUR 9.55 (38.20)
- Total turnover on HEX EUR 698.7 million
- Average daily turnover on HEX EUR 2.8 million

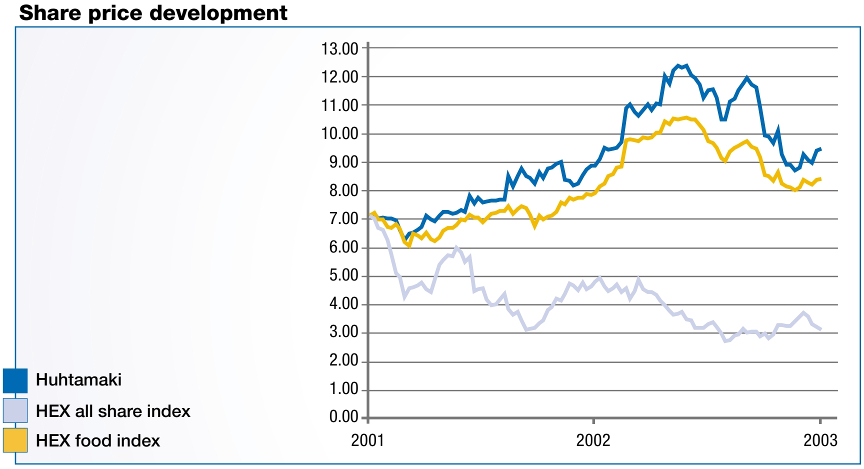
Registration

- Finnish Central Securities Depository Ltd., electronic Book Entry system
- Nominee registration and temporary registration for voting at General Shareholders' Meetings available to foreign shareholders

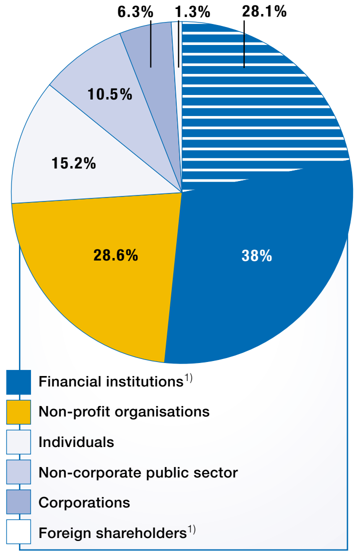
Investor relations contact

Huhtamäki Oyj
Mr. Markus Holm, Investor Relations Manager
Tel. +358 9 6868 8519 (direct)
Fax +358 9 6868 8311
E-mail: Markus.holm@fi.huhtamaki.com
IR@huhtamaki.com

Share price development



Shareholding Dec 30, 2002



[1] Non-Finnish shareholding under nominee registration within financial institutions 28.1%

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

The number of shares in issue quadrupled on August 29,2002 and the share prices declined to a quarter. The historical figures have been adjusted accordingly.

(HUHTAMAKI)

2002	lowest	highest	turnover
I quarter	8.88	11.10	17,929,384
II quarter	10.73	12.38	15,839,868
III quarter	10.50	12.05	12,808,613
IV quarter	8.22	10.40	20,419,121

(HUHTAMAKI)

2001	lowest	highest	turnover
I quarter	6.13	7.38	8,260,776
II quarter	6.53	7.88	10,164,588
III quarter	7.38	8.75	13,788,240
IV quarter	8.09	9.25	9,146,336

(HUHTAMAKI VAN LEER)

2000	lowest	highest	turnover
I quarter	7.75	9.13	8,009,588
II quarter	7.75	8.88	5,531,536
III quarter	7.08	8.50	6,721,812
IV quarter	6.38	8.00	3,416,472

(Series I and K were united on Oct 8, 1999)

(HUHTAMAKI)

		SERIES I			SERIES K		
1999		lowest	highest	turnover	lowest	highest	turnover
	I quarter	7.25	9.13	11,590,752	7.25	9.00	684,028
	II quarter	8.00	9.35	8,046,908	7.75	9.25	786,496
	III quarter	7.25	9.19	5,010,164	7.27	9.25	1,341,200
	IV quarter	6.90	8.61	7,186,204	7.20	7.50	81,320
1998	I quarter	9.17	12.83	7,184,268	9.04	12.41	1,245,684
	II quarter	12.19	14.72	9,269,960	11.98	14.13	2,268,276
	III quarter	6.60	13.20	8,411,676	6.52	12.87	429,152
	IV quarter	6.16	8.16	14,957,636	6.10	8.16	1,020,668

Major owners at Jan 31, 2003

	Shares and votes %
1. The Finnish Cultural Foundation	12.9
2. The Association for the Finnish Cultural Foundation	5.3
3. Society of Swedish Literature in Finland	4.1
4. Ilmarinen Mutual Pension Insurance Company	3.1
5. Varma-Sampo Mutual Pension Insurance Company	2.3
6. Suomi Mutual Life Assurance Company	1.0
7. Nordea Life Assurance Suomi Oy	0.9
8. Pohjola Non-Life Insurance Company Ltd.	0.8
9. Odin Norden	0.8
10. The State Pensionfund of Finland	0.7
11. Pensionfund Polaris	0.6
12. Tapiola Mutual Pension Insurance Company	0.6
13. Tapiola Mutual Insurance Company	0.5
14. Investment Fund Nordea Nordia	0.4
15. Aktia Capital	0.4
16. LEL Employee Pension Fund	0.4
17. Pohjola Group Plc	0.4
18. Social Insurance Institution	0.4
19. Yrjö Jahnsson Foundation	0.4
20. Investment Fund Conventum Finland Value	0.4

Stock analysis

The following analysts follow Huhtamaki actively and are likey to issue reports on the company in 2003. An updated analyst list appears on the company's website, **www.huhtamaki.com.**

Company	City	Analyst	e-mail
Alfred Berg	Helsinki	Tia Lehto	tia.lehto@alfredberg.fi
Cazenove Securities	London	Mike Yates	mike.yates@cazenove.com
Conventum Securities	Helsinki	Ritva Karling	ritva.karling@conventum.fi
D. Carnegie AB Finland	Helsinki	Kia Aejmelaeus	kia.aejmelaeus@carnegie.fi
Deutsche Bank	Helsinki	Tomi Railo	tomi.railo@db.com
Enskilda Securities	Helsinki	Tommy Ilmoni	tommy.ilmoni@enskilda.se
Evli Securities Plc	Helsinki	Derek Silva	derek.silva@evli.com
FIM Securities	Helsinki	Mikko Linnanvuori	mikko.linnanvuori@fim.com
Goldman Sachs	London	Tim Cahill	tim.cahill@gs.com
Handelsbanken	Helsinki	Tom Skogman	tom.skogman@handelsbanken.fi
Impivaara Securities	London	Jeffrey Roberts	jrobertsa@cix.co.uk
Kaupthing Sofi	Helsinki	Mika Metsälä	mika.metsala@sofi.fi
Mandatum Stockbrokers Ltd	Helsinki	Ari Laakso	ari.laakso@mandatum.fi
Merrill Lynch	London	Mads Asprem	aspremad@exchange.uk.ml.com
Morgan Stanley Dean Witter	London	Charles Spencer	charles.spencer@msdw.com
Nordea Securities	Helsinki	Ville Kivelä	ville.kivela@nordeasecurities.com
Opstock Securities	Helsinki	Jari Räisänen	jari.raisanen@oko.fi
UBS Warburg	Stockholm	Fredrik Liljewall	fredrik.liljewall@ubsw.com
Salomon Smith Barney	New York	George L. Staphos	george.l.staphos@ssmb.com

Administration and auditors

Board of Directors (from March 25, 2002)

Chairman

Veli Sundbäck (56)

Chairman of Nomination Committee
Chairman of Human Resources Committee
Executive Vice President
Nokia Oyj
Shares: 16,816

Vice Chairman

Paavo Hohti (58)

Member of Nomination Committee
Member of Audit Committee
Secretary General
Finnish Cultural Foundation
Shares: 2,224

Members:

Jean Philippe Deschamps (61)

Member of Human Resources Committee
Professor
International Institute for Management Development
Shares: 5,248

Anthony J.B. Simon (57)

Member of Audit Committee
President Marketing
Unilever N.V.
Shares: 1,248

Mikael Lilius (53)

Chairman of Audit Committee
President and CEO
Fortum Corporation
Shares: 15,648

Jukka Viinanen (55)

Member of Audit Committee
President and CEO
Orion Corporation
Shares: 1,248

Timo Peltola (56)

CEO
Huhtamäki Oyj
Member of Human Resources Committee
Shares: 90,000
Share options:

1997 A	10,000
1997 B	10,000
2000 A	15,000
2000 B	20,000
2000 C	20,000

Executive Committee

Kalle Tanhuanpää (50)

Executive VP, Marketing & Development since 2002
- Marketing and Category strategies
- Research & development
- Quality, environment, hygiene, safety
- Communications

B.Sc. (Econ) Turku School of Economics
Joined the company in 1976
Positions of trust:
Board Member of Evia Oyj,
The Association of Finnish Advertisers
Shares: 6,000
Share options:

1997 A	6,000
1997 B	6,000
2000 A	–
2000 B	3,000
2000 C	10,000

Chairman

Timo Peltola (56)

Dr. Econ.h.c.
B.Sc. (Econ) Turku School of Economics
CEO since 1989
Joined the company in 1971
Positions of trust:
Vice chairman of the board of Nordea Plc.,
Chairman of the board of Instrumentarium Corp.
Chairman of the Supervisory Board of Ilmarinen
Mutual Pension Insurance Company
Member of the Supervisory Boards of the Finnish
Cultural Foundation and the Finnish Fair Corporation

Mark Staton (43)

Executive VP Americas since 2000
BA in Business Studies (hons)
University of West England
Joined the company in 1989
Shares: –
Share options:

1997 A	7,500
1997 B	7,500
2000 A	8,000
2000 B	10,000
2000 C	10,000

Tony Combe (41)

Executive VP Asia–Oceania–Africa since 2000
B.Bus. (Marketing) University of South Australia
Joined the company in 1986
Positions of trust: Board Member of Packaging
Council of Australia (PCA)
Shares: 6,000
Share options:

1997 A	–
1997 B	–
2000 A	6,000
2000 B	10,000
2000 C	10,000

Timo Salonen (44)

Chief Financial Officer since 1998
- Finance
- Sourcing
- Legal
- Investor Relations
- Information Systems

B.Sc. (Econ) Turku School of Economics
LL.M. University of Turku
Joined the company in 1991
Positions of trust: Board Member of Pohjola Group plc
Shares: 6,000
Share options:

1997 A	7,500
1997 B	7,500
2000 A	8,000
2000 B	10,000
2000 C	10,000

H.R. (Henk) Koekoek (56)

Executive Vice President, Europe since 2002
M.Sc. (Eng) Technical University Delft
Joined the company in 1973
Shares: –
Share options:

1997 A	–
1997 B	–
2000 A	8,000
2000 B	10,000
2000 C	10,000

Matti Tikkakoski

Chief Technology Officer until September 1, 2002

Auditors

- **Esa Kailiala, APA**
- **Pekka Pajamo, APA**

Addresses

Corporate

Huhtamäki Oyj
Länsituulentie 7
FIN–02100 Espoo
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Tel. +358 (0) 9 6868 81
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Jupiterstraat 102
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THE NETHERLANDS
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Fax +31 (0) 23 567 998 9

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Food Service, Fresh Foods
Huhtamäki Oyj
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FIN–02100 Espoo
FINLAND
Tel. +358 (0) 9 6868 81
Fax +358 (0) 9 6606 22

Consumer Goods
Huhtamaki Ronsberg GmbH
Heinrich Nicolaus Strasse 6
D–87671 Ronsberg Allgau
GERMANY
Tel. +49 (0) 830 6 770
Fax +49 (0) 830 6 772 26

Americas

Consumer Goods,
Food Service & Retail
Huhtamaki Americas
9201 Packaging Drive
DeSoto, Kansas 66018
UNITED STATES (USA)
Tel. +1 (0) 913 583 302 5
Fax +1 (0) 913 583 875 6

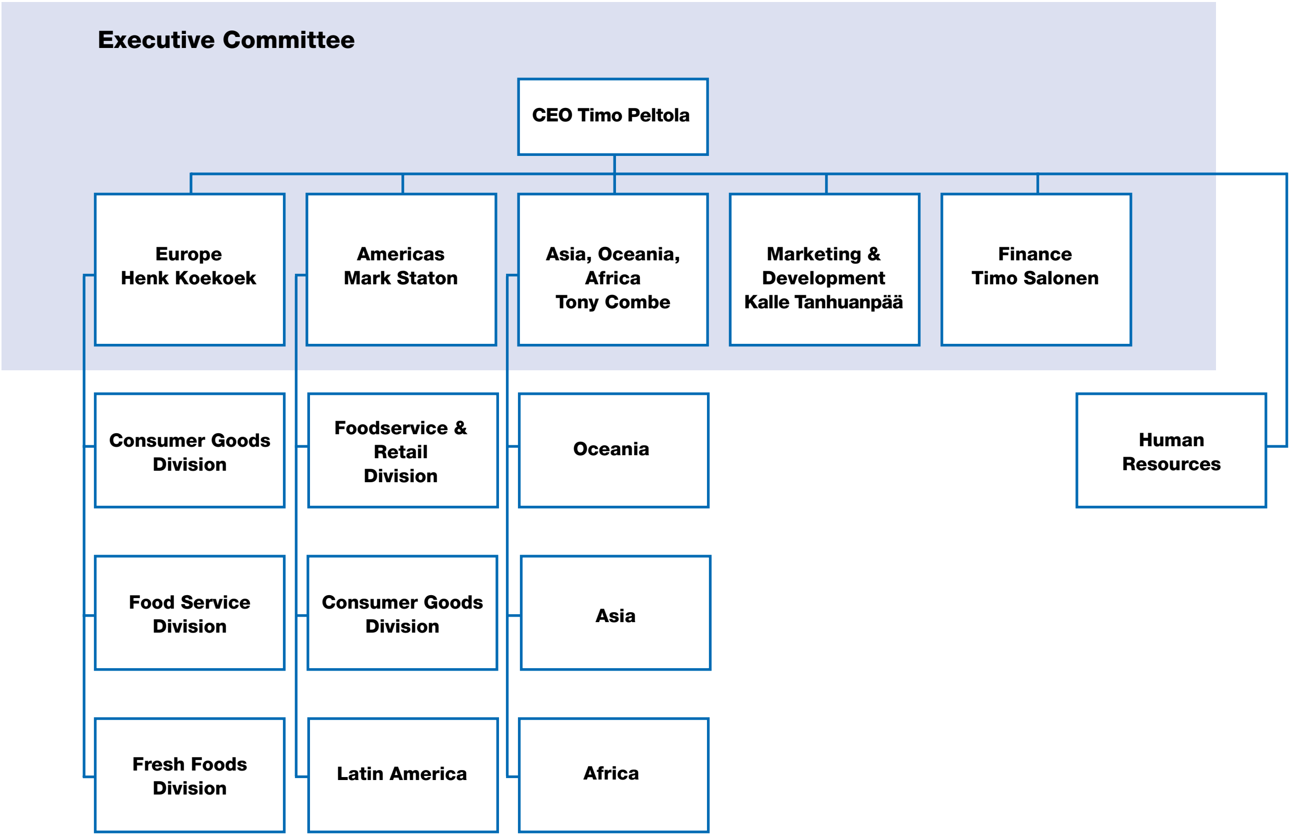
Latin America
Huhtamaki do Brazil Ltda.
Rua Brasholanda, 01
Curitiba 83322–070 Pinhais–PR
BRAZIL
Tel. +55 (0) 41 661 100 0
Fax +55 (0) 41 661 117 0

Asia–Oceania–Africa

Huhtamaki Australia Limited
406 Marion Street
2200 Bankstown, N.S.W.
AUSTRALIA
Tel. +61 (0) 2 970 874 00
Fax +61 (0) 2 979 103 96

Contact details for each country and unit appear in the Corporate Directory in **www.huhtamaki.com**

Organization



Main news headlines 2002

January 24
Huhtamaki will close down its East Providence (RI), USA facility

February 11
Year 2001 results: Full-year EPS up 17% after strong final quarter

March 1
Huhtamaki seeks listing of stock options

March 25
Annual General Meeting decides on share repurchase authorization

April 25
Interim report: Strong profit improvement in first quarter

June 7
Huhtamaki inaugurates new logistics center in Moscow region, Russia

June 14
Capital Markets Day in Frankfurt, Germany

July 25
Interim report: Huhtamaki's strong profit improvement continued

August 20
Huhtamaki inaugurates new logistics center in Hämeenlinna, Finland

August 26
Huhtamaki's EGM approves bonus issue, share split
CTO Matti Tikkakoski leaves Huhtamaki

September 4
Huhtamaki launches share buyback program

September 9
Huhtamaki: New Executive Committee responsibilities

September 23
Huhtamaki included in Dow Jones Sustainability Index

October 24
Interim report: steady sales volume and continued profit improvement

December 5
Huhtamaki organizes for growth in Europe, North America

December 12
Huhtamaki and Dixie Toga join forces in Brazil for oral care packaging

December 31
Huhtamaki buys out minority stake in German subsidiary

HUHTAMAKI
TAKING PACKAGING FURTHER

www.huhtamaki.com

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info.hq@huhtamaki.com
Business Identity Code: 0140879–6

Huhtamaki

Annual Accounts 2002

Contents

Announcements

Annual general meeting

The Annual General Shareholders' Meeting (AGM) of Huhtamäki Oyj will be held on Friday, March 28, 2003 at 3.00 pm in Finlandia Hall, Mannerheimintie 13 e, Helsinki. The proceedings will be conducted in Finnish. Simultaneous translation into English will be provided.

The main items on the AGM agenda are:
- Statutory business as expressed in Article 8 of Articles of Association
- Board's proposal to establish a new management stock option plan

Shareholders registered by the Finnish Central Securities Depository Ltd. on March 18, 2003, may exercise their rights at the AGM. Beneficiary holders of nominee shares are welcome to attend and vote, provided they have obtained a temporary registration by March 18. In each case, participation should be notified to the company no later than March 26 by 7.00 pm Finnish time, either by telephone (+358-800-90026, "Huhtamaki AGM Services"), in writing (Huhtamäki Oyj, Länsituulentie 7, 02100 Espoo, Finland), or via e-mail (huhtamaki@yhteyspalvelut.elisa.fi).

Shareholders wishing to authorize another person to represent them at the AGM are requested to mail the proxy to the above address by March 26.

All documents and proposals under review at the AGM will be available for public viewing from March 4 at Group Head Office, Länsituulentie 7, 02100 Espoo, Finland. Copies of the documents will be mailed to shareholders upon request.

Dividend

The Board of Directors proposes to the AGM a dividend of EUR 0.38 per share for 2002. Dividend will be paid on April 9, 2003 to shareholders as registered on April 2.

Financial calendar

Huhtamaki will release the following financial information for 2003 in Finnish and English:

2003:
April 23 – 1st Quarter Interim Report
July 24 – 2nd Quarter Interim Report
October 22 – 3rd Quarter Interim Report

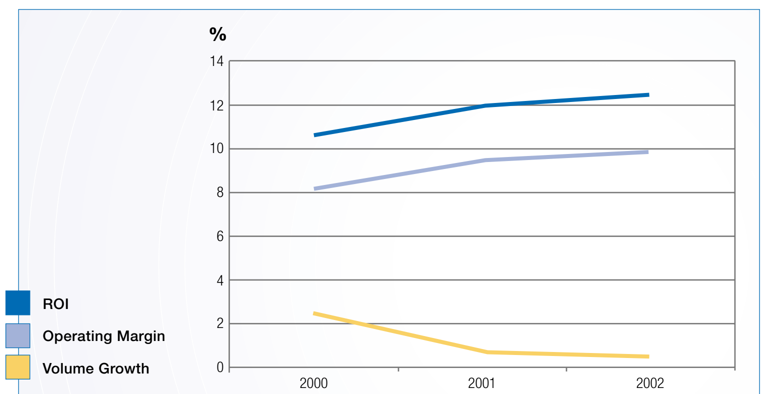
2004:
Week 5 – Full-year Results (tentative)
Week 11 – Annual Report

As a rule, interim results will be released at or about 1.00 pm Finnish time. These, related presentation material and all other financial press releases may be retrieved instantly from the company's Internet website, www.huhtamaki.com.

On-line electronic services have become the principal channel of financial information. Huhtamaki does not automatically mail its Annual and Interim Reports to registered shareholders. Interested parties wishing to receive mailed reports are kindly requested to contact Group Marketing & Communications, Tel. +358 9 6868 8504, or via e-mail: IR@huhtamaki.com.

Financial targets 2003

In 2001, the Board of Directors of Huhtamäki Oyj endorsed the following financial targets, to be reached by 2003:
- Annual organic growth at least 5%
- Operating margin at least 10%
- Return on investment 15%
- Strong cash flow
- Long term gearing ratio around 100%
- Average payout ratio 40%



Operating Margin and ROI before amortization

Directors' report

Overview

For Huhtamaki, 2002 marked the conclusion of a three-year rationalization and restructuring program designed to realize the synergies inherent in the major company acquisitions of 1997-2001. The company entered the year confident of meeting its targets for profit improvement and balance sheet structure, even if market conditions did not promise significant growth.

The company reached a 19% improvement in earnings per share, as well as close to 10% EBITA margin level and 100% gearing. The strong first half of the year promised even better results. However, a clear turn to the worse occurred around mid-year, when persistent weakness in the North American food service business was compounded by customer-specific volume shortfalls of newly introduced, high value added products.

During the year, the general economic setting deteriorated in Europe, and growth in Asia also slowed down in the second half. As demand shifted to lower-cost packaging, Huhtamaki's earlier decision to abandon certain commodity-type segments in Europe led to some market share erosion in rigid packaging. Comparable volume growth for the year nevertheless was slightly positive, largely on the strength of the flexible packaging business.

The year contained many positive developments. Apart from flexible packaging and films, the molded fiber operations were solid across the board.

In Europe, flexible packaging saw a 7% sales growth and many new product introductions. The films business also launched new applications. In rigid packaging, the company's capabilities in barrier and multimaterial technology led to promising new solutions, such as second-generation DuoSmart™ (Desto) plastic/paper combination container. Advanced thermoforming applications, such as Unilever's Chupster impulse ice cream concept and Procter & Gamble's detergent containers, were unqualified successes. The Polish and Russian operations returned to business as usual after extensive facility reconstruction. Proprietary open-cell technology scored another success with the introduction of TopBox® liquid-absorbing foam plastic container for poultry and larger volumes of packed meat. The company also introduced an unprecedented number of molded fiber products, including Ecom® and Multi-K Plus egg trays.

In North America, a new 56 ounce Convocan® frozen dessert container was developed in record time for the largest ice cream customer, Dreyer's. The versatile, high speed HSF 150 container forming machine was perfected to match filling speeds up to 150 per minute for a broad range of frozen dessert container sizes and shapes. In food service, the trend is towards diversity, e.g. ethnic and upscale fast food. A major customer's needs were met with a technically challenging molded fiber bowl combining a laminated, smooth molded interior with a rough molded outside. The Chinet® range of single-use tableware for the retail channel again improved its market share in the United States and Mexico. In South America, the rigid packaging business strengthened its position in volatile conditions. The molded fiber operation held its positions under heavy price competition.

In Asia, Huhtamaki India helped Unilever launch the premium Axe brand of shaving products through an innovative way of achieving the required metallic "real silver" look on the package. For the same customer, a bottle-shaped stand-up pouch was developed for the Knorr Cooking Base, a ready gravy base and a new concept in the Indian market. The Thai flexibles business served its expanding multinational customer base flawlessly. The Australian egg market, stagnant for years, benefited from Huhtamaki's initiative to revitalize the supermarket channel through optimizing all aspects of the supply chain for added consumer value, instead of focusing on just cost and price issues. The South African rigid packaging, flexibles and molded fiber operations all improved their performance significantly, both in customer service and financially.

Dividend proposal

The Board proposes a dividend of EUR 0.38 per share, 22% more than for 2001 when adjusted for the quadrupling of the shares in issue. The dividend corresponds to a payout ratio of 43%.

Sales affected by U.S. weakness and currency translations

Huhtamaki's consolidated net sales in 2002 amounted to EUR 2,239 million. More than half of the 6% decline against 2001 is attributable to adverse currency translations. Company divestments accounted for another quarter of the decline. Price, volume and product mix changes taken together had an almost similar effect. However, quite divergent developments materialized in different markets, segments and technologies.

Geographically, the sales broke down as follows: Europe 54%, Americas 32%, and Asia, Oceania and Africa 14%. Finland's share of the total was 4%.

European sales declined by 3% to EUR 1,202 million. Comparable sales growth, allowing for company divestments in 2001 and the strengthening of the Euro, accelerated towards year-end and was slightly positive for the whole year. The region's EBITA improved by 3% to EUR 99 million, 8.3% of net sales. RONA (return on net assets) declined marginally against 2001, to 14.6%.

Sales in the Americas declined by 13% to EUR 715 million, revealing the combined effect of the weakening U.S. dollar and a shortfall of approx. USD 50 million of food service sales against 2001. Of this, almost USD 30 million is attributable to two customer-specific product lines, USD 10 million to reclassification of certain marketing expenses as discounts and allowances during 2002 and USD 6 million to divested business. EBITA declined by 15% to EUR 64 million or 8.9% of net sales. RONA declined by a percentage point to 14.8%.

Brisk growth in Asia and Africa more than offset Oceania's slight decline. Due to adverse currency translations, the aggregate Euro figure remained virtually flat at EUR 323 million. The region's EBITA advanced by 16% to EUR 32 million or 9.9% of net sales. RONA improved sharply, from 12.6% to 15.7%.

The sales of Consumer Goods packaging amounted to EUR 1,269 million, down by 2% and 57% of the total. The corresponding EBITA improved by 7% to EUR 99 million or 7.8% of sales. Flexible packaging had a successful year especially in Europe and Asia. Strong demand continued for films. New territory was gained in rigid packaging, but the volumes of traditional edible fats and dairy packaging continued to decline following the company's decision to lower its exposure to low value added segments.

The sales of Food Service (including Fresh Foods) packaging declined by 11% to EUR 970 million, largely reflecting the North American situation. The respective EBITA declined by 9% to EUR 96 million, nevertheless a healthy 9.9% of net sales. Sales to the quick service segment were resilient in Europe and Oceania, and the Fresh Foods business gained momentum. The North American Chinet® retail tableware business was again successful, with market share gains evident towards year-end.

Profitability on track despite short-term pressures

Huhtamaki's profit improment continued for the fourth consecutive year, when measured by earnings per share. Despite the short-term pressures evident in the latter part of the year, the company reached its best financial performance so far and, apart from sales growth, came very close the targets set for the period 2000-2002.

The EBITA from operations declined slightly, to EUR 195 million. Group royalty income and unallocated expenses showed a net income of EUR 23 million, unchanged from 2001. The figure contains the release of EUR 7 million of provisions related to divested operations. Total EBITA thus amounted to EUR 218 million, down by 2% and 9.7% of net sales. After an amortization charge of EUR 43 million for goodwill and other intangible assets, the corresponding operating profit (EBIT) also declined by 2% to EUR 175 million. Depreciation of tangible assets amounted to EUR 106 million.

Net financial expenses declined by 9% to EUR 45 million. The profit before minority interest and taxes was virtually unchanged at EUR 131 million. Taxes for the year amounted to EUR 35 million, down by 4%, and minority interest increased slightly, to EUR 8 million. Hence, net income increased by 1% to EUR 88 million.

Earnings per share (before amortization) improved by 17% to EUR 1.30. The corresponding EPS figure (after amortization) was EUR 0.88, up by 19%. For the calculation of earnings per share, the average number of shares in issue was 117,117,695 in 2001 and 100,769,970 in 2002. The figures have been adjusted for the quadrupling of the shares in issue through a bonus issue in 2002.

On a rolling 12-month basis, return on equity (ROE) improved to 15.1% from 12.6% and return on investment (ROI) to 12.4% from 11.8% a year ago. The figures are before amortization.

Balance sheet on target

Huhtamaki's gearing (net debt to equity) stayed well below the long-term target of 100% for most of 2002, reaching 97% at year-end after the conversion of a EUR 64 million minority position in a German subsidiary into an equal amount of external debt. The total free cash flow amounted to EUR 65 million for the year.

At the end of the year, net debt amounted to EUR 850 million, down by EUR 51 million against year-end 2001. Equity per share was EUR 8.79, up by 2%.

Capital expenditure, research and development

Huhtamaki's total capital expenditure amounted to EUR 127 million, slightly more than the comparable figure in 2001. Most of the over 80 projects involved capacity increments or renewal, and the share of investments associated with restructuring declined sharply. The largest single project was a EUR 10 million purpose-built logistics center purchased at year-end in Hämeenlinna, Finland. The above figure excludes the reconstruction of the fully insured facilities destroyed by fire in Poland (2000) and Russia (2001).

Direct expenditure on research and development amounted to EUR 12 million, slightly down from 2001. During the year, the company also addressed its innovative processes and defined priority areas for Group-sponsored R&D.

Important new product developments included rigid packaging with advanced barrier properties, refined system packaging for frozen desserts, a tamper-evident hinged-lid container concept, re-closable laminate wrappers for chocolate, cheese and other sensitive food products, as well as improved egg packaging. Major new steps were taken in the manufacturing technology for molded fiber packaging.

Annual General Meeting

The Annual General Shareholders' Meeting of Huhtamäki Oyj was held in Helsinki on March 25, 2002. The AGM approved the annual accounts and the

Board's dividend proposal of EUR 1.25 per share (corresponding to EUR 0.3125 per share after the quadrupling of the number of shares in issue in 2002).

The Board of Directors was authorized to introduce a new share repurchase program covering up to 5% of the company's outstanding shares within a year from the AGM, and to decide on the conveyance of such shares that have come to the company's possession.

All Board members were re-elected for a new one-year term. Hence, the Board continued in the following composition: Veli Sundbäck (Chairman), Paavo Hohti (Vice Chairman), Jean Philippe Deschamps, Mikael Lilius, Timo Peltola, Anthony J.B. Simon and Jukka Viinanen.

Extraordinary shareholders' meeting increased share capital through bonus issue

An Extraordinary Shareholders' Meeting was convened on August 26, 2002 to approve the Board's proposal for an increase in the company's share capital through a bonus issue, in which each existing Huhtamaki share entitled to three new shares free of charge. The share capital increased from EUR 86.04 million to EUR 344.15 million through the transfer of the corresponding amount from the premium fund to share capital. The meeting also approved the consequent technical amendments to the company's Articles of Association. The purpose of the bonus issue was to increase the number of shares in issue (share split), make it more accessible to investors through a lower unit price and hence support liquidity.

Ownership structure

Huhtamaki's ownership structure changed somewhat during the year, as the Finnish pensions and insurance sectors reduced their holdings until the end of the third quarter. The share of non-Finnish shareholders increased correspondingly, from 20% to approx. 33% in September. The corresponding figure at year-end was 29.4%. The company had 15.943 registered shareholders at year-end, slightly more than at the end of 2001.

Share developments

Share prices, EUR

January 2	8.88	(35.80) opening
April 18	12.38	(49.50) high
October 24	8.22	(32.88) low
December 30	9.55	(38.20) closing

(Pre-split price equivalents in brackets)

The upward trend in Huhtamaki's share price, which had started in early 2001, continued through the summer of 2002 against a declining market trend. The share price peaked in April, held well until a nervous July and returned to the tune of EUR 12 in August. The share then rapidly lost approx. 20% of its value in September and fluctuated around EUR 9 for the rest of the year. At year-end, its relative gain against the HEX general index was nevertheless approx. 65%.

Based on an authorization from the AGM, the Board launched a new share buyback program on September 12. The authorization enables the company to repurchase up to 5,061,089 own shares or 5% of the shares in issue. By the end of December, 3,675,000 shares, corresponding to 3.6% of the total, had come to the company's possession for a total sum of EUR 34.1 million, corresponding to an average price of EUR 9.28 per share.

The average daily turnover of the Huhtamaki share on the Helsinki Exchanges (HEX) was EUR 2.7 million. The cumulative turnover for the year was EUR 698.7 million, 116% more than in 2001 and corresponding to 72% of the company's market capitalization at year-end. Share repurchases by the company thus accounted for a relatively minor part of the turnover.

The company's 1997 A and B stock option rights were listed on HEX at the beginning April, and the 2000 A option rights a month later. In total, 244,250 1997 A and B option rights were traded during the year, representing 54% of the total allocation. The corresponding turnover for the 2000 A option rights was 75,250 units, 25% of the total in issue.

Corporate structure

In 2002, no acquisitions or divestments were conducted. In December, a new organizational structure was announced for Europe and North America. In Europe, the previous matrix organization with Categories and Regions gave way to three Divisions: Consumer Goods, Food Service and Fresh Foods. In North America, a divisional structure was also adopted, with several new Business Units established under the main Consumer Goods and Foodservice & Retail Divisions. Manufacturing units were allocated to the Divisions as cost centers. The new organization became effective on January 1, 2003.

The primary objective of the reorganization is to promote growth through a broader product offering and increased focus in new business opportunities. A similar structure is already in place in Oceania.

Executive developments

Mr. Matti Tikkakoski, Chief Technology Officer, resigned on September 1. His responsibilities were divided among other Executive Committee members. The following persons were appointed Division Presidents as of January 1, 2003: Karl Pfenninger (Consumer Goods Europe), Jan Lång (Food Service Europe), Hannu Kottonen (Fresh Foods Europe), Tapio Pajuharju (Consumer Goods North America) and Larry Mason (Foodservice & Retail North America).

Personnel

At year-end, Huhtamaki had 15,909 employees, 508 less than at the end of 2001. The reduction is mainly due to various restructuring measures. The average number of employees was 16,262, against 17,237 in 2001. The company had 71 manufacturing units, including joint ventures, as well as additional sales and logistics units in 36 countries at the end of 2002.

The parent company employed 735 people at year-end, comprising the Espoo Head Office (67) and the Finnish packaging operations (668). The respective annual average was 774.

The outlook for 2003

Profitable growth is Huhtamaki's overriding corporate objective in 2003. The European and North American business structures have been reorganized to accelerate growth and new business generation. Under new management, the North American food service business has stabilized and is set to recover on the strength of new business already secured with several major customers.

Capital expenditure will remain virtually unchanged from 2002, i.e. at approx. EUR 120 million. Growth opportunities in the Americas, East Europe and Asia will be pursued.

The present business momentum is likely to prevail during the early part of 2003, followed by a mid-year turnaround. A stronger second half is expected to bring the full-year results to the same level as in 2002.

Main countries of operation (ranked by external net sales; employees in full-time equivalents)

Country	Employees	Net sales, EUR million
USA	3,110	645
Germany	2,748	522
UK	1,120	170
Australia	804	111
France	614	92
Finland	718	86
Italy	449	77
The Netherlands	308	76
India	1,175	65
Brazil	644	39

Key exchange rates in Euros

		2002		2001	
		Income statement	Balance sheet	Income statement	Balance sheet
Australia	AUD	0.5758	0.5389	0.5770	0.5787
Brazil	BRL	0.3594	0.2700	0.4755	0.4893
UK	GBP	1.5902	1.5373	1.6082	1.6434
India	INR	0.0218	0.0199	0.0237	0.0235
South Africa	ZAR	0.1010	0.1110	0.1295	0.0959
United States	USD	1.0582	0.9536	1.1166	1.1347

Annual accounts 2002

Group income statement

EUR million	2002	%	2001	%
Net sales (1)	2,238.7	100.0	2,382.4	100.0
Cost of goods sold	1,701.9		1,821.9	
Gross profit	536.8	24.0	560.4	23.5
Sales and marketing	104.2		117.1	
Administration costs	128.2		132.3	
Other operating expenses	186.1		182.4	
Other operating income	-56.8		-49.7	
	361.7		382.1	
Earnings before interest and taxes (2,3)	175.1	7.8	178.3	7.5
Net financial income/expense (4)	-45.0		-49.2	
Gain/loss on equity of associated companies	+1.0		+1.1	
Profit before exceptional items, minority interest and taxes	131.1	5.9	130.3	5.5
Taxes (6)	35.0		36.6	
Minority interest	7.8		6.6	
Net income	88.3	3.9	87.1	3.7

Group balance sheet

ASSETS

EUR million	2002	%	2001	%
FIXED ASSETS				
Intangible assets (7)				
Intangible rights	2.4		0.4	
Goodwill	566.1		626.8	
Other capitalized expenditure	82.8		103.5	
	651.3	26.4	730.7	27.5
Tangible assets (7)				
Land	33.6		39.6	
Buildings and constructions	231.6		235.6	
Machinery and equipment	582.2		641.9	
Other tangible assets	16.9		16.5	
Construction in progress and advance payments	75.1		76.7	
	939.4	38.1	1,010.3	38.1
Other fixed assets				
Shares and holdings (8,9)	6.5		7.6	
Loans receivable	4.8		4.7	
	11.3	0.5	12.3	0.5
CURRENT ASSETS				
Inventories				
Raw and packaging material	86.8		84.8	
Work-in-process	43.6		45.7	
Finished goods	154.4		155.0	
Advance payments	0.8		2.4	
	285.6	11.6	287.9	10.9
Receivables (10)				
Long-term				
Deferred tax asset (18)	78.8		93.0	
Other long-term receivables	30.0		25.1	
	108.8	4.4	118.1	4.4
Short-term				
Trade receivables	319.3		362.3	
Loans receivable	4.4		6.9	
Accrued income and other short-term receivables (10,19)	91.7		103.9	
	415.4	16.8	473.2	17.9
Own shares	34.1		–	
Other	0.6		2,9	
Total marketable securities	34.7	1.4	2.9	0.1
Cash and bank	19.0	0.8	15.2	0.6
	2,465.5	100.0	2,650.8	100.0

LIABILITIES AND EQUITY

EUR million	2002	%	2001	%
Shareholders' equity (14,15)				
Share capital	344.2		86.0	
Premium fund	85.4		343.5	
Consolidation difference	-23.1		76.1	
Retained earnings – transferred from untaxed reserves	29.0		37.0	
Treasury shares	34.1		–	
Retained earnings available for distribution	299.8		244.9	
Net income for the period	88.3		87.1	
	857.7	34.8	874.6	33.0
Minority interest	14.7	0.6	80.4	3.0
Liabilities				
Long-term				
Loans from financial institutions (11)	372.3		570.2	
Pension loans (11)	51.6		0.2	
Deferred tax liability (18)	144.5		162.4	
Other long-term liabilities (12)	137.7		135.0	
	706.1	28.6	867.9	32.7
Short-term				
Loans from financial institutions (11)	489.2		360.4	
Trade payables (13)	197.1		213.5	
Accrued expenses (20)	164.7		180.9	
Other short-term liabilities (13)	36.0		73.1	
	887.0	36.0	827.9	31.2
	2,465.5	100.0	2,650.8	100.0

Group cash flow statement

EUR million	2002	2001
EBIT	175.1	178.3
Depreciation	151.6	156.1
Gain/Loss on disposal of assets	-1.9	-5.6
Dividend from associated companies	0.7	1.0
Change in inventory	-23.9	60.4
Change in non-interest bearing receivables	28.5	33.3
Change in non-interest bearing payables	-83.6	-46.0
Net financial income/expense	-42.9	-50.2
Taxes	-10.0	-19.4
Cash flows from operating activities	193.6	307.9
Capital expenditure	-139.5	-175.7
Other investments	–	-0.4
Proceeds from selling other investments	1.2	–
Proceeds from selling fixed assets	9.9	19.9
Acquired subsidiaries	-66.7	–
Divested subsidiaries	–	327.5
Taxes on structural changes	12.5	–
Change in long-term deposits	-0.1	-1.1
Change in short-term deposits	2.2	-7.7
Cash flows from investing activities	-180.6	162.5
Change in long-term loans	-131.9	-162.8
Change in short-term loans	183.6	-82.2
Dividends paid	-31.6	-34.6
Proceeds from share issues	0.1	-
Share repurchases	-31.7	-207.0
Cash flows from financing activities	-11.6	-486.6
Change in liquid assets	1.4	-16.2
Liquid assets on January 1	18.2	34.4
Liquid assets on December 31	19.6	18.2

Parent company income statement

EUR million	2002	%	2001	%
Net sales (1)	105.1	100.0	102.6	100.0
Cost of goods sold	74.7		72.7	
Gross profit	30.4	28.9	29.9	29.1
Sales and marketing	9.5		8.1	
Administration costs	19.7		14.7	
Other operating expenses	8.8		9.0	
Other operating income	-38.7		-39.1	
	-0.7		-7.3	
Earnings before interest and taxes (2,3)	31.1	29.6	37.2	36.2
Net financial income/expense (4)	45.8		909.1	
Profit before exceptional items	76.9	73.2	946.3	921.9
Exceptional income (5)	3.7		4.0	
Exceptional expense (5)	-0.6		-0.5	
Profit before appropriations and taxes	80.0	76.1	949.8	925.4
Depreciation difference, (–) increase, (+) decrease	+0.4		+2.1	
Change in voluntary reserves, (–) increase, (+) decrease	+0.4		+5.1	
Taxes (6)	11.5		6.4	
Net income	69.3	66.0	950.7	926.2

Parent company balance sheet

ASSETS

EUR million	2002	%	2001	%
FIXED ASSETS				
Intangible assets (7)				
Intangible rights	0.3		0.3	
Other capitalized expenditure	14.0		17.0	
	14.3	0.7	17.3	0.9
Tangible assets (7)				
Land	0.5		0.5	
Buildings and constructions	26.2		25.5	
Machinery and equipment	33.8		31.3	
Other tangible assets	1.8		2.1	
Construction in progress and advance payments	3.9		6.1	
	66.2	3.4	65.6	3.5
Other fixed assets				
Shares and holdings (8,9)	1,751.6		1,751.2	
Loans receivable	3.3		3.3	
	1,754.9	91.1	1,754.6	92.5
CURRENT ASSETS				
Inventories				
Raw and packaging material	2.9		2.7	
Work-in-process	0.6		0.4	
Finished goods	7.6		8.6	
	11.1	0.6	11.7	0.6
Receivables (10)				
Long-term				
Loans receivable	4.9		4.4	
Other long-term receivables	–		0.1	
	4.9	0.3	4.5	0.2
Short-term				
Trade receivables	11.3		12.7	
Loans receivable	0.1		–	
Accrued income (19)	25.3		26.9	
	36.7	1.9	39.6	2.1
Own shares	34.1	1.8	–	–
Cash and bank	3.6	0.2	2.8	0.1
	1,925.8	100.0	1,896.1	100.0

LIABILITIES AND EQUITY

EUR million	2002	%	2001	%
Shareholders' equity (14,15)				
Share capital	344.2		86.0	
Premium fund	85.4		343.5	
Reserve for own shares	34.1		–	
Retained earnings available for distribution	853.9		-31.0	
Net income for the period	69.3		950.7	
	1,386.9	72.0	1,349.2	71.2
Untaxed reserves	40.8	2.1	52.0	2.7
Liabilities				
Long-term				
Loans from financial institutions (11)	83.9		–	
Pension loans (11)	51.6		0.2	
	135.5	7.1	0.2	0.0
Short-term				
Trade payables (13)	8.0		5.8	
Accrued expenses (20)	17.2		11.1	
Other short-term liabilities (13)	337.4		477.7	
	362.6	18.8	494.6	26.1
	1,925.8	100.0	1,896.1	100.0
Total retained earnings available for distribution	923.2		919.6	

Parent company cash flow statement

EUR million	2002	2001
EBIT	31.1	37.2
Depreciation	8.4	8.1
Change in inventory	0.6	0.2
Ghange in non-interest bearing receivables	6.1	0.5
Change in non-interest bearing payables	3.2	1.1
Net financial income/expense	7.4	-33.3
Taxes	-12.1	-0.1
Exceptional income/expense	-0.2	2.5
Cash flows from operating activities	44.5	16.2
Capital expenditure	-16.7	-11.6
Proceeds from selling fixed assets	0.2	7.2
Acquired subsidiaries	-0.3	-126.7
Divested subsidiaries	–	1.1
Change in long-term deposits	-0.4	2.4
Change in short-term deposits	-0.1	-0.2
Cash flows from investing activities	-17.3	-127.8
Change in long-term loans	135.2	-0.6
Change in short-term loans	-136.0	-576.7
Dividends	37.7	932.2
Dividends paid	-31.6	-34.6
Share repurchases	-31.7	-207.7
Cash flows from financing activities	-26.4	112.6
Change in liquid assets	0.8	1.0
Liquid assets on January 1	2.8	1.8
Liquid assets on December 31	3.6	2.8

Accounting principles

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

Consolidation principles

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

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

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

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

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

Foreign currency

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

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

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

Derivative instruments

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

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

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

Goodwill and other intangible assets

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

Tangible assets

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

The periods of depreciation used (years):

- buildings and other structures 20–40
- machinery and equipment 5–15
- other tangible assets 3–12

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

Investments

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

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

Investments in subsidiaries are carried at cost in the balance sheet of the parent company in accordance with the valuation policy applied to long-term investments. A listing of the Group's significant subsidiaries is set out in note 8.

Investments in associated companies are carried in parent company's balance sheet in accordance with the valuation policy applied to long-term investments noted above and in Group's balance sheet under equity method. Jointly owned companies are accounted for according to the share of ownership. An associated company is one in which Huhtamaki holds, directly or indirectly, between 20% and 50% of the voting power of the company. A listing of the Group's associates is set out in note 9.

Inventories

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

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

Income taxes

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

Deferred taxes

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

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

Revenue recognition

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

Research and development

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

Pensions and other post retirement benefits

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

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

Other operating income and expenses

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

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

Extraordinary income and expenses

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

Cash flow statement

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

1. NET SALES

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Net sales by region:				
Europe	1,201.6	1,233.2	105.1	102.6
Americas	714.5	825.7	–	–
Asia–Oceania–Africa	322.6	323.5	–	–
Total	2,238.7	2,382.4	105.1	102.6

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Net sales by business segments:				
Consumer Goods	1,268.8	1,295.7	29.6	27.3
Food Service (including Fresh Foods)	969.9	1,086.7	75.5	75.3
Total	2,238.7	2,382.4	105.1	102.6

2. PERSONNEL COSTS

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Wages and salaries	449.3	428.0	26.1	23.8
Pension costs	17.8	17.9	3.7	3.4
Other personnel costs	80.4	90.5	2.3	2.2
Total	547.5	536.4	32.1	29.4

The above amounts are on an accrual basis. Remuneration paid by the parent company to the members of the Board of Directors as well as the Managing Director of Huhtamäki Oyj (7 people) amounted to EUR 0.9 million. The Managing Director of Huhtamäki Oyj is entitled to retirement at the age of 60.

Personnel (average)	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
	16,262	17,237	774	795

3. DEPRECIATION AND AMORTIZATION

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Depreciation by function:				
Production	100.4	103.8	4.1	3.8
Sales and marketing	0.4	0.5	0.5	0.3
Administration	3.7	5.0	1.0	0.9
Other	47.1	46.8	2.8	3.1
Total depreciation	151.6	156.1	8.4	8.1
Depreciation by asset type:				
Land, Buildings	12.2	10.9	0.7	0.7
Machinery and equipment	93.9	99.9	4.4	4.2
Goodwill	36.9	38.6	–	–
Other intangible assets	8.6	6.7	3.3	3.2
Total depreciation	151.6	156.1	8.4	8.1

4. FINANCIAL INCOME/EXPENSE

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Interest income	3.5	10.7	0.1	–
Intercompany interest income	–	–	0.5	5.9
Dividend income	0.9	2.7	3.5	–
Dividend income from subsidiaries	–	–	33.6	931.3
Dividend income from associated companies	–	–	0.6	0.8
Other financial income	1.0	2.4	31.5	1.6
Interest expense	-48.0	-61.5	-0.6	–
Intercompany interest expense	–	–	-21.9	-30.6
Other financial expense	-2.4	-3.5	-1.5	0.1
Total	-45.0	-49.2	45.8	909.1

5. EXCEPTIONAL ITEMS

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Exceptional expense	–	–	-0.6	-0.5
Group contributions, net	–	–	3.7	4.0
Total	–	–	3.1	3.5

The parent company exceptional expense comprises of structural changes within the group, that have been eliminated on the group level.

6. TAXES

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Ordinary taxes	-35.3	-35.3	-11.5	-6.4
Deferred taxes	0.3	-1.3	–	–
Total	-35.0	-36.6	-11.5	-6.4

7. FIXED ASSETS

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Intangible rights				
Acquisition cost at January 1	1.1	1.0	0.4	0.4
Additions	0.1	–	–	–
Disposals	–	0.5	–	–
Intra-balance sheet transfer	2.6	–	–	–
Changes in exchange rates	-0.3	-0.4	–	–
Acquisition cost at December 31	3.5	1.1	0.4	0.4
Accumulated amortization at January 1	0.7	0.6	0.1	0.1
Accum. amortization on decreases and transfers	0.3	0.2	–	–
Amortization during the financial year	0.2	0.2	–	–
Changes in exchange rates	-0.1	-0.3	–	–
Accumulated amortization at December 31	1.1	0.7	0.1	0.1
Book value at December 31	2.4	0.4	0.3	0.3
Goodwill				
Acquisition cost at January 1	752.0	834.0	–	–
Additions	-0.1	0.3	–	–
Disposals	-0.3	-87.6	–	–
Changes in exchange rates	-29.0	5.3	–	–
Acquisition cost December 31	722.6	752.0	–	–
Accumulated amortization at January 1	125.3	87.2	–	–
Accum. amortization on decreases and transfers	0.2	-0.5	–	–
Amortization during the financial year	36.9	37.7	–	–
Changes in exchange rates	-5.9	0.9	–	–
Accumulated amortization at December 31	156.5	125.3	–	–
Book value at December 31	566.1	626.7	–	–
Other capitalized expenditure				
Acquisition cost at January 1	123.9	40.9	30.8	30.2
Additions	1.0	82.5	0.3	0.6
Disposals	-0.4	-4.5	–	–
Intra-balance sheet transfer	1.5	2.5	–	–
Changes in exchange rates	-16.9	2.3	–	–
Acquisition cost at December 31	109.1	123.9	31.1	30.8

EUR million	GROUP 2002	2001	PARENT COMPANY 2002	2001
Accumulated amortization at January 1	**20.4**	12.8	**13.8**	10.6
Accum. amortization on decreases and transfers	**-0.4**	-0.3	**–**	–
Amortization during the financial year	**8.4**	7.3	**3.3**	3.2
Changes in exchange rates	**-2.1**	0.6	**–**	–
Accumulated amortization at December 31	**26.3**	20.4	**17.1**	13.8
Book value at December 31	**82.8**	103.5	**14.0**	17.0
Land and land use rights				
Acquisition cost at January 1	**40.6**	61.7	**0.5**	0.5
Additions	**–**	0.3	**–**	–
Disposals	**-1.3**	-21.7	**–**	–
Intra-balance sheet transfer	**-2.6**	0.2	**–**	–
Changes in exchange rates	**-2.4**	0.1	**–**	–
Acquisition cost at December 31	**34.3**	40.6	**0.5**	0.5
Accumulated amortization at January 1	**1.0**	1.0	**–**	–
Accum. amortization on decreases and transfers	**-0.3**	-0.3	**–**	–
Amortization during the financial year	**0.1**	0.2	**–**	–
Changes in exchange rates	**-0.1**	0.1	**–**	–
Accumulated amortization at December 31	**0.7**	1.0	**–**	–
Book value at December 31	**33.6**	39.6	**0.5**	0.5
Buildings and constructions				
Acquisition cost at January 1	**278.6**	391.3	**49.7**	63.0
Additions	**19.6**	32.6	**–**	0.3
Disposals	**-5.0**	-157.0	**–**	-13.6
Intra-balance sheet transfer	**12.2**	9.1	**1.4**	–
Changes in exchange rates	**-18.8**	2.6	**–**	–
Acquisition cost at December 31	**286.6**	278.6	**51.1**	49.7
Accumulated depreciation at January 1	**43.0**	72.3	**24.2**	30.4
Accum. depreciation on decreases and transfers	**-0.8**	-42.3	**–**	-6.9
Depreciation during the financial year	**12.9**	12.0	**0.7**	0.7
Changes in exchange rates	**-0.1**	1.0	**–**	–
Accumulated depreciation at December 31	**55.0**	43.0	**24.9**	24.2
Book value at December 31	**231.6**	235.6	**26.2**	25.5
Revaluation of buildings and constructions (included in the above figures)	**2.4**	2.4	**2.4**	2.4
Machinery and equipment				
Acquisition cost at January 1	**896.9**	1,143.3	**70.2**	72.3
Additions	**27.0**	121.4	**0.1**	5.4
Disposals	**-15.2**	-406.7	**-0.3**	-2.0
Intra-balance sheet transfer	**68.7**	65.0	**6.3**	-5.5
Changes in exchange rates	**-72.1**	-26.1	**–**	–
Acquisition cost at December 31	**905.3**	896.9	**76.3**	70.2
Accumulated depreciation at January 1	**255.0**	363.5	**38.9**	40.8
Accum. depreciation on decreases and transfers	**-9.2**	-169.9	**-0.2**	-5.4
Depreciation during the financial year	**89.6**	100.0	**3.8**	3.5
Changes in exchange rates	**-12.3**	-38.6	**–**	–
Accumulated depreciation at December 31	**323.1**	255.0	**42.5**	38.9
Book value at December 31	**582.2**	641.9	**33.8**	31.3
Other tangible assets				
Acquisition cost at January 1	**44.9**	40.1	**6.9**	0.8
Additions	**4.5**	4.2	**0.3**	0.7
Disposals	**-2.0**	-4.8	**-0.1**	-0.1
Intra-balance sheet transfer	**2.1**	2.8	**0.1**	5.5
Changes in exchange rates	**-2.3**	2.6	**–**	–
Acquisition cost at December 31	**47.2**	44.9	**7.2**	6.9

EUR million	GROUP 2002	2001	PARENT COMPANY 2002	2001
Accumulated depreciation at January 1	**28.4**	27.8	**4.8**	0.4
Accum. depreciation on decreases and transfers	**-1.8**	-4.9	**–**	3.7
Depreciation during the financial year	**5.0**	5.8	**0.6**	0.7
Changes in exchange rates	**-1.3**	-0.3	**–**	–
Accumulated depreciation at December 31	**30.3**	28.4	**5.4**	4.8
Book value at December 31	**16.9**	16.5	**1.8**	2.1
Construction in progress and advance payments				
Acquisition cost at January 1	**76.7**	105.1	**6.1**	1.8
Additions	**87.3**	86.2	**5.6**	10.4
Disposals	**-0.3**	-43.3	**–**	-6.1
Intra-balance sheet transfer	**-84.5**	-77.8	**-7.8**	–
Changes in exchange rates	**-4.1**	6.5	**–**	–
Acquisition cost at December 31	**75.1**	76.7	**3.9**	6.1

8. INVESTMENT IN SUBSIDIARIES

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

Huhtamäki Oyj's shareholding in subsidiaries:

Name	Number of shares	Size of holding %		Nominal value		Book value	Group holding %
Huhtamaki Finance B.V.	6,534,313	75.0	EUR	653,431	EUR	1,712,765	100.0
Huhtamaki Portugal S.G.P.S., Lda	2	100.0	EUR	251	EUR	1,975	100.0
Huhtamäki Finance Oy	50	100.0	EUR	8,409	EUR	8,409	100.0
Pacific World Packaging (International) Ltd.	182,502	100.0	HKD	183	EUR	9,512	100.0
Partner Polarcup Oy	78,694	100.0	EUR	13,236	EUR	13,236	100.0
Huhtamaki Argentina S.A.	1,400,000	91.2	ARS	1,400	EUR	1,803	100.0
Huhtamaki Hungary Kft	1	100.0	HUF	67,240	EUR	339	100.0

Subsidiary shares owned by Huhtamaki Finance B.V.:

Huhtamaki Istanbul Sanayi A.S.	6,600,000	100.0	TRL	6,600,000,000	EUR	25,201	100.0
Huhtamaki Holdings Pty Ltd	43,052,750	100.0	AUD	43,053	EUR	1,715	100.0
Huhtamaki (NZ) Holdings Ltd	13,920,000	100.0	NZD	12,250	EUR	2,637	100.0
Huhtamaki Anglo Holding Unlimited	64,000,001	100.0	GBP	64,000	EUR	102,597	100.0
Huhtamaki Finance B.V.Y. Cia,Sociedada Collectiva	–	100.0	EUR	24,604	EUR	24,604	100.0
Huhtamaki Finance Co I B.V.	200	100.0	EUR	20	EUR	241,623	100.0
Huhtamaki Holdings France S.N.C	519,203	100.0	EUR	7,918	EUR	7,726	100.0
Huhtamaki (Norway) Holdings A/S	28,459	100.0	NOK	28,459	EUR	3,470	100.0
Huhtamaki Sweden Holding AB	1,000	100.0	SEK	100	EUR	4,387	100.0
Huhtamaki Egypt LLC	6,000	75.0	EGP	6,000	EUR	2,024	75.0
Huhtamaki South Africa (Pty) Ltd.	272,192	100.0	ZAR	335	EUR	1,774	100.0
Huhtamaki S.p.A	20,020,000	100.0	EUR	10,410	EUR	34,796	100.0
Huhtamaki Singapore Pte. Ltd	28,000,000	100.0	SGD	28,000	EUR	11,977	100.0

Subsidiary shares owned by Huhtamaki Holdings Pty. Ltd:

Huhtamaki Australia Limited	9,241,702	100.0	AUD	9,242	AUD	9,242	100.0

Subsidiary shares owned by Huhtamaki (NZ) Holdings Ltd:

Huhtamaki Henderson Ltd	195,700	99,8	NZD	391	NZD	28,493	100.0

Subsidiary shares owned by Huhtamaki Holdings France S.N.C.:

Huhtamaki Participations France S.N.C.	37,370,200	100.0	EUR	37,370	EUR	37,420	100.0

Subsidiary shares owned by Huhtamaki Finance B.V.Y. Cia, Sociedada Collectiva:

Huhtamaki Spain S.A.	1,048,992	100.0	EUR	31,522	EUR	24,000	100.0

Subsidiary shares owned by Huhtamaki Anglo Holding Unlimited:

Huhtamaki Ltd.	51,928,202	100.0	GBP	51,928	GBP	87,000	100.0
Huhtamaki (UK) Holdings Ltd	69	100.0	GBP	–	GBP	22,000	100.0

Name	Number of shares	Size of holding %		Nominal value		Book value	Group holding %
Subsidiary shares owned by Huhtamaki Participations France S.N.C.:							
Huhtamaki France S.A.	71,994	100.0	EUR	1,097	EUR	42,908	100.0
Procédés Modernes d`Impression	2,774	99.1	EUR	43	EUR	10,461	99.1
Subsidiary shares owned by Procédés Modernes d`Impression.:							
Huhtamaki Dourdan S. A.	58,500	99,7	EUR	2,051	EUR	1,934	99.7
Subsidiary shares owned by Huhtamaki Ltd:							
Huhtamaki (UK) Ltd	11,000,003	100.0	GBP	11,000	GBP	25,513	100.0
Subsidiary shares owned by Huhtamaki (Norway) Holdings A/S:							
Huhtamaki Norway A/S	950	100.0	NOK	950	NOK	148,000	100.0
Subsidiary shares owned by Huhtamaki Sweden Holding AB:							
Huhtamaki Sweden AB	1,500	100.0	SEK	150	SEK	17,157	100.0
Subsidiary shares owned by Partner Polarcup Oy:							
OOO Huhtamaki S.N.G.	170,958,800	95.0	RUR	170,959	EUR	16,563	100.0
Subsidiary shares owned by Huhtamaki Portugal S.G.P.S., Lda:							
Huhtamaki – Embalagens S.A.	170,000	100.0	EUR	848	EUR	1,920	100.0
Subsidiary shares owned by Pacific World Packaging (International) Ltd:							
Huhtamaki Malaysia Sdn. Bhd.	21,999,999	100.0	MYR	22,000	HKD	45,915	100.0
Huhtamaki Hong Kong Limited	181,402	100.0	HKD	181	HKD	78,034	100.0
Subsidiary shares owned by Huhtamaki Hong Kong Limited:							
Huhtamaki (Tianjin) Limited	1	100.0	CNY	128,124	HKD	127,952	100.0
Subsidiary shares owned by Huhtamaki Finance Co I B.V.:							
Huhtamaki Polska Sp. Z.o.o.	253,500	99.3	PLN	25,350	EUR	3,810	100.0
Huhtamaki Consorcio Mexicana S.A. de C.V.	114,789,065	96.9	MXP	114,789,065	EUR	18,746	100.0
Huhtamaki Ceská republika, a.s.	1	100.0	CZK	111,215	EUR	5,389	100.0
Huhtamaki France Investments Holding B.V.	191	100.0	EUR	19	EUR	13,385	100.0
Huhtamaki PT ASABA Indonesia	11,250	50.0	IDR	2,679	EUR	1,094	50.0
Huhtavefa B.V.	180	100.0	EUR	18	EUR	18	100.0
Huhtamaki Beheer V B.V.	182	100.0	EUR	18	EUR	241,667	100.0
Huhtamaki Beheer XI B.V.	182	100.0	EUR	18	EUR	21,121	100.0
Huhtamaki Industries B.V.	170,000	100.0	EUR	43,010	EUR	–	100.0
Huhtamaki (Thailand) Ltd.	999,993	100.0	THB	100,000	EUR	7,885	100.0
Huhtamaki New Zealand Limited	7,737,306	100.0	NZD	7,737	EUR	4,800	100.0
Subsidiary shares owned by Huhtamaki Consorcio Mexicana, S.A. de C.V.:							
Huhtamaki Mexicana, S.A. de C.V.	19,130,916	100.0	MXP	19,131	MXP	19,131	100.0
Subsidiary shares owned by Huhtavefa B.V.:							
The Paper Products Limited	7,386,820	58.9	INR	125,364	EUR	25,718	58.9
Subsidiary shares owned by Huhtamaki (UK) Holdings Limited:							
Huhtamaki (Lurgan) Limited	3,104,000	100.0	GBP	1,583	GBP	4,937	100.0
Subsidiary shares owned by Huhtamaki Beheer V B.V.:							
Huhtamaki Americas, Inc.	1,000	100.0	USD	1	EUR	241,650	100.0
Subsidiary shares owned by Huhtamaki Americas, Inc.:							
Huhtamaki North America	1,000	90.0	USD	1	USD	109,797	100.0
Huhtamaki Consumer Packaging., Inc.	1,000	100.0	USD	1	USD	123,548	100.0

Name	Number of shares	Size of holding %		Nominal value		Book value	Group holding %
Subsidiary shares owned by Huhtamaki Consumer Packaging, Inc.:							
Huhtamaki Packaging, Inc.	1000	100.0	USD	1	USD	23,164	100.0
Subsidiary shares owned by Huhtamaki Beheer XI B.V.:							
Huhtamaki Brazil Investments B.V.	200	100.0	EUR	20	EUR	42,804	100.0
Subsidiary shares owned by Huhtamaki North Americas:							
Huhtamaki Delaware, Inc.	100	100.0	USD	1	USD	381,129	100.0
Subsidiary shares owned by Huhtamaki Delaware, Inc.:							
Huhtamaki Holding, Inc.	100	100.0	USD	1	USD	284,857	100.0
Subsidiary shares owned by Huhtamaki Holding Inc.:							
Huhtamaki Flexibles, Inc.	100	100.0	USD	1	USD	1,000	100.0
Huhtamaki Plastics, Inc.	1,000	100.0	USD	3	USD	1,500	100.0
Huhtamaki – East Providence., Inc.	6,445	100.0	USD	15	USD	32,463	100.0
Huhtamaki Group of Companies	100	100.0	USD	1	USD	82,830	100.0
Subsidiary shares owned by Huhtamaki Brazil Investments B.V.:							
Huhtamaki do Brazil Ltda	26,926,590	100.0	BRL	26,926	EUR	13,482	100.0
Subsidiary shares owned by Huhtamaki France Investments Holding B.V.:							
Huhtamaki La Rochelle SNC	2,500,000	100.0	EUR	3,811	EUR	206	100.0
Subsidiary shares owned by Huhtamaki Industries B.V.:							
Huhtamaki Nederland B.V.	10,000	100.0	EUR	4,530	EUR	14,006	100.0
Huhtamaki Paper Recycling B.V.	1,350	100.0	EUR	61	EUR	1,492	100.0
Huhtamaki Molded Fiber Technology B.V.	200	100.0	EUR	91	EUR	290	100.0
Huhtamaki Protective Packaging B.V.	250	100.0	EUR	113	EUR	113	100.0
Huhtamaki Beheer III B.V.	1	100.0	EUR	18,151	EUR	17,697	100.0
Subsidiary shares owned by Huhtamaki Beheer III B.V.:							
Huhtamaki (Deutschland) B.V. & Co Holding KG	25,821	75.1	EUR	1,939	EUR	160,439	100.0
Subsidiary shares owned by Huhtamaki (Deutschland) B.V. & Co. Holding KG:							
Huhtamaki Deutschland Operations Holding GmbH	1	100.0	EUR	1,000	EUR	119,630	100.0
Subsidiary shares owned by Huhtamaki Deutschland Operations GmbH:							
Huhtamaki Deutschland Beteiligungs GmbH & Co OHG	1	100.0	EUR	9,000	EUR	151,312	100.0
Subsidiary shares owned by Huhtamaki Deutschland Beteiligungs GmbH & Co OHG:							
Huhtamaki Deutschland GmbH & Co. KG	1	100.0	EUR	4,090	EUR	86,295	100.0

9. INVESTMENTS IN ASSOCIATED AND OTHER COMPANIES

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

Name	Number of shares	Size of holding %		Nominal value		Book value	Group holding %
Owned by Huhtamäki Oyj:							
Joint Ventures:							
Polarcup EarthShell Aps	1,000	50.0	EUR	100	EUR	634	50.0
Associated companies:							
Arabian Paper Products Co.	1,600	40.0	SAR	1,600	EUR	452	40.0
Other:							
Hex Oy	24,400	0.2	EUR	34	EUR	25	0.2
Repligen Corporation	30,514	0.2	USD	–	EUR	271	0.2
Suomen Osakekeskusrekisteri Osuuskunta	8	1.7	EUR	27	EUR	27	1.7
Owned by the Group:							
Joint Ventures:							
Huhtamaki EarthShell GmbH	–	50.0	EUR	50	EUR	1,220	50.0
Associated companies:							
Hiatus B.V.	950	47.5	EUR	91	EUR	471	47.5
Other:							
Nordea FDR	306,000	0.0	EUR	505	EUR	968	0.0
Allobi AB		25.0	SEK		SEK	1,254	25.0

10. RECEIVABLES

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Current				
Trade receivables	319.3	362.3	6.7	7.3
Intercompany trade receivables	–	–	4.6	5.4
Loan receivables	4.4	6.9	0.1	–
Accrued income and other short-term receivables	91.7	103.9	12.9	14.4
Accrued corporate income and other intercompany receivables	–	–	12.4	12.5
	415.4	473.1	36.7	39.6
Long-term				
Intercompany loan receivables	–	–	4.9	4.4
Other long-term receivables	30.0	25.1	–	0.1
Deferred tax asset	78.8	93.0	–	–
	108.8	118.1	4.9	4.5
Total receivables	524.2	591.2	41.6	44.1

11. LOANS

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Current				
Bank loans – current portion	149.1	16.9	–	–
Other loans – current portion	1.0	3.2	–	–
Obligations under finance leases – current portion	0.2	0.2	–	–
Short-term loans	338.9	340.3	–	–
	489.2	360.6	–	–
Long-term				
Bank loans	369.8	565.6	83.9	–
Pension loans	51.6	0.2	51.6	0.2
Other long-term loans	2.2	4.8	–	–
Obligations under finance leases	0.3	0.1	–	–
	423.9	570.7	135.4	0.2

Changes in long-term loans and repayments	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Bank loans				
January 1, 2002	582.5	800.6	–	–
Additions	223.4	118.0	83.9	–
Decreases	272.9	337.5	–	–
Changes in exchange rates	-14.1	+1.4	–	–
	518.9	582.5	83.9	–
Repayments 2003	149.1	16.9	–	–
December 31, 2002	369.8	565.6	83.9	–
Pension loans December 31, 2002				
From pension foundation	0.1	0.2	0.1	0.2
Other	51.5	–	51.5	–
Repayments				
2003	149.1		–	
2004	267.1		69.6	
2005	12.0		5.7	
2006	16.7		5.7	
2007	17.0		5.7	
2008-	108.6		48.8	

12. OTHER LONG-TERM LIABILITIES

	GROUP		PARENT COMPANY	
EUR million	**2002**	2001	**2002**	2001
Pension liability	**20.5**	21.2	**–**	–
Other	**117.2**	113.8	**–**	–
	137.7	135.0	**–**	–

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

13. PAYABLES

	GROUP		PARENT COMPANY	
EUR million	**2002**	2001	**2002**	2001
Restructuring reserve	**3.2**	34.7	**–**	–
Other payables	**32.8**	38.4	**337.4**	477.7
	36.0	73.1	**337.4**	477.7
Trade payables	**197.1**	213.5	**6.4**	4.7
Intercompany trade payables	**–**	–	**1.6**	1.1
	197.1	213.5	**8.0**	5.8

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

14. SHARE CAPITAL OF THE PARENT COMPANY

	Number of shares	EUR
January 1, 2002	25,303,948	86,033,423.20
Subscription through option rights May 31, 2002	1,500	5,100.00
Bonus issue August 31, 2002	75,916,344	258,115,569.60
Subscription through option rights November 22, 2002	1,000	3,400.00
Total number of shares December 31, 2002	101,222,792	344,157,492.80
Repurchase of own shares	3,675,000	
Outstanding December 31, 2002	97,547,792	

The counter value of a share is EUR 3.40. Based on an authorisation given at the Annual General Meeting on March 25, 2002 the company has acquired in total 3,675,000 own shares by December 31, 2002.
Members of the Board of Directors and the Managing Director of Huhtamäki Oyj owned on December 31, 2002 a total of 132,432 shares in Huhtamäki Oyj. These shares represent 0.14% of the total number of shares and voting rights.

Option Rights 1997 Plan

The Annual General Meeting held on April 9, 1997 approved the issue of up to 4,500 non-interest bearing bonds, each having a par value of FIM 100, for up to an aggregate principal amount of FIM 450,000 to certain members of the management of Huhtamäki Oyj and its subsidiaries. The bonds were fully repaid by April 1, 2000. The aggregate amount of 450,000 option rights were attached to the bonds. The option rights are marked as follows: 225,000 with A and 225,000 with B. The Extraordinary General Meeting held on August 26, 2002 resolved to amend the terms of the option plan so that each option right entitles its holder to subscribe for four (4) shares. The aggregate subscription price before the deduction of the year 2002 dividend is EUR 9.37. The option rights A may be exercised from April 1, 2000 to October 31, 2004 and the option rights B from April 1, 2002 to October 31, 2004. If exercised in full, the option rights will entitle to subscription for a total of 1,800,000 shares, whereby the share capital would be increased by a maximum amount of EUR 6,120,000 representing approximately 1.8 per cent of the outstanding share capital of Huhtamäki Oyj. At the end of the year 2002 the Option Rights 1997 Plan had 30 participants. The option rights A and B are listed on the Helsinki Exchanges as of April 1, 2002.

Option Rights 2000 Plan

The Annual General Meeting held on April 12, 2000 approved the issue of up to 900,000 option rights to certain members of the management of Huhtamäki Oyj and its subsidiaries. The option rights are marked as follows: 300,000 with A, 300,000 with B and 300,000 with C. The Extraordinary General Meeting held on August 26, 2002 resolved to amend the terms of the option plan so that each option right entitles its holder to subscribe for four (4) shares. The option rights marked with A may be exercised from May 2, 2002 to October 31, 2006, the option rights marked with B from May 2, 2003 to October 31, 2006 and the option rights marked with C from May 2, 2004 to October 31, 2006. Before the deduction of the year 2002 dividend the aggregate subscription price for one share for the option rights A is EUR 8.34, for the option rights B EUR 6.80 and for the option rights C EUR 11.29. If exercised in full, the option rights will entitle to the subscription for a total of 3,600,000 shares whereby the share capital would be increased by a maximum amount of EUR 12,240,000 representing approximately 3.6 per cent of the outstanding share capital of Huhtamäki Oyj. At the end of the year 2002 the Option Rights 2000 Plan had 115 participants. The option rights A are listed on the Helsinki Exchanges as of May 2, 2002. Huhtamäki Oyj will apply for listing of the option rights B on the Helsinki Exchanges as of May 2, 2003.

General

Shares subscribed for pursuant to option rights shall entitle to the distribution of dividend for the accounting period during which such shares were subscribed and paid for. Right to vote and other shareholders' rights attached to the shares subscribed for under the option rights shall become effective as of the registration of the increase of the share capital.

Pursuant to the option rights issued, an aggregate maximum number of 5,400,000 new shares may be subscribed representing approximately 5.3 per cent of the total number of votes on December 31, 2002. During the year 2002 the exercise of 1750 option rights resulted in the issue of 2500 new shares and the increase of the share capital with EUR 8500.

15. CHANGES IN EQUITY

EUR million	GROUP 2002	GROUP 2001	PARENT COMPANY 2002	PARENT COMPANY 2001
Restricted equity:				
Share capital January 1	86.0	107.0	86.0	107.0
Bonus issue	258.1	–	258.1	–
Increase through subscription	0.0	–	0.0	–
Share repurchase	–	-21.0	–	-21.0
Share capital December 31	344.2	86.0	344.2	86.0
Premium fund January 1	343.5	339.5	343.5	322.6
Transfer from share capital	–	21.0	–	21.0
Transfer to retained earnings	–	-16.9	–	–
Bonus issue	-258.1	–	-258.1	–
Increase through subscription	0.0	–	0.0	–
Premium fund December 31	85.4	343.5	85.4	343.5
Consolidation difference January 1	76.1	71.8	–	–
Change	-99.2	4.3	–	–
Consolidation difference December 31	-23.1	76.1	–	–
Total restricted equity	406.5	505.6	429.6	429.5
Non-restricted equity:				
Retained earnings January 1	332.0	472.1	919.6	215.4
Changes in exchange rates	33.5	2.4	–	–
Reversal of revaluation	–	-4.3	–	-4.3
Dividends	-31.6	-34.6	-31.6	-34.6
Share repurchase	–	-207.6	–	-207.6
Transfer from premium fund	–	16.9	–	–
Treasury shares	-34.1	–	-34.1	–
Net income for the period	88.3	87.1	69.3	950.7
Retained earnings December 31	388.1	332.0	923.2	919.6
Transfers from untaxed reserves				
January 1	37.0	42.1	–	–
Change	-8.0	-5.1	–	–
December 31	29.0	37.0	–	–
Treasury shares				
January 1	–	–	–	–
Share buy back	34.1	–	34.1	–
December 31	34.1	–	34.1	–
Total non-restricted equity	451.2	369.0	957.3	919.6
Minority interest:				
Minority interest January 1	80.4	85.9	–	–
Minority interest for the year	7.8	6.6	–	–
Decrease	-73.5	-12.1	–	–
Minority interest December 31	14.7	80.4	–	–

Third-party interest in 2001 includes EUR 63.9 million of preference shares in a Group company.

16. COMMITMENTS AND CONTINGENCIES

EUR million	GROUP 2002	PARENT COMPANY 2002
Operating lease payments:		
2003	14.5	0.4
2004 and thereafter	53.1	0.4
Total	67.6	0.8
Capital expenditure commitments:		
2003	7.4	1.0
2004 and thereafter	0.4	–
Total	7.8	1.0
Mortgages:		
For own debt	16.0	14.6
Guarantee obligations:		
For subsidiaries	–	791.9
For external parties	1.1	1.1

17. MANAGEMENT OF FINANCIAL RISKS

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

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

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

Currency risk

The company has operations units in 36 countries and is exposed to exchange rate risk through inter-company cross-border trade, exports and imports, funding of foreign units and currency denominated equities. The largest transaction exposures derive from exports, capital flows and royalty receivables in USD and raw material and trade imports in Australia, U.K. and Poland mainly from the Euro area. The objective of currency transaction risk management is to protect the company from negative exchange rate movements. Business units are in charge of actively managing their currency risks related to future commercial cash flows, according to policies and limits defined by the business unit and approved by the Finance Committee. The net commercial position is monitored on a 12-month rolling basis. Eligible hedging instruments are currency forwards and in authorized subsidiaries also currency options. Business units' counterpart in hedging transactions is Huhtamäki Finance Oy.

As a main rule individual subsidiaries do not carry translation risk as they are financed in local currencies. As an exception, the Finance Committee has approved the use of foreign currency borrowing in countries with high local interest rates, totaling EUR 7 million at balance sheet date.

The equity changes arising from exchange rate movements in group consolidation are reported as a consolidation difference. The main translation exposures derive from equities in US, Australian and UK subsidiaries. The company hedges its translation risks selectively by using foreign currency loans and derivatives. The hedging decisions are based on the currency's estimated impact on the consolidated P/L and balance sheet ratios, long-term cash flows and hedging costs. The company had outstanding translation risk hedges in USD 173 million and in GBP 33 million at balance sheet date. Changes in EUR values of such hedges are offset against the consolidation difference. Equity hedging decisions are made by the Finance Committee.

Interest rate risk

The interest bearing debt together with related hedging measures expose the company to interest rate risk, namely re-pricing- and price risk caused by interest rate movements. Management of interest rate risk is centralized to the company's Treasury.

The company's policy is to maintain in the main debt currencies a duration that matches a benchmark duration target range based on the company's estimated cash flow, selected balance sheet ratios, assumed business cyclicality and also the shape and level of the yield curve. The objective of interest rate risk management is to reduce the fluctuation of the interest charge, enabling a more stable net income.

The company manages interest rate risk by selection of debt interest periods and by using derivatives such as futures, forward rate agreements, interest rate swaps and options.

Liquidity and re-financing risk

The company maintains sufficient liquidity reserves at all times by efficient cash management structures such as cash pools and concentration accounts managed by the Treasury and by maintaining overdraft facilities. Excess cash is invested in liquid money market instruments or short-term bank deposits. Funds are invested at banks, with which the company has credit facilities, or in government bonds, treasury bills or commercial papers of borrowers with a solid investment grade rating and selected Finnish corporate issuers.

The company utilizes a EUR 350 million Finnish commercial paper program and uncommitted credit facilities with relationship banks for short-term financing purposes. The company maintains unused committed credit facilities to ensure financing resources under all circumstances.

Re-financing risk is managed by maintaining an appropriate maturity structure of long-term loans. The maturity structure of debt facilities is adapted to the estimated currency specific cash flow of the company.

FOREIGN EXCHANGE TRANSACTION EXPOSURE

EUR million Currency	**Dec 31, 2002** **Commercial** **Position**	Dec 31, 2001 Commercial Position
USD	**36**	34
PLN	**26**	32
GBP	**22**	23
AUD	**17**	21
Other	**61**	62
Total	**162**	172

CURRENCY SPLIT AND REPRICING SCHEDULE OF OUTSTANDING NET DEBT INCLUDING HEDGES

EUR million	Dec 31, 2002										Dec 31, 2001		
		Avg.	Avg.	Rate	Debt repricing in period, incl. derivatives							Avg.	Avg.
Currency	Amount	duration	rate	sensitivity[1]	2003	2004	2005	2006	2007	Later	Amount	duration	rate
EUR	335	2.7 y	5.1%	0.4	18	120	56	6	81	54	525	1.1 y	3.9%
USD	331	2.0 y	4.5%	0.8	153	35	59	26	45	13	207	2.6 y	4.7%
AUD	43	1.4 y	7.0%	0.3	32					11	48	0.9 y	6.7%
GBP	82	1.4 y	4.9%	0.3	42	11	11	9	9		37	0.1 y	4.2%
Other	93	0.6 y	7.8%	0.4	80	6				7	85	0.4 y	6.8%
Total	884[2]	2.0 y	5.3%	2.1	325	172	126	41	135	85	902	1.3 y	4.5%

[1] Effect of one percentage point rise in market interest rates on Group's net interest expenses over the following 12 months.

[2] Net debt figure excludes repurchased company shares.

DEBT STRUCTURE

EUR million	Dec 31, 2002									Dec 31, 2001		
	Amount	Amount		Maturity of facility/loan						Amount	Amount	
Debt type	drawn	available	Total	2003	2004	2005	2006	2007	Later	drawn	available	Total
Committed revolving facilities	322	328	650	120	517				13	410	234	644
Loans from financial institutions	259		259	180	10	6	6	28	30	191		191
Private Placements	80		80	18	6	6	6	6	38	85		85
Commercial Paper Program	252		252	252						245		245
Total	913	328	1,241	569	533	12	12	34	80	931	234	1,165

OUTSTANDING OFF-BALANCE SHEET INSTRUMENTS SUMMARY

EUR million	Dec 31, 2002									Dec 31, 2001	
	Market	Nominal value		Maturity Structure						Nominal value	
Instrument	value	Gross	Net	2003	2004	2005	2006	2007	Later	Gross	Net
Currency forwards											
for transaction risk	2.6	34		34						68	
for translation risk	3.8	36		36						0	
for financing purposes	0.2	88		88						57	
Interest rate forwards and futures contracts											
EUR	0.0	100	20	100						40	40
USD	0.0	19	0	19							
GBP	0.0	31	31	31							
Interest rate swaps											
EUR	-7.4	175	175		50	50	75			150	150
USD	-10.2	167	167	24	33	52	29	29		57	57
GBP	-1.5	51	51	11	11	11	9	9		0	0
other	-0.8	48	48	31	6				11	33	33

18. DEFERRED TAX ASSET/LIABILITY

Deferred tax asset	GROUP		PARENT COMPANY	
EUR million	**2002**	2001	**2002**	2001
Due to consolidation	**0.9**	0.9	**–**	–
Due to timing differences	**77.9**	92.1	**–**	–
Total	**78.8**	93.0	**–**	–

Deferred tax liability	GROUP		PARENT COMPANY	
EUR million	**2002**	2001	**2002**	2001
On untaxed reserves	**11.9**	15.1	**–**	–
Due to timing differencies	**132.6**	147.3	**–**	–
Total	**144.5**	162.4	**–**	–

19. ACCRUED INCOME

	GROUP		PARENT COMPANY	
EUR million	**2002**	2001	**2002**	2001
Accrued interest and other financial items	**8.3**	3.7	**–**	0.2
Prepayments	**10.8**	11.7	**5.8**	5.8
Personnel, social security and pensions	**1.5**	1.3	**0.1**	0.3
Rebates	**2.3**	2.5	**0.5**	0.4
Accruals for income and other taxes	**24.9**	19.7	**0.2**	0.4
Miscellaneous accrued income	**16.6**	23.8	**5.6**	6.5
Accrued corporate income and prepaid expense	**–**	–	**12.5**	12.4
Other	**6.2**	4.7	**0.6**	0.9
	70.6	67.4	**25.3**	26.9
Other short-term receivables	**21.1**	36.5	**–**	–
Accrued income and other short-term receivables	**91.7**	103.9	**25.3**	26.9

20. ACCRUED EXPENSES

	GROUP		PARENT COMPANY	
EUR million	**2002**	2001	**2002**	2001
Accrued interest expense	**11.0**	9.2	**0.1**	2.1
Personnel, social security and pensions	**55.4**	61.9	**8.3**	7.6
Purchases of material	**8.3**	8.3	**0.2**	0.1
Rebates	**10.9**	17.4	**0.2**	0.2
Accrued income taxes	**38.4**	40.0	**–**	–
Miscellaneous accrued expense	**31.9**	15.7	**0.5**	0.6
Prepayments	**1.0**	0.7	**–**	–
Other accrued corporate expense	**–**	–	**5.3**	0.4
Other	**7.8**	27.7	**2.6**	0.1
Total	**164.7**	180.9	**17.2**	11.1

Net sales by business sector

EUR million	1998	%	1999	%	2000	%	2001	%	**2002**	**%**
Packaging	716.0	58.4	1,412.1	100.0	3,307.7	100.0	2,382.4	100.0	**2,238.7**	**100.0**
Other[1]	510.1	41.6	–	–	–	–	–	–	**–**	**–**
Total	1,226.1	100.0	1,412.1	100.0	3,307.7	100.0	2,382.4	100.0	**2,238.7**	**100.0**

Operating earnings by business sector

EUR million	1998	%	1999	%	2000	%	2001	%	**2002**	**%**
Packaging	54.1	7.5	116.2	8.2	200.9	6.0	198.5	8.3	**194.7**	**8.7**
Other[1]	30.0	5.9	-2.3	–	-18.8	–	-20.2	–	**-19.6**	**–**
Total	84.1	6.9	113.9	8.1	182.1	5.5	178.3	7.5	**175.1**	**7.8**

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

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

Proposal of the Board of Directors

On December 31, 2002, consolidated non-restricted equity amounted to EUR 388,099,954.91.

On December 31, 2002, Huhtamäki Oyj's non-restricted equity was EUR 923,225,948.48
of which the net income for the financial period was EUR 69,341,487.61.

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

– to the shareholders EUR 0.38 a share	37,068,160.96
– to be left in the non-restricted equity	886,157,787.52
	923,225,948.48

The Board of Directors proposes that the payment of dividends will be made on April 9, 2003. The dividends will be paid to shareholders who on the record date, April 2, 2003, are registered as shareholders in the register of shareholders.

Espoo, January 30, 2003

Veli Sundbäck	Paavo Hohti	Jean Philippe Deschamps
Mikael Lilius	Anthony J.B. Simon	Jukka Viinanen
Timo Peltola CEO		

Auditors' report

TO THE SHAREHOLDERS OF HUHTAMÄKI OYJ

We have audited the accounting, the financial statements and the corporate governance of Huhtamäki Oyj for the period 1.1.–31.12.2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Espoo, January 30, 2003

Esa Kailiala Authorized Public Accountant	Pekka Pajamo Authorized Public Accountant

Huhtamaki 1998–2002

EUR million		1998	1999	2000	2001	2002
Net sales		1,226.1	1,412.1	3,307.7	2,382.4	2,238.7
Increase in net sales	%	14.1	15.2	134.2	-28.0	-6.0
Net sales outside Finland		1,099.8	1,364.5	3,251.5	2.301.1	2,133.6
Earnings before interest, taxes, depreciation and amortization		151.4	202.1	376.8	334.4	326.8
Earnings before interest, taxes, depreciation and amortization/net sales	%	12.3	14.4	11.4	14.0	14.6
Earnings before interest and taxes		84.1	113.9	182.1	178.3	175.1
Earnings before interest and taxes/net sales	%	6.9	8.1	5.5	7.5	7.8
Profit before exceptional items		79.6	94.4	121.1	130.3	131.1
Profit before exceptional items/net sales	%	6.5	6.7	3.7	5.5	5.9
Net income		61.4	101.8	81.1	87.1	88.3
Shareholders' equity		680.5	958.1	1,032.5	874.6	857.7
Return on investment	%	10.6	10.4	8.7	9.6	10.0
Return on shareholders' equity	%	8.8	9.4	7.8	8.6	10.5
Solidity	%	52.5	31.1	30.8	36.0	35.4
Net debt to equity		0.28	1.09	1.22	0.94	0.97
Current ratio		1.09	0.94	0.96	0.94	0.85
Times interest earned		14.47	8.47	5.40	6.58	7.33
Capital expenditure		81.7	100.7	172.7	144.0	139.5
Capital expenditure/net sales	%	6.7	7.1	5.2	6.0	6.2
Research and development		6.2	7.2	10.0	12.8	12.3
Research and development/net sales	%	0.5	0.5	0.3	0.5	0.5
Number of shareholders (December 31)		16,168	15,966	15,765	15,669	15,943
Personnel (December 31)		11,024	23,876	23,098	16,417	15,909

Per share data

Comparison figures adjusted for the 3:1 bonus issue in August 2002

		1998	1999	2000	2001	2002
Earnings per share	EUR	0.57	0.60	0.65	0.74	0.88[1]
Dividend, nominal	EUR	0.25	0.26	0.28	0.31	0.38[2]
Dividend/earnings per share	%	43.9	43.3	43.1	41.9	43.2[2]
Dividend yield						
Series K	%	3.2	–	–	–	–[3]
Series I	%	3.1	3.1	3.9	3.5	4.0[2]
Shareholders' equity per share	EUR	6.33	7.61	8.20	8.64	8.79
Share price at December 31						
Series K	EUR	7.99	–	–	–	–[3]
Series I	EUR	8.16	8.40	7.10	8.88	9.55
Average number of shares adjusted for share issue		107,342,944	111,856,128	125,903,852	117,117,696	100,769,970
Number of shares adjusted for share issue at year end		107,498,984	125,903,852	125,903,852	101,215,792	97,547,792
P/E ratio						
Series K		13.7	–	–	–	–[3]
Series I		14.1	14.0	10.9	12.0	10.9
Market capitalization at December 31	EUR million	952.0	1,057.6	893.9	898.3	931.6

[1] The dilutive effect of the stock option programs of 1997 and 2000 included: EUR 0.83

[2] 2002: Board's proposal

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

Definitions for key indicators

Earnings per share = $\dfrac{\text{Profit before exceptional items, minority interest and taxes} - \text{minority interest} - \text{taxes}}{\text{Average issue-adjusted number of shares}}$

Dividend yield = $\dfrac{100 \times \text{issue-adjusted dividend}}{\text{Issue-adjusted share price at December 31}}$

Shareholders' equity per share = $\dfrac{\text{Equity} + \text{untaxed reserves} - \text{deferred tax and minority interest in untaxed reserves}}{\text{Issue-adjusted number of shares at December 31}}$

P/E ratio = $\dfrac{\text{Issue-adjusted share price at December 31}}{\text{Earnings per share}}$

Market capitalisation = The number of shares issued in the different share series at December 31 multiplied by the corresponding share prices on the stock exchange

Return on investment = $\dfrac{100 \times (\text{Profit before exceptional items, minority interest and taxes} + \text{interest expenses} + \text{other financial expenses})}{\text{Balance sheet total} - \text{interest-free liabilities (average)}}$

Return on shareholders'equity = $\dfrac{100 \times (\text{Profit before exceptional items, minority interest and taxes} - \text{taxes})}{\text{Equity} + \text{minority interest} + \text{untaxed reserves} - \text{deferred tax in untaxed reserves (average)}}$

Net debt to equity = $\dfrac{\text{Interest bearing net debt}}{\text{Equity} + \text{minority interest} + \text{untaxed reserves} - \text{deferred tax in untaxed reserves}}$

Solidity = $\dfrac{100 \times (\text{equity} + \text{minority interest} + \text{untaxed reserves} - \text{deferred tax in untaxed reserves})}{\text{Balance sheet total} - \text{advances received}}$

Current ratio = $\dfrac{\text{Current assets}}{\text{Current liabilities}}$

Times interest earned = $\dfrac{\text{Earnings before interest and taxes} + \text{depreciation and amortization}}{\text{Net interest expenses}}$

For notes:

HUHTAMAKI
TAKING PACKAGING FURTHER

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